1. Introduction: Entering StartUpLand

Sitting on a shelf in my office is a 1990 vintage bottle of Dom Perignón. It was given to me by a strategy consulting firm in celebration of its offer to rejoin it after I completed business school. It remains unopened. Instead, I show the bottle to my students every year and tell them my personal story in hopes of inspiring them to enter StartUpLand.

What's that story?

I was you.

Twenty years ago, I was the audience for this book.

I graduated from college in 1991. After college, I went to work for The Boston Consulting Group (BCG), an amazing place that allowed me to learn about business and strategy at a very young age. A few years later, when I was admitted to business school, BCG offered to pay for school if I returned to work there. A lucrative offer to go into management consulting, return to a prestigious firm where I was comfortable, have business school paid for in full, and that bottle of Dom. Easy choice, right?

I turned them down.

My thinking was a little bit irrational and a little bit rational. The irrational side was that I was passionate about the internet and startups and knew I should follow my passion. I knew I would not forgive myself if I made a decision to compromise just for the money and the ease of fitting into a well-defined job and well-trodden career path. As I considered joining StartUpLand, I could feel my adrenalin pumping just thinking about leaping into the unknown.

For the rational part of the decision, even though I knew the consulting offer was far more lucrative and included tuition reimbursement, I thought, *Look, I'm young and don't yet have kids or a mortgage to worry about. I'm in a position where I can take some risk.* I felt, in the grand scheme of things, I should resist charting my course based on a short-term financial opportunity.

It was a tough decision. Many of my classmates said, "What are you doing? You're crazy!" It was like a *Far Side* cartoon where the penguins all go one way and there's one that goes the other way. But I had to go the other way.

So, as my classmates were rushing off to high-paying, high-powered jobs on Wall Street and at consulting firms, I hustled around town and networked my way into a Series A startup.* I joined as a product manager, making $65,000 per year—lower than my salary before entering business school.

The startup was called Open Market. It provided infrastructure for payments on the internet. It was the original, secure e-commerce platform back in the mid-1990s. The first shopping cart was created by our company. We invented (and patented) secure credit card transactions over the web.

Because of our early stage and ever-changing market, the place was bedlam. Browsers were just becoming popular, and the internet was in the earliest stages of development. It was a land grab. Open Market had thirty employees—maybe twenty of whom were engineers—and we were simultaneously working on ten products. It was like flying the plane while trying to build the engine at the same time. It was chaotic but thrilling. One of the big things I had

*Series A refers to a company's first round of significant funding and is typically led by a venture capital firm.

to learn to do was navigate in a world of tremendous uncertainty. Fortunately, we had a successful run. The company went public in 1996, only a year after I joined, and we eventually achieved a peak market capitalization of over $2 billion.

Because a startup is so small and dynamic, it gives great opportunity for personal and professional growth. For instance, during my five years at Open Market, I had the opportunity to run nearly every function in the company (e.g., marketing, product, professional services). I was hooked on StartUpLand and later cofounded another company, Upromise, where we were also lucky enough to have a successful run and built a valuable business that later sold for hundreds of millions of dollars.

Both of those companies were backed by several venture capital firms. One of those firms had two partners who were contemporaries and became good friends. Eventually, they decided to leave their firm, and fifteen years ago, we formed Flybridge Capital Partners, an early-stage venture capital firm with offices in Boston and New York City.

Along with my day job of investing in startups through Flybridge, I teach an entrepreneurship course for MBAs at Harvard Business School called Launching Technology Ventures. In both my capacities as a professor and venture capitalist, I am immersed in StartUpLand—I live, breath, eat, and sleep startups every day. And I love it. I'm still drawn to the excitement. It's a disease, I swear. Every startup still feels like a pioneer embarking on a new adventure.

Which brings me back to you and that bottle of Dom on my desk.

Why I Wrote This Book: Joiners

There are many, many books for founders, providing them with advice on how to raise money, build their companies, and live their lives. In fact, I wrote one of them—a book called *Mastering the*

VC Game, which is targeted at helping founders raise capital and grow their startup.

But there are very few books for *joiners*: the brave folks who want to join startups and figure out the best entry point. Employees number two through two thousand who work alongside the founders to take the original idea and do the hard work to actually create a company.

From the outside, startups seem confusing and murky. They seem chaotic—that there's no order to them. Because it lacks order, it is hard to figure out the best way to approach StartUpLand, know what the jobs are to be done, and figure out the best ways to explore and exploit professional opportunities. In contrast, the traditional business world is highly structured and organized, with centuries of organizational history and well-laid-out career paths.

I can't tell you how much time I've spent in my office talking to students about how to get into the startup world. And not just young professionals; interest in joining startups cuts across all ages and stages of careers. I have had many meetings with lawyers, doctors, scientists, professors, and experienced professionals who are intrigued by the magic that StartUpLand represents. In these conversations, I found myself giving the same advice over and over again. I tried to capture it in teaching notes and blog posts, then finally decided to put it all into a book, because clearly the information isn't widely available to those interested in entering StartUpLand.

In my fifteen years as a venture capitalist, I have invested in over a hundred startups. Through that work, I have developed a holistic view of company building and the elements required to do it. I work closely with founders as an investor and board member; my job is to coach them on building the company from scratch. From the embryonic stages through the more mature growth stage, I advise startups on how to stand up departments like marketing, product management, and sales. I have the scars from trying to drive results inside the company at every functional level as well as absorb new talent, helping them find their places, and making them productive in those companies.

My mission with this book is to be helpful to all of you who are intrigued by the possibility of joining a startup, to provide you with a framework that you can use to approach StartUpLand. In the chapters that follow, I deconstruct the startup organization and help you navigate it. And I try to let you in on a secret that not many outsiders (or even insiders) understand: *there's actually a method to the madness of startup management and organization*—a playbook that can be deconstructed and demystified for you.

Let's take the role of product management, for example. In that function, you focus on customers. You ask, *What are the needs of the customers? What are their requirements?* There's nothing scary about that. You talk to customers and try to find out what their problems are. Once you've got a sense of the customer requirements, you work with an engineering team to start designing solutions to those problems. Once that starts, you're getting into the world of product design, product development, and user experience (UX). So you focus on user testing and market planning.

Piece by piece, none of it sounds scary. As components, each of these things sounds accessible. Aggregate six or eight or ten of these components and you will understand the job. There's a box around that job. Then there are ways that job interacts with the other jobs and functions within the company.

You can get your head around that. Suddenly, it feels like there's a rhyme and reason to it.

Some people have concerns about the stability of startups or discomfort with the uncertainty involved in working for one. Startup life isn't for everyone. I get that. If nothing else, I hope the book illuminates what it's like to work at a startup so that people can say, "Oh, maybe it's not that different from working at Verizon or IBM or Target" (see the box "Is Startup Life for You?"). In short, I want to make StartUpLand more approachable and accessible for everyone. I hope to give you the tools and information you need to decide if you should turn away from the big corporate world and instead go into StartUpLand. Just like I did twenty years ago.

Once I jumped in, I never looked back. And I never did open that bottle of Dom.

Is Startup Life for You?

To help you imagine how you might fit into a startup, Erin Warren, chief marketing officer of Cartera who is profiled in chapter 4, compiled the following two lists to articulate the kinds of qualities in employees who work well in startups as compared with those who are likely to work in larger companies.

Startups

- Jazzed about doing something new
- Ability to be both strategic and execution-oriented
- Comfortable with uncertainty and flexible enough to take on a series of undefined roles and tasks
- Biased toward action
- Analytical toward optimizing your own time/resources
- An aptitude and interest in playing a broad role and evolving your career as the business morphs

A Look Inside Startup Life

To understand my attraction to startup life, it helps to understand my dad.

My dad is a Holocaust survivor. He came to the United States after World War II with nothing. He is a brilliant man and I was always struck by how his mind worked. He earned his master's degree at MIT and his PhD at Harvard. While at MIT, he developed a mathematical theorem now known as the Bussgang theorem (which to this day, I can't properly explain,

- Willing to hustle and go beyond the call of duty, even if it means sacrificing personal time
- Comfortable with rapid decision making in uncertain situations

Larger Corporations

- An interest in going deep into a particular functional area or subarea
- Strong EQ (emotional intelligence) and negotiation skills (you are dealing with a lot of people, so this really helps)
- Strong ability to advocate for your strategies and ideas in the face of opposition
- Patience (things can move slowly)
- Hesitant to put in the extra effort, particularly if it's "not my job"
- Comfortable with clear and distinct lines of responsibility, control, and communication

but maybe you can figure it out if you look it up on Wikipedia).[1] After a few years at a big company, he decided to start his own business.

What inspired him to start a company in this foreign country where he knew no one, spoke the language with a strong accent, and had no savings or safety net?

In reflecting on this question, I often think back to what I observed when I was a kid. Whenever my father faced standing in line—a ride at the carnival, a wait for a bank teller—rather than patiently sit back at the end of the line, he would look for a way to get around it. Not inappropriately, but always looking for an angle. He'd challenge, "Can't we design a better system? How do we push the limits a little bit?"

I'd say, "Dad, Dad—it's just the way it is. Don't embarrass us."

But I internalized that notion of pushing limits and always questioning rather than settling. It's in my DNA. When I see something that doesn't seem quite right, I push, I question, I challenge. That's how I believe you should operate in life and in business. You look for the angle to solve a problem, make it more efficient, make it repeatable, and keep iterating from there.

My dad also wanted every one of his employees to care deeply about the company. If they were to walk through the entrance and pass by the front desk and see a staple on the rug, he wanted any of them to bend down, pick up that staple, and throw it out. When you're in a big company and you walk by a staple, you think, "Oh, Cleaning will get that." My dad wanted everybody to think like an owner—to look around and see what needed to be improved, what needed to be fixed, what needed to be better. He wanted them to ask, "How do we make this place even more awesome?"

Those two attributes—pushing the limits and thinking like an owner—are critical for all startup employees. If you can program your mind to internalize those two attributes, you can fit into every startup out there.

The culture of a startup is that you're on a mission, not just doing a job. The founding team is passionate about pursuing that mission and wants their passion to translate to the entire company. A lot of startups care about "best place to work" awards and about people loving the environment. All that language is about getting people to care and think like an owner.

When you work at a startup, your efforts are clearly and directly linked to the overall success of the enterprise. When you work for a big company—say AT&T, the canonical, big, bureaucratic telephone company—you don't have this kind of impact and transparency. You don't typically have a mission to believe in so deeply. What you do each day doesn't really impact the AT&T

stock price. It's simply a job. You punch the clock. You show up at 9 a.m., you leave at 5 p.m., and instead of living to work, you work to live. In a startup, you become emotionally invested. There's a greater sense of adventure. There's a greater sense of mission and purpose. There's a sense that you're all banded together against all odds to try to achieve something no one has ever achieved before. And your work actually *matters*: every day, you're doing something that materially impacts the value and success of the company. That creates, for some people, an allure that is very special. Maybe it's adrenaline. Maybe it's a sense of community. The actual work—the tasks and day-to-day activities—may be many of the same things you might do at a big company, but it will feel very different. You're inventing. You're creating. There are no rules. No one is giving you the playbook.

That's why I love StartUpLand—because in it, nothing is "just the way it is."

Defining a "Startup"

So what *is* a startup, exactly? There's no easy answer to that question.

Purely with regard to a startup's size, I would say it's a company as small as one employee, but it can go up to maybe a thousand, or even five thousand, employees. At the stage when you are under ten people, everybody does everything. It's mayhem. Once you exceed ten employees, it gets clearer—you're doing this, I'm doing this, and someone else is doing that.

The full definition is more complicated, though, than this single metric can address. Because startups are breaking new ground, they represent giant experiments. Every initiative and action in a startup is new, and so much needs to be figured out. One hypothesis after another is being tested as the company tries to answer important questions like: *Which type of customer do we target? What precise product will we create?* and *How do we organize ourselves most effectively to make it happen?*

TABLE 1-1

Startup stages and profiles

	Jungle	Dirt road	Highway
Characteristics	Pre-product/market fit	Post-product/ market fit, pre-scaling sales and marketing	Post-scaling sales and marketing
Rallying cry	"Build it!"	"Sell it!"	"Scale it!"
Number of employees	1–50	50–250	250–5,000
Profile of joiner	Risk taker, explorer	Machine and systems builder	Optimizer, enhancer

In general, I like to think of the various stages of a startup in the context of the following road-building metaphor (see table 1-1).

In the *jungle* stage, you have no idea where the paths are. There's a tangled mess all around you; you grab a machete and hack away. That's what a startup is in the very early stages. Many use the term *pre-product/market fit* to characterize this nascent stage of a startup, which means the product is not yet being embraced by customers and there is more work to do to figure out how to fit with what the particular market requires.

In the *dirt-road* stage, the path is more laid out. It's bumpy and it's winding, but there *is* a path, and the goal is to try to go down it as quickly as possible. When you're on the dirt road, you are typically post-product/market fit and you are starting to find a repeatable business model and address the early challenges of scale.

In the *highway* stage, everything is smooth. There are four lanes, and you are flying down the road at seventy or eighty miles an hour. It's "all systems go": no starts and stops, no twists and turns. It's just straight open road. This period is when you've passed the figuring-it-out stage with respect to the business model and are focused on incrementally improving all aspects of the operation. You're just executing. You're scaling more, building more, and iterating on the machine.

Is Facebook still a startup? I don't think so. Facebook went public years ago. It's a big company now—one of the most valuable companies in the world. It has exited that highway startup stage and entered full-blown big company stage. The business model is completely figured out and repeatable. Google is also no longer a startup, although both companies have cultures born from startups and try hard to retain elements of that culture. Airbnb, on the other hand—at the time of this writing, anyway—probably still feels raw and a bit messy on the inside. Its people are still figuring it out. From what I hear, Airbnb still feels like a startup, albeit a highway-stage startup.

Admittedly, the lines are blurry, but after ten or fifteen years of growth and maturation, most companies stop feeling like startups.

Financing is often another definitional threshold. If you're venture-backed or angel-funded, you're a startup. If you're starting a laundromat, you're not going to be venture-backed. You might be a new company, but you're not a startup in the sense described in this book.

You can also be a *bootstrapped* business, meaning the business is funded with the founder's own money or out of customer revenues generated by the business at the outset. If you have the other elements I've discussed—being highly ambitious and dynamic and fast-growing—then you can be a bootstrapped startup. But if you're bootstrapped and growing at just 5 percent a year, that's not a fast-growing startup.

In addition to being distinguished by their size, age, and financing, startups are usually high-tech, dynamic, fast-growing, and *ambitious*. Ambition is the difference. Ambition is the key.

Roles and Titles

Particular roles and titles can be a messy topic in StartUpLand, and being aware of this up front can reduce some of the confusion you're bound to encounter in your job search.

First, at a company just starting out—in the jungle—everyone needs to be comfortable doing all different things. Functional boundaries and definitions are constantly changing. As a result, early-stage companies may forgo job titles for a while. In fact, I recommend this approach. To explain why, here is an excerpt from a blog post I wrote on the subject, called "Why You Should Eliminate Titles at Startups":

> Because a startup is so fluid, roles change, responsibilities evolve, and reporting structures move around. Titles represent friction, pure and simple, and the one thing you want to reduce in a startup is friction. By avoiding titles, you avoid early employees getting fixated on their role, who they report to, and what their scope of responsibility is—all things that rapidly change in a company's first year or two.
>
> For example, one of my first bosses in the company later became a peer, and then later still reported to me. Our headcount went from 0 to 200 in two years. Our revenue grew from 0 to $60m in 3 years. We went public only two years after the company was founded. We were moving way too fast to get slowed down by titles and rigid hierarchies. Over the course of my five-year tenure, I ran a range of departments—product management, marketing, business development, professional services—all in a very dynamic environment. Around the time that we went public, we matured in such a way that we began to settle into a more stable organizational structure and, yes, had formal titles. But during those formative first few years, avoiding titles provided a more nimble organization.[2]

In other words, when you are approaching a young startup, expect loosely defined roles and some dynamism and flexibility. Titles and functional units can create rigidity: *No, no, no. I don't do that. I'm in the marketing department*, or *I'm the Director of Sales, so that's not something I would handle.* As a company grows, the distinctions can cause even more problems: *I thought I was the VP of Engineering, but now we've grown and I only manage a* third *of Engineering.*

After growing to twenty or thirty people, however, or after the first year or two, the company will probably start to need titles.

What titles exist at a startup can be a clue as to what stage it is at in its development. Even then, it's often more about the individual and about the company than it is about matching the titles in larger corporations. If I am trying to recruit you and you have ten years of relevant experience, I'm going to have to be aggressive to lure you in. I might have to give you a VP title to get you to join the company. If you're fresh out of school, I don't have to make you a VP; I can call you a director, or simply a product manager. It tends to be more individual-based than role-based. Being the VP of Product at one company may involve the exact same work that is being done by the Director of Product or a product manager or even a senior product manager in another company, but one may have more experience than the other, which allows him or her to earn a bigger title coming into a startup. The title is often a signal of what is expected of the individual when the company grows rather than what the job looks like at that moment. In other words, if you expect the employee to be an executive team member throughout the jungle, the dirt road, and the highway phases, she might be designated a VP. If you expect that a more senior person will be hired above her as the company scales, she might be designated a director.

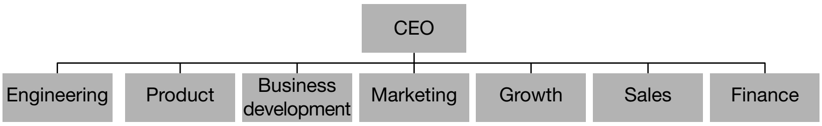
The Organization Chart

It is helpful to know how a typical startup is organized so that you can navigate your way around the organizational chart (org chart) and move into a position that is right for you.

There are a few models. First, there's the functional work chart where each major function reports directly to the chief executive officer (CEO). Those major functions typically are Engineering, Product, Business Development, Marketing, Growth, Sales, and Finance, and each function has various subdepartments. In this book, I will cover each of these major functional areas, including the growth function, which sometimes is a direct report to the CEO and sometimes subdepartment of either Product, Marketing,

FIGURE 1-1

Typical startup organizational chart



or Engineering. I do not cover Engineering because that function, and how products get developed at startups, is so expertly covered in many other books.

Figure 1-1 represents the most straightforward functional organization.

There are a few variations of a startup org chart. In smaller companies, not every function may be filled (e.g., the sales and finance departments typically get filled in the dirt-road stage, after the product is fully developed and ready to be sold) and each of these has various subdepartments.

How the people are distributed across each function also varies over time. In the early jungle days, the focus of the organization is on building the initial product, so most of the initial employees will be in the product organization. In other cases, particularly once a company finds its product/market fit and is in the dirt road phase (after the product is fully developed and is ready to be sold), the focus of the organization tends to shift more toward adding more staff in Sales and Marketing so the company can begin to scale revenue. Sales and Finance are typically filled in the dirt-road stage.

I grabbed the organization charts of two of my portfolio companies to give you a flavor of how people can be distributed by function at different stages. In the first (figure 1-2), I show a twelve-person company that is only a few years old and just about to ship the first version of its first product. It thus has its resources heavily weighted toward Engineering and Product. In the second example (figure 1-3), I show an eighty-person company that is six years old and in the midst of scaling quickly and thus is emphasizing Sales and Marketing.

FIGURE 1-2

Twelve-person startup: weighted toward engineering and product

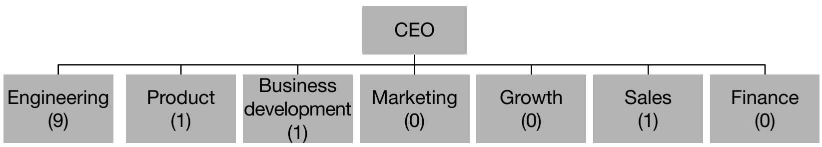
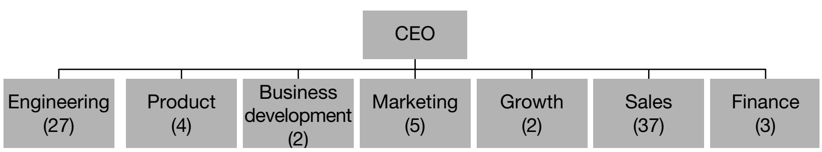


FIGURE 1-3

Eighty-person startup: weighted toward sales and marketing



In a growing startup, it's important to know who the founders are and what roles they play. Their titles may not match the typical pattern either in a startup or in the world of a large corporation. Misunderstanding the founder's role can result in internal political missteps. For example, a founder or cofounder may not have anyone reporting to them, but be very influential in determining product strategy. Beyond that, just know that job titles may vary wildly from one company to another.

Size Matters for Roles and Titles

Another important factor to consider is that titles are frequently relative to the size and stage of a company. The Director of Regional Sales in a corporation might have a bigger job in terms of people and budget than the VP of Sales at a startup. But in a startup—where you are able to make decisions constantly and contribute directly to innovation and company strategy and execution—you rapidly accrue far more senior decision-making experience. A VP at a startup has a lot more decision control and more complex duties than a manager at a big company, even when she has the same number of employees as the big-company manager. You may find a manager at IBM with twenty employees and a VP at a startup with three employees, but that VP, often reporting to the CEO and serving on the company's executive team, will have higher-level decisions to make day in and day out, and more strategic burdens. In a fast-growing startup, these responsibilities only accelerate.

I'll give you my own case study as an example. Right out of business school, I joined my startup, Open Market, when it had just 30 employees. I was one of the first two product managers. A year later, we had 150 employees, and I became Director of Product Management. The next year, we had 300 employees, and I became Director of Product Management and Technical Marketing. Fast-forward another year, and we had over 400 employees and I became the Vice President of Professional Services. A year after that, we had over 500 employees and I became Vice President of Marketing and Business Development, running Product Management, Product Marketing, and Business Development. At the time, I was only 29 years old!

As you can see, my responsibilities increased very quickly because the company's staff expanded from the original 30 people to over 500. If you do good work, you can grow with your startup in role and responsibility. I would have never had that opportunity at a big, slow-growth company. In a startup, your job title can change several times—not just with the shifting nature of the org chart, but because the team gets larger. Along the way, the audience gets bigger and the stakes get higher. Soon, you're making incredible and important decisions on an absurdly frequent basis.

In a startup, the sheer pace of decision making and the impact of those decisions can grow your skills so much more quickly than they would otherwise. I used to joke that I was on "startup time"—I was so dramatically challenged every day, it was like working in "dog years"—every year was the equivalent in experience of seven with an established company. My scope of responsibility increased more and more. I was always underwater and scrambling to try to keep from drowning. Meanwhile, the water level kept going up and up and up. I never felt like I was in stasis.

If you're the kind of person who finds that prospect invigorating and exciting rather than terrifying, StartUpLand might be the place for you. In fact, it may be the only place for you.

How This Book Is Organized

Since the actual work to be done in startups is such a fundamental part of how they are organized, the structure of this book reflects that organization. Chapters 2 through 7 walk you through each of the major functions of a startup, other than engineering. Those functions are product management (chapter 2), business development (chapter 3), marketing (chapter 4), growth (chapter 5), sales (chapter 6), and finance (chapter 7). You can read each chapter sequentially to get the whole picture or jump around to the functions that are most relevant and interesting to you. Chapter 8 gives you a tour of, and some tips on, the job-search process and then wraps everything up.

This is the book I wish I had read before I embarked on my own journey into StartUpLand. Enjoy!

2. **The Product Manager**

My first job after business school was as a product manager. I wasn't sure I had the right background for the job—in fact, I wasn't sure if I even knew what the right background for the job was—but I jumped into the deep end and tried to figure it out. In one of my first product meetings, I remember the vice president of engineering handing me a stack of printed bug reports as thick as a dictionary.

"What am I supposed to do with this?" I asked.

"You're supposed to tell me which bugs you want fixed before we ship the product and which ones you want us to leave in the product," he replied blithely.

"Why would we leave bugs in the product?" I asked indignantly.

"Because if we don't, it will be a cold day in hell before we ship this product," he said with a wry grin.

That was my welcome to product management.

Every technology company lives and dies by its products, and the product manager (PM) has a major impact on a company's ability to shape and produce those products. It's a demanding and complicated role. An effective PM is an entrepreneur, strategist, technical visionary, cross-functional team leader, project manager,