

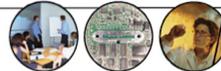
E145 2008 Session 10

ABCs of Venture Teams + Team Dynamics Exercise

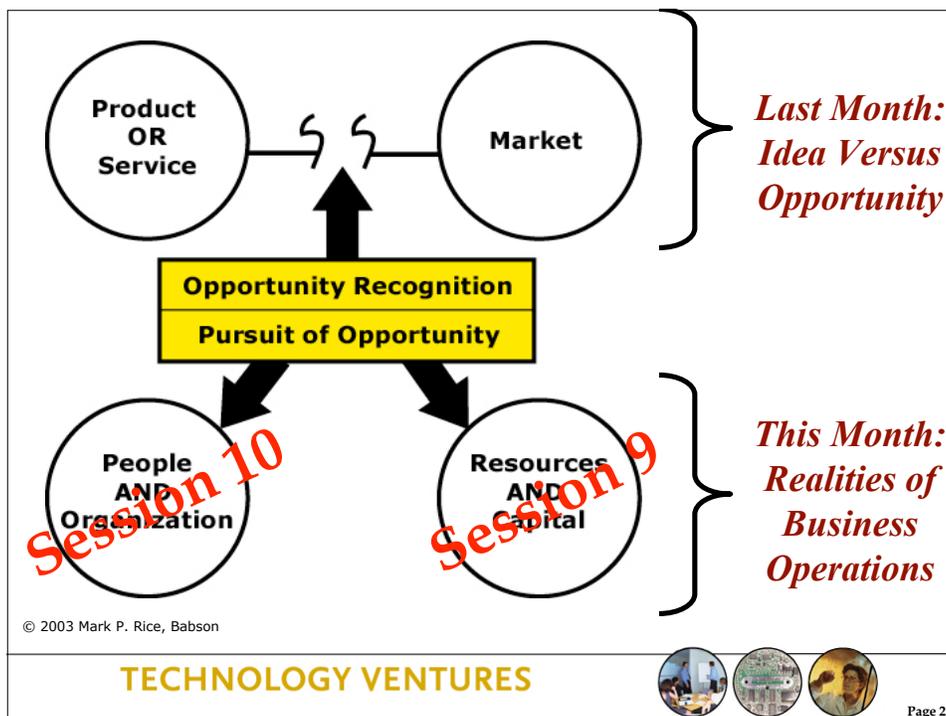
Tom Byers
Stanford University

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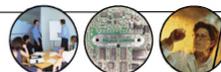
TECHNOLOGY VENTURES



Page 1



TECHNOLOGY VENTURES



Page 2

Part I: ABCs of Venture Teams

A. Team ... Recruiting



B. Compensation
... Rewards

C. Culture
... Norms

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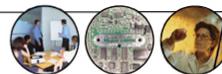
Page 3

A. Entrepreneurship as a Team Sport

“ The myth that any given entrepreneur is a rugged individualist, who toils alone, can often be demolished by just asking to look at his or her calendar. Nearly always, the **majority of his or her time will be spent as part of a group** -- at meetings with the management team, board meetings, project team meetings, customer and partner meetings, and so on.

As such, knowledge about leading a group, being a constructive group member, the dynamics of healthy versus destructive groups, and designing – or repairing – groups so that they function well should be a central component of entrepreneurship education.”

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Page 4

Source: Tom Byers, Heleen Kist and Bob Sutton

Recruiting The "Team"

Internal

Issues and trade-offs:

When to hire? Experience versus passion and energy? Motivation and character traits versus qualifications?

- ✓ Founders, CEO and VPs
- ✓ Designers, Developers, "Architects" and Managers of Products & Services
- ✓ Sales and Marketing
- ✓ Operations and Administration
- ✓ Others?

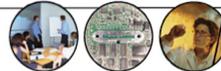
External

Issues and trade-offs:

*How to find and select?
How best to manage?*

- ✓ Board Of Directors
- ✓ Investors
- ✓ Advisory Boards
- ✓ Professional Services and Suppliers
- ✓ Others?

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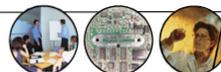
Page 5

B. Understanding Compensation and Rewards



- Status Determined by Contributions to Improving *Culture* and Increasing the *Value* of the Company
- Rewards Tend to Be *Value*-Enhancing such as Stock Options (Equity Ownership)

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Page 6

Compensation Components



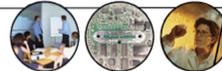
- **Cash**

- ✓ Salary and Bonus
- ✓ Benefits

- **Equity**

- ✓ Common Stock Plans
(Incentive Stock Options Have Favorable Tax Rates)
- ✓ Vesting Schedule and Stock Budget
- ✓ Tax Implications (IRS in USA) and Security Laws (SEC in USA)

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Page 7

C: Culture ... The Secret to Long-Term Success?

Definition

"A strong system of informal rules that spells out how people are to behave most of the time"



"The most durable asset of a venture is its culture" (Cook)

"First four letters of culture spell c-u-l-t" (Collins)

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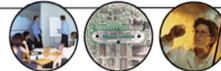
Page 8

A Winning Culture Stimulates *Innovation = f(teamwork, creativity)*

- Develop Sense of Teamwork
- Include Creative and Unusual People
- Understand Personalities of Key People
- Develop Open Internal Communication
- Remain Open to Ideas/Suggestions from Anywhere
- Be the Customer
- Be Willing to Experiment
- Address the Issue of Autonomy

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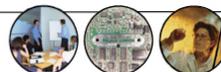
Reference: Collins & Lazier, Chatman



Page 9



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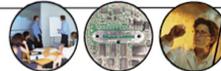


Page 10

Part II. Team Dynamics Exercise

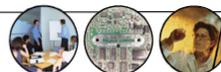
- Purpose and Objectives
- Step #1: Team Process Evaluation Sheet
- Step #2: Discussion of Two Basic Teamwork Concepts
- Step #3: Preparation for Team Exercise
- Step #4: Team Exercise on Your Own

This class exercise is adapted from *Managing the Small to Mid-Sized Company: Concepts and Cases* by Jim Collins and Bill Lazier, Irwin.



Exercise's Objectives

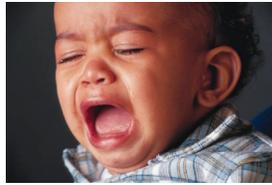
1. Chance to learn and practice exactly how to improve the productivity and effectiveness of a team.
2. Reinforces the importance of teamwork in new ventures.



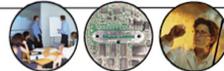
But what if things are going great?



Or what if things are going poorly?



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Page 13

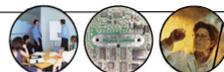
Step #1: Please Fill Out the "Team Process Evaluation Sheet" Individually

Number & Name of Group: _____

Group Process Evaluation Sheet

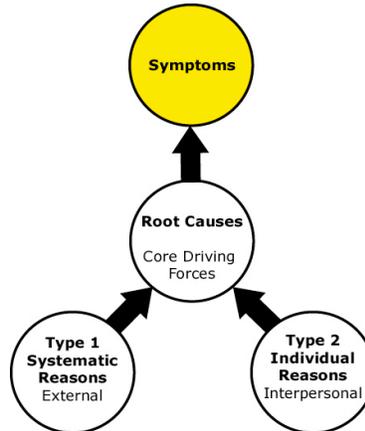
1	There is a clear unity of purpose. There was free discussion of the objectives and members could commit themselves to them; the objectives are meaningful to each group member.	5	4	3	2	1	There is no unity of purpose - little or no evidence that the group is widely committed to common objectives or that the objectives are meaningful to each member of the group.
2	The group is self-conscious about its own operations. The group has taken time to explicitly discuss group processes - how the group will function to achieve its objectives. The group has a clear, explicit, and mutually agreed-upon approach, mechanisms, norms, expectations, roles, etc. Frequently, a self-check is conducted to see how well it is doing or what may be interfering with its operation. Whatever the problem may be, it gets open discussion and a solution found.	5	4	3	2	1	The group tends to avoid discussion of its own maintenance. The group has taken little time to explicitly discuss group processes - how the group will function to achieve its objectives. The group does not have a clear, mutually agreed-upon approach, mechanisms, norms, expectations, roles, etc. There is often minor discussion after a meeting of what was wrong and why, but this is seldom discussed within the meeting itself.
3	The group has set clear and demanding performance goals for itself and has translated these performance goals into well-defined concrete measures against which it measures itself. The group defines and achieves a continuous series of "small wins" along the way to larger goals.	5	4	3	2	1	The group has low or ambiguous performance goals for itself. It has not defined concrete milestones against which it measures itself. The group has not given itself the stimulus of a continuous series of "small wins" along the way to larger goals.
4	The atmosphere tends to be informal, comfortable, relaxed. There are no obvious tensions, a working atmosphere in which people are involved & interested.	5	4	3	2	1	The atmosphere is likely to reflect either indifference (lots of side conversations, whispering, etc.) tension, or tension. The group is not genuinely engaged.
5	There is a lot of discussion in which virtually everyone participates, but it remains pertinent to the purpose of the group. If discussion gets off track, someone will bring it back in short order. The members listen to each other. Every idea is given its hearing. People are not afraid of being teased by putting forth a creative thought even if it seems extreme.	5	4	3	2	1	A few people tend to dominate. Sometimes their contributions are way off the point, but this is done by anyone in the group to keep the group clearly on track. People do not really listen to each other. Ideas are ignored or overridden. Conversations after group meetings reveal that people failed to express ideas or feelings.
6	People are free in expressing their feelings as well as their ideas.	5	4	3	2	1	Personal feelings are hidden. There is fear that these are too explosive if brought out.

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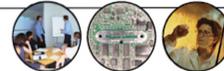


Page 14

Step #2: Two Basic Ways to Improve Performance



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Page 15

Example:

"The group never gets all of its work done because meetings start late and, once they do start, the group strays constantly from the tasks at hand."

Systemic Causes?

1. The group meets at a time that makes it difficult for all members to arrive promptly.
2. The group doesn't make any effort at the beginning of the meeting to create an agenda nor objectives.
3. No chair of the meeting is chosen to keep the group moving forward and finishing on time.

Individual Causes?

1. One of the members is chronically late, no matter what time the meeting officially starts.
2. One of the group members loves to stray off into unrelated topics during the meeting -- nobody feels comfortable saying "let's get back to the task at hand."

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Page 16

Step #3: Preparation for Exercise

1. Circle the three lowest scores on your Group Process Evaluation Sheet. Jot down what you think are the root cause or causes. Categorize each of them as either systemic or individual.
2. If you have identified a systemic problem, write down one suggestion that would improve the systemic functioning of your team.
3. For each of your teammates, list one characteristic or action that is helpful to the group. List one that is not helpful.
4. Write down one thing that you would do differently or better to improve the functionality of your group.

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Page 17

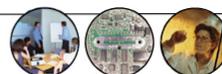
Step #4 Create "Team Dynamics" Summary

Always Keep This In Mind Please ...

Is this going to be relevant and helpful to improving the functioning of our group?

Please complete the exercise by the next class (Session 11) including sending the summary document by email to usual homework email alias.

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Page 18