

CHAPTER 2:

LEADERS

In Survival mode, everyone, including the founders, is an individual builder and an unofficial leader. There is no room for extras. Leadership is fluid and task-dependent. Early team members bring special skills, and depending on the task at hand, different people are looked to as unofficial leaders at different times. The CEO and early product leaders drive the company, the mission, and the team. Overall, there is very little official people leadership. So-and-so is the leader for back-end platform. So-and-so is the leader for product-user interface. So-and-so is the leader for customer engagement. Everybody on the team has a simple job that they're doing together: survive long enough to find PM-Fit and GTM-Fit in order to unlock growth—before running out of cash.

Survival leaders: Early stars emerge

Survival is a hardship stage. The team is limited. Capital is limited. Everyone's iterating on product and customers. Directions constantly change. The search for PM-Fit and GTM-Fit will make or break the startup. Uncertainty runs rampant. Stress runs high.

The strain of Survival forges early stars. The early stars of an enterprise startup do what needs to be done. They demonstrate leadership in the face of impossible odds.

Early stars are found across the startup. Some stars are new to startup leadership. Some stars are highly experienced over-hires who love early stage startups. The early sales engineer helps to win the first customers, provides critical feedback to product management, tunes product-marketing pitches, and dives into customer support. The early QA leader pulls all-nighters iterating on a new-product release, designs a new network diagnostic tool to help customers, and runs IT as a side job. The early customer support engineer works both US and European hours nearly every day to help early customers. The early engineering leader, listening to a customer's challenge, proceeds to invent an entirely new product capability that eventually becomes a core part of the product architecture.

Building a startup is hard. Every startup is challenged, facing a lack of resources, talent, and customers. It is easy to become negative, like Eeyore in *Winnie-the-Pooh*, who only sees doom and gloom in every challenge. Eeyore-like negativity sucks the life out of a startup. It's toxic for an enterprise-startup team. Avoid the Eeyores.



Figure 11: Avoid the Eeyores that see doom and gloom
[*Winnie the Pooh*]

Stars embody the “can do” spirit of the early startup. They don’t let the lack of resources, talent, or customers demotivate them. Like Dory in Pixar’s *Finding Nemo*, they are energized by the opportunity of learning and overcoming challenges. Stars are energized by the opportunity to create something from nothing and face challenges head-on.



Figure 12: Early stars are like Dory, energized by adventure
[*Finding Nemo*, Pixar Animation Studios, 2003]

Early stars get amazing things done with very little. They wear multiple hats, delivering Herculean individual efforts. They iterate quickly, often without a grand plan. They are lionized for their outsized contributions, deservedly so. They become the core of the early startup team and the bedrock that defines the company culture. These early stars propel the company through the painful challenges of Survival. They are energized by the opportunity to win customers and prove PM-Fit, the opportunity to figure out a winning GTM playbook and achieve GTM-Fit, and the opportunity to unlock growth—earning the right to be a leader in a fast growing startup.

Thrival leaders: From individual stars to a band of superhero executives

GTM-Fit unlocks growth and marks the transition from Survival (“How do we not die?”) to Thrival (“How do we win?”). In Thrival mode, the startup accelerates on the path to become the category leader. In Thrival mode, every leadership job profoundly changes. What was done by an individual star is now done by a team. Individ-

ual stars are now asked to build and lead teams. Small tiger teams of five people expand to teams of 50, 100, and 200 people. In some cases, leaders now lead teams that are larger than the whole startup was a year ago. Being a leader now demands more than individual stars making Herculean individual efforts.

To accelerate, the startup now needs a leadership team of superhero executives, who have their own special superpower and who can build and lead a team.

- The sales superhero rapidly hires a team and builds an enterprise GTM machine.
- The product and engineering superheroes keep up with rapidly accelerating market requirements while ensuring current enterprise customer needs are met.
- The customer success superhero builds an engine that can ensure success for a rapidly growing company with a brand-new product and a global customer base.
- The marketing superhero rapidly accelerates sales-lead generation to support the GTM machine—while building awareness and brand that will help the company become a category leader.

Each superhero must lay down a blueprint of growth, rapidly attract and hire a team of high performers, and deliver.

Shifting gears to accelerate from Survival to Thrival is both a blast and super challenging for the startup leaders. Mindsets change. Execution changes. Planning changes. Culture changes. Leadership roles change. *Everything* changes, and every leader must adapt in order for the company to make it through the crazy game-changing acceleration stage to category leadership—and beyond.

Then scale: Superheroes to super-leaders

The superhero journey is never done. Superheroes spearheading their teams through the crazy changes of acceleration to category leadership is a proud accomplishment. But once that’s done, the leadership jobs change—again. Superheroes must now transcend to become super-leaders—the leaders of leaders who direct large

teams and complex operations around the world and, in turn, hire their own band of superheroes. The calculated recklessness of rapid growth gives way to the operational fortitude, planning, and predictability required by a category-leading company operating across the globe. Intensely focused “tribal” leadership gives way to a style that puts more emphasis on effective cross-functional leadership. The key to all of these leadership changes—unsurprisingly—is *unlearning*.

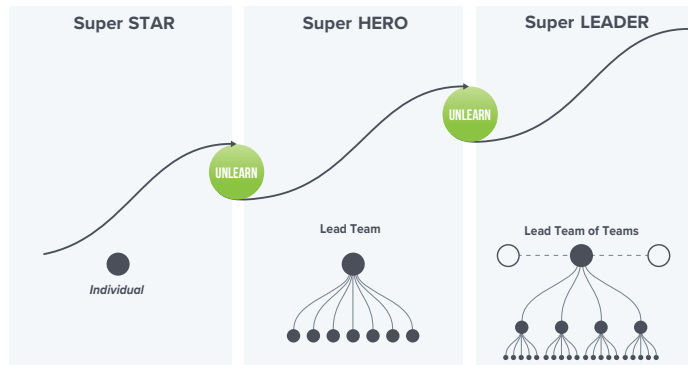


Figure 13: Superstar to superhero to super-leader

The superhero leader must unlearn many of the leadership behaviors that made them successful in the acceleration stage and must now transcend to become the right super-leader for the company’s next stage. Sound familiar? It should. The superhero executives must now evolve—just like the CEO evolved from Captain America/Wonder Woman and the Platoon to Captain America and the Avengers. Just as that evolution was bumpy for the CEO, the evolution is a bumpy for the executives, and many don’t succeed. But when it does happen, seeing superhero become a super-leader is a wondrous thing to behold.

Superheroes and super-leaders: Are they hired or made?

For the sake of the mission and the startup, success in the Thrival phase requires that the leadership team becomes first a band of superheroes and then transcends to become a band of super-leaders. This raises a profound question about stars and early superhero leaders, and the job of answering it rests squarely on

the shoulders of the CEO: Give the early star a chance to become a superhero? Give the superhero a chance to become a super-leader? Or avoid the risk of failure, and instead hire a new leader who is proven at the next stage?

Some superheroes and super-leaders are *made*. They are highly adaptable and gifted stars who transcend their original role to become a superhero, or even super-leader. They inspire others to do the same. They become part of the fabric of the startup’s success story. Transcending is a huge morale boost because it reinforces a culture of learning and professional growth. It creates the recruiting brand. The startup becomes known for developing great talent, which attracts even more great talent—a virtuous circle.

However, many superheroes and super-leaders are *hired* because hiring a proven executive was the right answer for the company and shareholders. That solution is really hard on the early stars. It makes them feel that the CEO doesn’t have confidence in them and doesn’t appreciate their commitment and sacrifice. They feel unfairly capped. At that point, some stars quietly fade away. Others become bitter, negative cultural forces and get fired. Some adapt, maturely identifying the opportunity to learn from the startup’s growth and an experienced superhero, so they can transcend in their next startup leadership role.

The decisions are some of the trickiest decisions for a CEO. Each decision on a leader impacts the company’s success and sends a strong cultural message. Each decision also comes with a very important audience—the rest of the company. (More on this later in the chapter.)

How do leaders transcend?

Making the transition from one leader role to the next is one of the biggest professional growth challenges there is. Some leaders are naturals and make it look easy. But for most leaders, transition is stressful and turbulent. A large portion of leaders fail on their first try.

While painful in the moment for everyone, do the right thing for the startup and learn from the failure. Leaders who desire to learn and adapt will internalize lessons from their failures and use them when they try again. They may or may not succeed, but simply attempting

the leap to the next leadership role is a powerful learning and personal-growth experience for every leader. Embrace it.



Three steps to leadership transcendence:

- **Recognition:** The leadership role is changing.
- **Unlearn the old role:** Let go of what made you successful.
- **Anticipate and embrace next role:** Expect discomfort.

Recognize leadership role is changing

Role changes often sneak up on startup leaders. Their titles, compensation, and reporting haven't changed, but as the startup grows, the leader's role fundamentally changes.

Frank Marshall, former VP Engineering at Cisco, and a board member of Aerohive Networks, Covad, Juniper Networks, MobileIron, and Netscreen: "I do think the biggest issue with the changing roles [transitions between levels] is that you really don't know they are happening. And then you wake up and the damage has been done."

The CEO role changes again and again as a startup moves from Survival to Thrival—and other leadership roles do the same. Although the VP Sales title is the same whether the company has just one sales rep searching for PM-Fit, or ten sales reps in acceleration, or 100 sales reps in category leadership, the job itself differs dramatically at each stage. The same holds true for VP Engineering and CFO, and every other leader.

Unlearn the old role: let go of what made you successful

As leadership roles change, people must change themselves to adapt. Leaders must unlearn their old job, rewire behaviors that have now become reflexive, and learn the new leadership role, all while continuing to execute, day in, day out. For the leader and the

company, this unlearning requires rewiring oneself in the midst of a high-pressure startup situation. The leader must continue to deliver on sales, product, marketing, and support the best way he or she knows how. As we shared in the book introduction, the unlearning feels like flying in a plane that's desperately trying to gain altitude while re-wiring the plane. It is painful and scary for any leader, yet it's absolutely necessary.

What makes change possible is a *desire and willingness* to unlearn and relearn. No one can force this. It has to come from the inside. Everyone will say they want to change, but, deep down, do they really want to? Some superheroes don't. They are so good at what they do that they want to keep doing it rather than learn new skills and grow. Nothing wrong with that. They are great at their jobs and want to keep doing them. But other leaders embrace the challenge and opportunity that comes with the painfully hard work of unlearning and transcending as a leader.

Even for those leaders who embrace change, it's not easy. Do they recognize that the skills that helped them succeed in their current job are becoming liabilities for their next job? Are they willing to re-wire nearly instinctual behaviors? Can they transform how they communicate with their team? Can they radically change how they use their time? Can they become a different type of leader? To get to "yes" on these transcending questions requires self-awareness and a desire to change at a very personal level.

Anticipate and embrace the new role

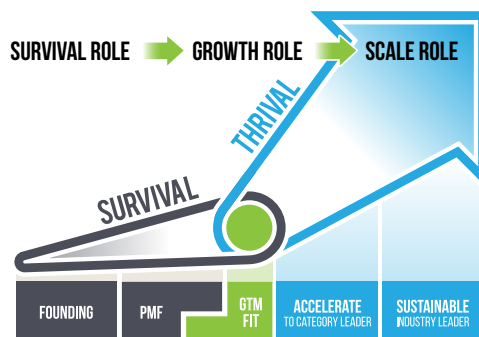
To make the leadership transcendence even more difficult, startup leaders rarely have a clear view of what the next leadership role looks like. Some leaders are fortunate to have a mentor or CEO who can clearly articulate the requirements of the next leadership role. Most startup teams have not been through the journey before, so most are left to figure out what that next leadership role looks like without a clear picture of what's ahead. This visibility gap unnecessarily increases the difficulty for startup leaders—which leads us to the next section.

Demystifying the next startup leadership role: GTM, Technical, Finance

Fortunately, there are patterns of how leadership roles change as the startup changes. The patterns are not exhaustive and don't apply to every enterprise startup, but the themes will be similar enough to help CEOs, boards, and, most importantly, the leaders themselves to anticipate and adapt.

As a startup moves from Survival to Thrival, its leadership roles have three profound transitions: survival, growth, and scale. In each transition, the leadership role changes drastically; many of the skills and behaviors that made the leaders successful now get in the way. Each transition is full of unlearning moments and turbulence.

Below are summaries of the leadership role changes that take place for the GTM leader, the technical leader, and the finance leader on their journey from Survival to Thrival. For each role, we outline each, describe how it morphs over time, and share unlearning anecdotes from enterprise startup leaders who have been through the pain.



GTM leader: Role change & unlearning moments

In the earliest stages of a startup, the sales leader is often one of the founders—finding early prospects, convincing a customer to try a prototype, landing the first couple of live trials, or even the first paying deals. Product-centric founders have a unique ability to sell, which is a strength but also a weakness. Founder-led selling is rarely repeatable.

Startups must bring in early GTM leadership—even if their sales motion is more automated and marketing-led. Early GTM leaders are usually not a big-time VP Sales. Instead, early GTM leaders operate

more like **the 18th-century frontiersman Davey Crockett**, who had to find the “path through the woods” that others could then follow. The early Davey Crockett GTM leaders iterate and experiment with different pathways to repeatability and GTM-Fit. (See Book 1, Chapter 3, GTM-Fit).

When a startup achieves GTM-Fit, the role of GTM leader evolves drastically. Now the role is to accelerate the little startup to category leadership, beating out small and large competitors. This role resembles **Joan of Arc** or **William Wallace (a.k.a. Braveheart)**, who built, led, and inspired a warrior army against the much larger enemies in battle after battle. The Joan of Arc/Braveheart GTM leader perfects the GTM Playbook battle plan, hires other warriors, and executes the playbook over and over again to drive growth, beat the competition, and accelerate to category leadership.

At scale, the startup is no longer a startup. It's a fast-growing enterprise category leader with a complex GTM machine; it runs operations around the world and often has multiple product lines. The GTM leader at this stage resembles **General Eisenhower**, the commander of Allied troops during WW2, who was not a dashing battlefield leader or master battlefield tactician but rather an architect who led from the war room, an organizer of disparate groups, and an operational mastermind. He could harmonize diverse groups and disparate personalities into a smoothly functioning coalition. The scale GTM leader must architect, build, lead, and operationalize a large and increasingly complex GTM machine that simultaneously delivers predictably and takes the company from category leadership to industry leadership. The scale GTM leader has to let go of the battlefield behaviors and personal relationships that create the trust, personal *esprit de corps*, and define the very essence of the Joan of Arc/Braveheart leader, and instead change from battlefield commander to the general-of-generals in the war room.

	Early Leader (PM-Fit/GTM-Fit)	Growth GTM Leader (Accelerate to Category Leadership)	Scale GTM Leader (Sustainable Industry Leadership)
	 Davey Crockett	 Joan of Arc/Braveheart	 General Eisenhower (front, center)
Mission	Find a path through the woods: PM-Fit and GTM-Fit. Find and win early customers.	Build and lead sales team into battle after battle against a larger enemy. Drive growth and acceleration from the battlefield.	Architect, build, lead, and operationalize the GTM machine to win the war. Be the general-of-generals in the war room.
Hard Skills	Build the GTM Playbook. Self-sufficient across sales, product marketing, and lead generation. Basic forecasting and GTM metrics. No Sales Ops.	Execute the GTM Playbook. Sales-planning decisions driven by pipeline and growth. Not so focused on efficiency. Sales Ops 1.0: forecasting and compensation. Recruit like-minded warriors and trusted GTM team from past companies.	Architect and instrument GTM machine to provide predictable growth and sales efficiency. Expand beyond single GTM playbook. Contend with increased complexity and agendas. Sales Ops 2.0: machinery for planning, decision-making and long-term forecasting. Hire sales generals and battlefield commanders accountable for top- and bottom-line numbers.
Soft Skills	Find customer hotspots and adjacencies. Work closely with product team.	Establish strong GTM culture and <i>esprit de corps</i> . Articulate needs back to rest of company. Pushes team, sometimes uncomfortably. “Win the battle” reputation for competitiveness.	Business-first and operationally minded. Leadership that transcends personal relationships and trust. “Win the war” mentality that balances near-term and long-term, often requires painful sacrifices.

Unlearning moment: From the battlefield to the war room

Mark Smith, four-time SVP Sales – Rubrick, Arista Networks, InfoBlox, and NetScreen

The most difficult leadership transition for me as VP Sales is stepping off the battlefield and into the war room. Being on the battlefield during the acceleration stage—closing customer deals, jumping on airplanes, beating the competition—is a blast. I love telling customer war stories at company all-hands, mentoring loyal brothers and sisters in arms, and running through walls to hit sales goals. It’s how I and other VP Sales define ourselves and our contribution to the team.

What I’ve learned, though, is that at scale, those are the wrong things for a sales leader to do. Driving success at scale required me to change how I spent my time—and completely redefine how I *personally* added value each day as a sales leader. Those changes created an odd sense of insecurity in me and painful shifts in important personal relationships.

Orchestrating our army from the war room meant less time for me in the field, and fewer battlefield stories. Architecting the sales machine and operations is a less personal leadership role that distanced me from sales reps and deals on the ground. Making strategic investment and organizational decisions for the good of the company sometimes personally hurt battlefield comrades who trusted me. Ensuring the right leaders were in the right places meant less time for mentoring up-and-coming junior sales reps. This all hit my self-perception of value, my relationships, and my ego, yet they were the exact right thing to do for the company.

Ironically, GTM leaders face a powerful headwind when shifting from the battlefield to the war room: **a loss of respect**. In each one of my last three sales leadership roles,

as I shifted from leading on the battlefield to orchestrating at scale in the war room, I felt a waning of respect from many of my early sales warriors. The temptation was to preserve that respect, dive out into the field, and spend lots of personal one-one time together, but that wasn't what the company needed from me as a sales leader. Making the transition to scale sales leader meant changing how I perceived myself and how others perceived me—for better or for worse. I had to unlearn my old job and let go.

The World War II movie *Twelve O'Clock High*, starring Gregory Peck, captures the dynamic of a leader having to change themselves as their job changes. Peck's character is a squadron commander who is then promoted over time to general. By the end of the movie, he has changed, and his relationship with his early team changed—the evolution was painful and awkward. He feels his former squadron lose respect as he is no longer a battlefield leader. I have all my leaders watch the movie, and then we talk about it. That movie never gets old for me.

Technical leader: Role change & unlearning moments

While finding PM-Fit and GTM-Fit, the technical leader is maniacally focused on developing a product quickly to please the customer—constantly iterating, adapting, and sometimes failing. That means close interactions with teaching customers. Meanwhile, the technical leader has limited resources and limited time. This first role resembles a **frontier craftsman** creatively building a cabin with no blueprint to work from and only the surrounding raw materials and a few neighbors to work with—before winter arrives (when the company runs out of cash).

Once the startup finds GTM-Fit, the technical leader has significantly more resources but dramatically higher expectations. The technical leader during acceleration is under immense pressure—delivering exciting new category-leading capabilities to win new customers, buttressing the existing product to satisfy existing customers, all while

out-executing the competition. The craftsman role now becomes a **general contractor during a chaotic construction boom**, who is executing by adding new rooms, while simultaneously remodeling existing rooms and building out a team of subcontractors. Focus shifts to timely delivery, quality, architecture, rapid hiring, resource allocation, and dealing with tradeoffs between competing projects.

Then, at scale, the technical leader job changes again from building a single product to a larger platform, often involving multiple products. Each product has the same challenges as the prior stage—getting the right resources, meeting the delivery and cost targets, and having the right leader—except now the products are linked together into a broader platform. This technical leader role resembles a **real estate developer building a campus of buildings** over multiple years. The office buildings are each separate projects, but they all fit together with roads, open space, and shared infrastructure like parking and utilities. The technical leader must decide when to give latitude to sub-team product leaders, and when to enforce commonality. When to prioritize “individual building” needs over “campus” objectives. Where to invest now, and where to prune? Like the real estate developer, the technical leader at scale balances business decisions, architecture decisions, and execution decisions across simultaneous projects, and is accountable for financial returns and cost targets. Making decisions about investment, execution, and resources across a large set of technical projects at different stages requires operational processes and machinery. And maintaining a technical culture across teams with hundreds of employees scattered across the globe requires a new level of leadership and communications.

Early VP Engineering (PMF/GTMF)	Growth VP Engineering (Category Leader)	Scale VP Engineering (Industry Leader)
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Frontier craftsman



One of first buildings in the redeveloped San Francisco Mission Bay

General contractor



Redevelopment plan for San Francisco Mission Bay

Campus developer

Mission	Build product 1.0 with rapid hands-on iteration and limited resources to find PM-Fit and GTM-Fit.	Build category leading product while out-executing the competition.	Build out platform and multiple products, delivering on vision and business results.
Skills	Customer obsession. Hands-on coder or system architect Rapid innovation and mastery of new technologies. Lead small team, hired mostly through trusted network.	Step back from hands-on coding to drive overall engineering execution. Balance between exciting category-leading capabilities and buttressing product for current customers. Build and lead multiple engineering teams. Hire strong bench of first-line leaders. Recruit beyond network.	Lead multiple simultaneous engineering programs, all linked to overall strategy. Drive investment decisions, dynamic resource allocation, and execution across products at different stages. Instrument product-delivery machinery to drive planning, resource allocation, measure results, and predict outcomes. Become leader of leaders. Lead global team. Blend hired and acquired talent.
Challenges	Deal with uncertainty and frequent changes. Hire key technical talent into an uncertain startup. Know what can be done quickly (and potentially redone later), and what must be done carefully to ensure the foundation for the right long-term architecture.	Build linkages across customer support, sales, and marketing. Expand core product functionality, while paying down technical debt. (See Book 1, Chapter 2 on tech debt.)	Balance needs of individual product teams with needs of overall company. Avoid ossification of execution due to inertia and complexity. Maintain intimacy with all products and technology.

Unlearning moments: Letting Go. Comfort with Gray

Jason Martin – EVP Engineering FireEye

I had multiple major unlearning moments over the last five years on my way from being the CEO of a 35-person startup to EVP of Engineering, leading a team of over 800 people spread across the globe. Learning is painful; unlearning can be even more painful. Old habits die hard. In particular, the very habits and techniques (often very beneficial habits) that contributed to your success die even harder.

There was no eureka moment. The realization dawned on me slowly, through introspection, discussions with my teams, and frustration that “what used to be so easy” became harder. What worked in the past as a technical leader in the early days of my career no longer worked (or didn’t work as effectively) as my teams scaled. The ways I communicated, managed projects, and provided technical oversight in the past were failing. The tighter I held on, the more I was getting in the way and not providing what my teams actually needed from me. The unlearning was painful, but satisfying in retrospect, and I learned a lot about myself.

Unlearning moment 1: Mourning and letting go of who I thought I was

As a technical leader and technical CEO, I prided myself on my subject-matter expertise, technical credibility, and my ability to dive in with my teams and help. These skills played a large role in my career. In my head, I felt that maintaining and demonstrating that expertise is what created respect from the teams I led. They were fundamental to how I viewed myself and my value to the team as a leader.

As my team grew past 200 people, I spread myself thin across multiple teams. I quickly became overwhelmed, becoming less effective by diving into each decision and issue. As I shifted more toward people management, I witnessed the technical skills in which I prided myself and

felt the team respected me for begin to atrophy. My team started to chide me with comments like “you’re just doing slides and spreadsheets” or “you’re not a real engineer anymore—you’re management.” There was good-natured humor in that jibe, but it hit a real nerve with me, as it likely would with any technical leader. Yet, I was doing exactly what the leader of a 200-person engineering team must do. This further amplified when the team grew to 800 people. I had to realize that it was going to be extremely challenging to stay close enough to the technology and the code to keep up with my best engineers. I went through a real mourning period, when I felt the gradual loss of that expertise and, in my own head, respect. Eventually, I found inspiration in reframing my role from “building things” to “building teams that build things.” That was satisfying.

Unlearning moment 2: Getting comfortable with the grays

As a software engineer, I knew there was a right and wrong way to build a code module, a right and wrong way to architect a platform, and a right and wrong way to do unit testing. There was an answer. I love the clarity and pride that comes from building things the right way. As an executive in a now-large software company with multiple products and a team of nearly 800 people, the right answer isn’t always clear, and the information needed to make a decision was often far less than perfect. As the operation grew, I was initially frustrated with the gray “fog of war” that comes with a larger operation, craving the clarity and precision of an engineer.




I’ve found that most challenges in any organization are related to people and people are not binary. I found that streamlining functions in an organization was significantly harder than streamlining code. I had to unlearn the black/white or right/wrong mindset of the engineer, and instead learned to look for the “edges” of a situation to create a picture in the fog and be comfortable with shades of gray. It wasn’t natural for me, but I got better at it, and it’s now become intellectually stimulating and even fun.

Finance leader: Role change & unlearning moments

In the early days, the finance leader is very much geared toward ensuring startup survival: the job requires developing an operating plan, controlling expenses, watching cash, helping sales close deals, and helping the CEO raise capital. In practice, this means the job often becomes an early-stage CFO or a VP Finance who acts much like the **supply quartermaster** on the field of battle, ensuring the troops have what they need to fight and survive, while also doing everything possible to conserve supplies.

As the company moves into the acceleration phase, the startup needs a growth CFO, whose job is like that of an **airplane navigator**: laying out the plan of where to fly, deciding whether to go faster or slower, using metrics to determine if the flight is on-course or off-course, and hoping the plane doesn’t run out of fuel along the way. The growth CFO doesn’t just work with the CEO. The growth CFO also works closely with the GTM leaders to instrument the GTM model to decide where to invest and when to speed up or slow down. The growth CFO works with the product teams to make investment decisions. As a result, the CFO, along with the CEO, are the two leaders at this stage who see all the parts of the business.

As the company hits category leadership and starts gearing up for industry leadership, the CFO job changes again. The scale CFO becomes a **copilot** for the CEO, together building market value, driving operational scale, instrumenting the business for predictability, and enabling investment and de-investment decisions that drive shareholder value. Externally, the scale CFO plays a key role with Wall Street and public investors.

	Early CFO/VP Finance (PM-Fit/GTM-Fit)	Growth CFO (Category Leadership)	Scale CFO (Industry Leadership)
			
	Supply Quartermaster	Airplane Navigator	Copilot
Mission	Tactical planning and cash conservation	Set course and speed. Drive the business plan. Instrument business for growth.	Partner with CEO to run the business and build business value.
Hard Skills	Build operating plan for Survival phase. Control expenses. Develop intimate knowledge of cash burn and zero-cash date. Build the early GTM financial model and key metrics.	Build operating plan for Thrival phase and growth. Plot the course: Build financial plan and analytics to help make investment and growth decisions. Determine speed. Develop key metrics to track GTM, unit economics, and levers to speed or slow growth.	Instrument business for long-term sustainability. Deeply understand business drivers to drive decisions and allocate resources to mainline business and leadership bets. Develop metrics and operational processes throughout organization to measure results, enable scale, and deliver predictability.
Soft Skills	Help with sales deals and customer contracts. Help with fundraising and due diligence.	Help GTM leaders with plans, quotas, forecasting, and productivity models. Develop credibility with investors to secure and deploy growth capital.	Team up with executives and business units to develop plans and allocate resources. Communicate and build credibility with Wall Street and analysts.

Unlearning moments: Not always being right. Relearning my sense of purpose

Fred Ball, four-time CFO at Marketo, Webroot Software, BigBand Networks, Borland Software

In finance, we invest a lot of time and effort in building a great financial model. We take great pride in that model, since it shows our deep understanding of the business. Having the right model and executing against that right model was how I added value as a finance leader.

As we grew, the natural next step was to apply the financial model rigor to other parts of the business—in particular, to analyze and challenge the other functional leaders with the rigor of a financial model.

Over time, I had to unlearn the desire to always be right (or have the right model). I realized it was more important for me to help the other executives become successful than to be right with the financial model myself. Instead of analyzing from the outside (or illustrating the “rightness” of our model), I had a new mission: help the other executives see how their operating reality tied to the numbers and business model, and whether their operational beliefs were actually validated by the metrics in our plan. In some cases, we would help the leaders illustrate their function’s plans and performance to more numerically minded executives and the board, which changed the dynamics of the executive staff and board meetings in a positive way. The scale CFO goes beyond the plan and the model, works to ensure that the leadership team is successful, and helps synchronize the different parts of the business. The scale CFO becomes the CEO’s copilot.

This scale CFO role required me to be much more integrated with the executives and their operations. I could no longer be deep in the model that I was so proud of. I had to hire a top-tier VP Finance to shoulder much of the load I had been carrying as CFO. That hire was tough on me emotionally,

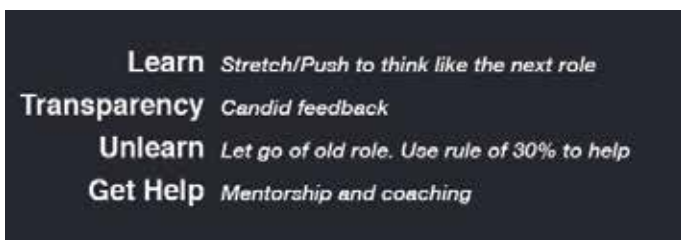
because it challenged my sense of value and purpose as the CFO. With a top-tier VP of finance, would the company still need me? Would my value wither away? I got anxious and developed a subtle emotional resistance to change.

Then we hired a great VP Finance. At first, this was challenging, as I wanted to stay close to the model and impress the team with my depth of knowledge. But then, gradually, I let the new executive take over many of the “CFO things” that I previously had felt only I could do. While it was scary in the moment, six months later I found that letting go had allowed me to step up in my role, be more outbound-focused, and become the CFO the company and our shareholders needed for the next stage. And in doing all of that, I had recaptured my sense of value and purpose.

Helping leaders transcend to the next role

Transcending requires understanding and anticipating new challenges. It also requires leaders to let go of successful behavior patterns. It’s a profoundly uncomfortable growth experience—a deeply personal mixture of learning and unlearning about what it means to be a leader.

How can the company help a leader transcend the current role and adapt to the next?



Learn: Stretch/push to think like the next role

Learning the next leadership role is tough and particularly bumpy for existing leaders because it’s piled on top of existing responsibilities.

Pushing oneself to shift perspectives and think like the next role takes up already-scarce mental energy. Taking on stretch assignments while executing day-to-day requires mental discipline, and tricky priority balancing, as the stretch assignments will naturally feel less important than existing ones. CEOs can help promising leaders by providing stretch assignments to develop new muscles and challenging leaders to adjust their thinking to the next level. The reality is their leadership job is changing and stretching in real time. The key is for the leader, like an athlete already on the field of play, to “stretch in place.”

Stretch in place: Think 12 months ahead & present it

A good way to stretch leaders is periodically ask them to think 12 months ahead. Make them focus on three questions in particular:

1. What will your team’s goals be?
2. How will your team be executing?
3. What will your team look like?

But have them do more than think about these questions. Have them present their ideas, perhaps at an annual strategy meeting with the board, or at an executive offsite.

Often leaders are so busy putting one foot in front of the other that they don’t have the time or the perspective to imagine how their roles, and the company in general, need to change. That’s natural. Forcing leaders, including the CEO, to think ahead and present their ideas, catalyzes a change in perspective that is critical to stretching a leader.

For company execution, these think-ahead discussions are incredibly important. For the board, it is a terrific opportunity for key discussions and feedback. For the other executives, each leader learns by listening to the others. For the executives themselves, these presentations are a profound opportunity to get their head around the next role, stretch

themselves to evolve with the needs of the company, and begin to transcend to the next role ... or it becomes apparent that they may not be able to.

Be transparent: Candid feedback

The textbook advice is to be transparent, providing candid feedback and coaching. That's the right advice because it needs to be done. Any good leader wants and deserves the candid feedback and transparency. It is absolutely critical that the CEO and leader clearly articulate the needs for the next role at the next stage of the startup—and talk about what's going well and what's not going well. Giving candid feedback and coaching is paramount to any leadership role. Leaders owe it to their team. Thoughtful and candid feedback is both a gift to be given—and a gift to be received.

Being open to take candid feedback and coaching is equally important to giving feedback for *both* the leader and the CEO. The good news: high performers who have a healthy dose of self-awareness and willingness to adapt can transcend to the next role. The bad news: unfortunately, some of the most passionate high performers have an almost religious zeal to their past performance that can limit receptivity to change and feedback. While giving candid evaluation can create some risk, provide it anyway. A leader who cannot receive constructive feedback is less likely to transcend. Receiving and giving direct feedback is the only way we grow.

Encourage unlearning: Let go with the “rule of 30 percent”

As a leader's role changes, the biggest unlearning challenge leaders struggle with is “What not to do anymore?” Letting go is hard. Letting go requires a fundamental change in behavior, and in many cases, a part of the role that engenders pride and self-satisfaction. Fortunately, there's a rule of thumb that can help a leader identify these sticking points and make a clinical decision to let go: the “rule of 30 percent.”



Whenever a leader finds they spend more than 30 percent of their time on any one function, issue, or organizational topic, stop and ask, “Why?”

The answer often comes in one of four forms, each of which demands a specific response:

Answer	Response
1. Demands have scaled	Hire someone to offload the 30-percent demand
2. Leader is doing stuff they shouldn't	Let go and allow someone on the team to step up
3. Leader is backstopping a team member who is now struggling	Evaluate team member and consider making a personnel change
4. It's a spike (e.g., fundraising) that will pass	Do nothing. It's a passing spike. Things are okay for now.

This rule helps provide a clinical lens to help a leader identify how they are spending their time and where to make a change in behavior.

CEOs can use this rule to change their own behavior and evaluate their executive team, an executive team can use it to evaluate itself, and so on, all the way down the organization.

Get help: Mentorship and coaching

Mentors for executives come in all shapes and sizes, but two kinds are often the most valuable: seasoned and recent. Seasoned mentors are very senior executives, with 15 to 20 years more experience, who are deep reservoirs of wisdom and multiple professional

experiences. Recent mentors are younger executives with only three to five years more experience, who have recently wrestled with similar growth challenges. Mentors periodically provide on-call help, advice, and perspective, all of which can be vital in helping an executive through periods of challenge and change.



For near-term career growth and challenges, we recommend mentors who are three to five years ahead of the executive, rather than 15 to 20 years ahead. Recent mentors are often more effective for growing executives, as they have more recently lived through similar challenges, and their advice feels more relatable.

Coaching is a more focused form of help for a growing executive. Some of it must come from the CEO in the form of regular feedback and clear conversations about expectations. However, many leaders, particularly those going through big step changes as a leader, can benefit significantly from an external executive coach—an unbiased third party who can play a transformational role in helping the executive rewire for the next leadership role.



A great coach will both push and pull the executive, forcing a level of self-awareness that comes with significant discomfort. That discomfort is the sign of a good coach and a leader who is embracing the opportunity to grow and change as a leader.

Can the superstar or superhero transcend?

All leaders asks this of themselves. For the CEOs, they want their stars and superheroes to succeed. A superhero's success helps accelerates the company, signals increased opportunities for the team, and builds overall confidence and morale. A superhero's failure damages the company, signals fewer opportunities, and saps team confidence and morale. How can a CEO know if a star

can succeed at the next level—*before* running an expensive and dangerous experiment? Asking several specific questions can help.

Does the star recognize the need for change?

Rising to the next level requires a leader to change themselves and how they operate. To do that, the most important factor is that the leader must recognize the need to change themselves and their behavior. That requires self-awareness. For superstars and superheroes who have been great at their job and recognized for that greatness, it is often easier and more comfortable to often believe they can just keep doing what they've been doing. Recognizing the need for change is often uncomfortable for them, as is acting on that need. But both are critical if they are to transcend to the next level.

Can the star overcome insecurity and the fear of hiring new top talent?

For a superhero or superstar, hiring top talent is a critical measure of success. Yet, particularly for first time leaders, this can raise uncomfortable questions: "What happens if they're better than me?" "Will the new hire take away some of my spotlight?" "Will the new hire be so good at their job I'm not needed anymore?" Insecure leaders who allow themselves to be unsettled by these questions are likely undermine the company and themselves—by hiring only unthreatening, B-grade talent; by hiring great talent too slowly; or by hiring great talent, but then disempowering them until they quit. For leaders to rise to the next level, the question is, "Can they overcome this very natural insecurity, and instead hire top talent, empower them, share the spotlight, and let go?"

Does the star want to run faster or run better?

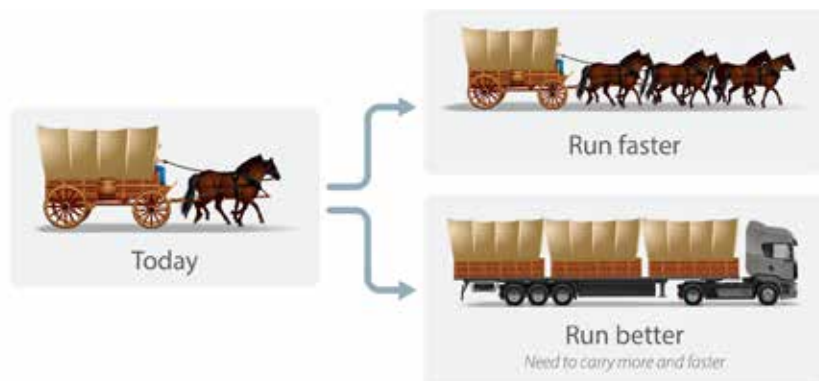
Phil Fernandez, the founding CEO of Marketo, had a simple question when evaluating or coaching a leader for the next role: Does the star want to run *faster* or run *better*? The test involved asking the star to describe the key goals, challenges, organization, and processes for today—and then for six and 12 months out. How would they increase qualified leads tenfold? How would they handle ten times more customers? How would they cope with an explosion of feature

requests? How would they address ten times the amount of support tickets? How would they contend with growing cash burn? How would they deal with *all* of that? Their answers showed how well they understood and could address the exponentially growing demands on their teams.

Stars with a “run faster” mentality tended to respond that their teams will just work faster to meet the growing demands. They often felt like the victims of tough working environments, and their typical plans involved hiring “another me.” Their solution was more people doing the same thing.

Stars with “run better” mentality, on the other hand, tended to respond that their teams would work differently to meet the growing demands. They viewed tough working environment as challenging puzzles, and to solve them they tried to devise better strategies, organizations, and execution plans.

Here’s a simple visual that helps conceptualize the difference. To address the need to carry an ever-growing load at a faster and faster speed, a Run Faster leader thinks about finding more horses, whereas a Run Better leader thinks about restructuring the team to use trucks.



When leaders don’t transcend: Change the people

Sometimes leaders are unable or unwilling to transcend to the next role. In some cases, a fast-growing startup outpaces a leader’s

ability to adapt and change; in other cases, a leader simply prefers their current role and mode of operating. In both cases, the solution is to change the people.



Leadership changes are hard. While making the change is the right decision for the startup and the mission, individuals’ careers and families are impacted. Making a big leadership change takes resolve and candor, while at the same time compassion and a way of allowing people their dignity. Every change creates turbulence, so be ready for it. Every change also is a terrific opportunity to rewire and make operational changes, so take advantage of it. Every change is also an opportunity to demonstrate leadership and signal to the company and other leaders, so use it wisely. Change is hard, but change is an opportunity. Embrace it for the sake of the mission.

The “superstar/superhero to mere mortal” problem

When a leader was a mis-hire or not performing in their role, the decision to make a change is straightforward. A much more difficult and challenging situation is when a star or superhero who played a major role in building the company fails to unlearn and change as the company’s needs change. These honored leaders go from superstars and superheroes to “mere mortals.” It’s brutal. In fact, it’s one of the hardest things for startup teams to wrestle with.



How does it happen? Painfully for the leader and those around them.

The company changes and, for a while, the superstar and superhero continue to deliver. They get rave reviews. Everyone loves them. Then strain marks start to show. When asked about plans for the future, hard questions trigger defensiveness. Execution begins to falter, followed by finger-pointing. Instead of engaging, the leader becomes more reclusive. This is the beginning of the end.

Of course, every situation is different. However, there are common patterns.

Superstar individual contributor to mere mortal

The early superstar is an individual contributor who made outsized contributions to the company, single-mindedly tackling everything in their way. The superstar is a go-to player and is recognized by the team and rewarded for it. But success means that the superstar's job now changes: it's time to hire, set goals, drive execution, and lead a team. Instead of leading the team, the superstar lets inertia drive their behavior, spending disproportionate amounts of time on individual efforts for which they earned the superstar reputation. They struggle to hire, because they believe no candidate can perform as well as they can. Execution begins to suffer. Everyone looks to the star. Defensiveness begins. Tensions rise. The superstar's frustration rises, and they become a negative cultural force. The superstar now finds themselves a mere mortal.

Executive superhero to mere mortal

The early superheroes are executives who have contributed mightily to the company's growth and success. The company would not be where it is without them. Many of the startup's team were hired by them. The company reveres the superhero, who is a key member of the leadership team. But as the company accelerates and scales, cracks begin to show. Systemic issues arising from rapid growth develop, without a clear solution. Plans for the future look like a bigger version of the past: "That's what got us here ... We can't afford to make a change now." Execution suffers. Planning stagnates. Tensions rise. The superhero leader becomes frustrated, recognizing the need for change but unsure what to do. The external pressure triggers defensiveness. In some cases, the superhero goes from cultural touchstone to a negative cultural force. The executive superheroes, who prided themselves in their functional superpowers and ability to lead, now frustratingly, find themselves mere mortals.

The fundamental issue is the same: Unlearning the old role and learning the new role isn't happening at a pace that the company needs to be successful. To be fair, sometimes it's on the CEO for not clearly articulating the needs of the next role. That's on the CEO (and the leader) to quickly address. In some cases, a leader makes a personal choice that they don't want to unlearn and change themselves as a leader, preferring to do what they do best. In other cases, a leader simply doesn't have the skills or ability to make the leap fast enough. Again, the solution is to then change the people. That typically means letting the person go, allowing them to move on in their career. Sometimes, the leader understands the situation and wants to take another meaningful role in the company. This can be a great option because it allows the executive to continue to contribute and learn, while continuing to be a positive cultural force inside the company. It also sets a precedent for future leadership transitions.

Loyalty versus decisiveness—with an audience

Every CEO considering a leadership change will face the tradeoff

between fostering loyalty and ruthless decisiveness. This same tradeoff applies to any executive and their team; however, for the purpose of brevity, this section will refer to the CEO. Is the CEO loyal giving a superhero executive who is experiencing turbulence a chance to grow into the next role? Or, is the CEO decisive—swapping out an executive at the first sign of turbulence?

Move too fast and be perceived as disloyal and uninterested in coaching and growing leaders. Delay too long and be perceived as indecisive. It will feel like a trap, where the CEO is damned-if-you-do or damned-if-you-don't. In reality, it's a balance to be struck, and every CEO will decide their own balance. The one part of the decision that is not a balance: Always make the right decision for the company.

Demonstrate loyalty. Giving a superhero the opportunity to grow allows a CEO to invest in the team, to attract up-and-coming talent interested in growth, to demonstrate loyalty to leaders through the inevitable ups and downs. But the same loyalty also risks over-supporting a struggling executive who has become a “mere mortal,” which can damage execution, negatively affect the team, and even cause the company to hit a wall, which in turn can lead the team and investors to lose confidence in the business and the CEO.

Act decisively. The alternative is to make a change immediately and ruthlessly at the first sign of turbulence, without offering the leader a chance to learn. Here, the operative adage is “If you're not sure, you're sure.” This approach demonstrates decisiveness to the company and board, allowing the CEO to bring in the next level of talent. But it has risks, too. Firing an executive at the first sign of strain signals to the other executives that the CEO is unwilling to invest in people's growth and disinterested in loyalty, making it hard to hire fast-learning high potential leaders and sowing a fear of mistakes into the culture.

This tradeoff may seem like a private matter between the CEO and the troubled superstar or superhero, but it is not. Instead, it plays out in front of a very important audience: the other executives and employees of the company. Other leaders and the wider company will see or hear that an executive is struggling and sense growing

tension. The rest of the executives and the company will closely watch how the CEO resolves this situation. Each executive in the audience will have a dual perspective: First, will the CEO make the tough decision for the good of the company? And second, what if that were me someday? Would the CEO give me a chance? If I get fired, would the CEO do it respectfully? The audience should not drive the CEO's decision, but the audience matters, because it represents the team that continues. This isn't a problem unique to CEOs, of course; leaders at every level have to contend with tradeoff with their top leaders as well.



What is the gap between disloyal and indecisive? It will feel like a trap, where the CEO is damned-if-you-do or damned-if-you-don't. In reality, it's a balance to be struck. In between too early (disloyal) and too late (indecisive) is just right, where the CEO's decision is prescient for the company, but seen as fair to the executive too. Every CEO will decide their own balance.



When faced with this decision, our advice is to allow a maximum of 90 days to decide what to do with a particular leader. Provide candid feedback. Ask yourself if there is something you're doing—or not doing—that's holding the leader back. Start sharing the issue with a small number of key executives to solicit input—first to help the struggling leader and then, if a change is to be made, to help with the transition. After 90 days, decide to make the leadership change or recommit to the leader. Be decisive. The company needs

the right leader, and the leader deserves clarity to be effective in their job, or to move on with dignity.

The decision to exit a long-time leader feels brutal. Loyal superstars and superheroes who played a key role in building the company become mere mortals and need to be let go. Yet, the decision for change is also an opportunity for dignity. These employees helped create success for the company. With that success, the company has evolved beyond them. They deserved to be honored for that.

I eventually turned over my entire team

Anonymous CEO

Our leadership team was close. We bonded for years on the battlefield—customer trips, late nights, offsites. We built a company from single-digit millions to nearly a billion dollars in sales. The team successfully overcame huge challenges, and many executives rose from leadership role to leadership role. They made the company.

Eventually, though, in the space of two years, I had to let every single one of them go. In some cases, they were just tired. In most cases, I had to bring in the leaders for the next phase of the company growth. It was painful as we were going through it, but it was the right thing for the company and, in most cases, for the people themselves. Fast forward five years and the company became a multi-billion dollar company, leading an entire industry.

You never really know, but I believe we would not have made that leap without a new leadership team.

The transparency dilemma

Executives deserve candid feedback and coaching, as well as transparency from the CEO as to the challenges ahead. But there is a downside to the transparency. Even with the best of intentions, this kind of message can understandably sap an executive's motivation and commitment. Yet, the candor is an important part of leadership

and growth. For both the CEO and the leader, the situation becomes unstable, a volatile mixture of hope and fear, leaving both feeling vulnerable and exposed.

Real life transparency dilemma



CEO to executive: *"Bill, thanks for leading your team—you've made a real difference. Looking ahead, I have some concerns. You may not be the right leader for the next level, but I am committed to working with you on the challenges. Let's put together goals and a plan, and I'll provide support and coaching. I need you to keep trying 100 percent."*

CEO perspective



Hope: *"Transparent and candid feedback is part of leadership. It's fair to have concerns for the next stage. Sharing those concerns so they can be addressed is the only path forward. I'm willing to make the investment in this leader, who has potential and a great track record."*

Fear: *"Yet I fear that this executive will take my candid expression of concern as a message that the writing is on the wall and will start looking for a new job in the background. Naturally, execution will falter. And talented execs who go looking for jobs will get offers. Midway through a development plan, they'll join another company, blindsiding me and leaving my company with a major execution hole. Now we have to start a search from scratch. Ugh."*

Executive perspective



Hope: *"I've been working hard and have contributed mightily. I recognize that my job is changing. I appreciate the candid feedback from the CEO, who seems willing to invest in my development."*

Fear: “Yet I’ve got a nagging feeling. I know the CEO likes me, but I sense worry. And I sure don’t want to wake up one day to find I don’t have a job—I can’t do that to my family. So, I need to peel off 25 percent of my time to start looking for the next job. That means I might neglect some of the longer-term initiatives that I should be focusing on in my current role. I hate to do this to my CEO, but I want to be prepared in case I’m fired.”

This problem is similar to the famous prisoner’s dilemma. But here are some ways to avoid getting trapped by it.

Make candid conversations just part of “normal” routine. Set the expectation up front with executives that it’s okay to have tough conversations in a constructive way. This is harder to accomplish than it sounds. Encourage leaders to have candid conversations with their teams. Encourage teams to have candid conversations with the leader. Candor is a powerful part of “grown-up” conversations between leaders and their team. The more routine those candid conversations feel, the more likely it is they will be seen as honest coaching, and the less likely it is that fear will dominate and lead to unnecessary instability.

Remove the fear of discussing change. The struggling executive and CEO both have reasonable fears. The key is how to prevent either the CEO or the leader from getting surprised and “left holding the bag.” Part of that is old fashioned trust and transparency between a CEO the leaders. The other part is the concept of a modest “mutual safety net.”

Bob: “The mutual safety net is something I wish I had figured out during my time as CEO. It would have helped productively solve the tension and the mutual fear of being surprised. The mutual safety net concept is personal deal with the executives you hire. The deal: If someday I decide that you are not the executive for the next stage, then you get advance notice and reasonable severance. But in return, if someday you decide that you want to move on from the company, you give me advance notice,

promising to keep your head in the game and your foot on the gas while I find a replacement and do a hand-off. That way, neither of us gets left holding the bag.”

Set expectations for change: It’s a sign of success

Inoculate the team for change during hiring

Logically, everyone on the team knows that when startups are so fortunate to succeed and grow quickly, roles may outgrow the existing people on the team. The problem is that most startup teams first start talking about role strain and people changes once the growth and change happens. That’s too late. The discussion needs to happen during the hiring process.

Commit to grow and learn together, but also talk openly about the possibility that if everyone does a great job, the company may grow beyond them. And make clear that this same dynamic applies to every leader in the company, including the CEO.

Bob: “At some point, each one of the three co-founders of MobileIron—Ajay, Suresh, and I—have stepped aside from our initial roles. It doesn’t feel good. It’s awkward and weird. But making the change when it’s time is 100 percent the right thing for the mission, and for the hundreds of employees and their families who bet on you. You owe it to them and your investors.”

At the same time, commit to every hire that their leader will support their growth and learning that success brings. This inoculates the team for the difficult conversations and inevitable changes down the road.

Inoculate the board for change

The board has a similar challenge. One of the board’s main jobs is to ensure, along with the CEO, that the right leaders are in the right roles. When a startup is showing signs of success and growth, a board’s natural tendency is to avoid proactively discussing hard topics like role strain and people change for fear of being

the naysayer or distracting the startup leaders from execution and growth, until the strain starts to show. Yet, proactive discussions are exactly what needs to happen. Experienced board members can pick up on early signs of executive strain, questioning whether Superhero X, despite a history of great achievement, is the right person for the next stage. Perhaps through coaching, the superhero can rise to the challenge, or perhaps not, and there needs to be a change. This interim lack of clarity is an important time for board and CEO to have candid and proactive conversations, yet it also creates a dilemma for the CEO: How to have a transparent conversation with the board about the executive while not undermining support for that leader and their ability to execute and adapt? It's a tricky balance.

The best approach, assuming that the superhero has the potential to transcend to the next role, is to inoculate and prepare the board for change with something like this: *"At this point, I believe Superhero X is the right person for the next role. But I'm paying close attention to how they do with X, Y, and Z. If I detect trouble in those areas, I'll let the board know, and I may decide to make a leadership change."* This allows for an open conversation, with structured evaluation points, without undermining the leader's ability to execute.

Making the leadership change: Be ruthless, provide for dignity, plan for turbulence

Be ruthless when deciding to make a leadership change. Very few decisions are as critical to the long-term success of a startup as making—and executing on—leadership changes. Make a decision and stick to it, even in the face of turbulence.

For some great advice on how to make executive transitions, see Ben Horowitz's book *The Hard Thing About Hard Things*.

Every leader develops their own model for making a leadership change. Our list is here:

Making executive changes

- 1. Move quickly.** Once you've made a decision, make your move in less than 48 hours. Prep the team, inform the board, and then tell the superhero.

- 2. Treat the person with respect, and leave their dignity intact.** You owe it to the superhero, who has made essential contributions. You owe it to them as a teammate. Other leaders will pay very close attention to how an outgoing leader is treated.
- 3. Communicate simply and truthfully to the company.** The team will see through mumbo-jumbo. There will be shock. There may be drama. Expect lots of side conversations.
- 4. Get back to work.** Share an interim plan for how things will work. Make big changes early in the work week, so everyone can get back to work and realize that tomorrow is another day.
- 5. Involve the existing team in recruiting.** Share job requirements for the superhero's replacement. The existing team may know a great leader for the next stage!
- 6. Behind the scenes, prepare for turbulence.** It will suck for a little while, then it will pass.

In announcing the departure of a leader, communicate simply with the company, and express gratitude. An example message would go something like this:

"Superhero X helped drive the company success. There is honor in that accomplishment and we are grateful. The company's success causes jobs to evolve, sometimes to a point where a different leader is needed for the next stage. I made the decision to make a change in leadership to continue to build upon our past success. We wish X all the best and thank him/her for all he/she did."

While the decision to change a superhero is a clinical decision by the CEO, it still feels very personal to the CEO, the superhero, and the team. The appreciation for the outgoing superhero's contribution and respect of his or her dignity must be earnest and from the heart.

Bob: “Sometimes words do it best. Other times, it’s symbolism. In one case, after having the exit conversation with an outgoing superhero, I presented them with a hand-forged katana samurai sword. The sword felt like a proper way to honor a trusted warrior, teammate, and leader with whom we’d all fought. HR asked, ‘Should an exit conversation involve a 24-inch razor-sharp steel sword?’ Fair question. My answer was ‘Yes.’ The symbolism and appreciation mattered.”

Prepare for turbulence. Letting go a high-profile, respected executive often creates significant short-term turbulence and affects short-term execution. It sucks. The load shifts to the CEO and to other executives at a time when they need to take on less, not more. And the turbulence is often amplified when team members loyal to the executive decide to leave as well. For a while, the decision will feel like it unleashed an expanding cascade of problems. But if the change has to happen, then turbulence be damned. It will pass.

Opportunity for change: Never let a good crisis go to waste

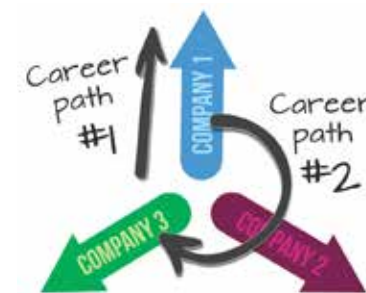
Any kind of crisis stinks. Crises are disruptive, distracting, and problematic. At the same time, never pass up the opportunities for change that they create.

In times of leadership turbulence, ask the team and colleagues to recommend changes, and to help execute on them in the interim. Having adjacent teams help out can create better teamwork and rewire execution or operations that seemed to be stuck. Leadership changes unleash significant unfiltered feedback that represents an important learning opportunity. New blood and different experiences brings change and new energy into a team. Embrace the opportunity.

The flywheel of leadership talent

While there is definitely pain and drama when superstars and superheroes are let go, these changes feed into an amazing flywheel of talent that is an inspiring part of the entrepreneurial ecosystem, and often good for both the leader and other up-and-coming startups. Superstars and superheroes are hard to find, so other

early-stage startups will excitedly snap up your experienced superstar and superhero. For the superstar and superhero, being fed onto the flywheel gives them the opportunity to help build the next great startup.



For the leader, both startup career paths (transcending to the next level or repeating the superstar role at same stage for a new startup) lead to very successful careers for startup executives.

Investors and board members play a key role in making this flywheel work. Investors and board members become a talent marketplace, recycling great talent from late-stage companies back into the next great early-stage companies. The end of one superhero mission is often the beginning of the next. The mark of a great enterprise company is when its superstar and superhero alumni go on to build great new startups. With each rotation, the flywheel gains momentum, building new generations of superheroes and super-leaders.

PUNCHLINES

- » In the beginning, leadership is fluid. Superstars and superhero leaders emerge from the hardship of Survival. Then, with Thrival, every leadership job changes with the acceleration, and then again with the transition to sustainable industry leadership.
- » Leaders must then **change themselves, or be changed**, for the good of the company. This applies to every leader, including the CEO.
- » Transcending requires a leader to unlearn the old role and learn the new role.
- » Unlearning is hard. Most leaders struggle with it. The biggest challenges are: (1) reconceptualizing themselves and their job; (2) letting go of the ways they felt they added value in their old role; and (3) doing all this while continuing to execute.

- » Startup leaders rarely have a clear view of what their next leadership role looks like. Knowing the target is two-thirds of hitting the target. To simplify it, each leadership role has 3 stages: (1) early leader; (2) growth leader; and (3) scale leader. To help demystify the target, this chapter provides analogies and illustrations as to how the Sales, Product, and Finance leaders, jobs evolve.
- » Mentorship and coaching, often from a neutral third party, can be a powerful tool to help leaders rewire themselves and adapt to the next role.
- » Some will successfully transcend to the next leadership role. Celebrate them.
- » Some leaders cannot or choose not to transcend to the next leadership role. That is okay and normal. Make the tough decision to change the people. Treat them with dignity and respect.
- » There are several particularly tense challenges for CEOs and other leaders when dealing with a leadership change: (1) The superhero/superstar to “mere mortal” problem; (2) the Loyalty vs. Decisiveness tradeoff; and (3) the transparency dilemma. Any leader must find their balance. Every decision impacts the company and sends a powerful cultural signal.
- » Once you make a decision, act swiftly and confidently. Expect turbulence, and know that it will pass.