# THE HARD THING ABOUT HARD THINGS: BUILDING A BUSINESS | BOOK SUMMARY

Entrepreneur Ben Horowitz has written The Hard Thing about Hard Things as a guide to starting and running your own startup. He shares his own journey with many helpful insights on how to be a successful CEO, how to create a company with a vision, how to encourage work culture, how to hire, how to fire and many more interesting tips. A great read for anyone looking for business-hopefuls looking to start their own venture!

## When Things Fall Apart

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

### The Struggle
Every entrepreneur starts a company with a clear vision for success. You will create an amazing environment and hire the smartest people to join you. Together you will build a beautiful product that delights customers and makes the world just a little bit better. It's going to be absolutely awesome.

Then, after working night and day to make your vision a reality, you wake up to find that things did not go as planned. Your product has issues that will be hard to fix. The market isn't where it was supposed to be. Your employees lose confidence and quit. You lose customers, employees, it's all collapsing. You reach what is called 'The Struggle'

The Struggle is not failure, but it causes failure. Especially if you are weak. Always if you are weak. Most people are not strong enough. Every great entrepreneur from Steve Jobs to Mark Zuckerberg went through the Struggle and struggle they did, so you are not alone. But that does not mean that you will make it. You may not make it. That is why it is the Struggle. The Struggle is where greatness comes from.

### Tips to help get through The Struggle
1. Don't put it all on your shoulders
2. This is not checkers, this is chess. This is complex. Remember that

3. Play long enough and you might get lucky
4. Don't take it personally
5. Remember, this is what separates the woman from the girls and the men from the boys.

**CEOs Should Tell It Like It Is**

CEOs often thing that it is their job and their job only to worry about the company's problems. It is important to realize that it doesn't make sense to be the only one to worry about it, for example, the product coding not being quite right—because the CEO isn't the one writing the code that would be able to fix it.

Delegate; give the problem to the people who could not only fix it, but who would also be personally excited and motivated to do so. If a corporation lost a big prospect, the whole organization needed to understand why, so that we could together fix the things that were broken in products, marketing, and sales.

**Be transparent in your company for these three reasons**

1. Trust. Without trust, communication breaks.
2. The more brains working on the hard problems, the better.
3. A good culture is like the old RIP routing protocol; Bad news travels fast, good news travels slow.

If you run a company, you will experience overwhelming psychological pressure to be overly positive. Stand up to the pressure, face your fear, and tell it like it is.

**The Right Way to Lay People Off**

It's never nice to lay people off, but is there a nice way to do it? Here are a few tips:

1. Get your head right, understand what you're about to do.
2. Don't delay
3. Be clear in your own mind about why you are laying people off.
4. Train your managers to lay off their own people.
5. Address the entire company – explain to them that you will be letting people go and why.
6. Be visible, be present – talk to people about the situation, don't hide away.

# Take Care of the People, the Products, and the Profits—in That Order

If your company is a good place to work, you too may live long enough to find your glory.

**A Good Place to Work**
Being a good company doesn't matter when things go well, but it can be the difference between life and death when things go wrong. Things always go wrong.

When things are going well, there will be numerous reasons for employees to work for the company, but as soon as things start to turn, these will become reasons to leave. Look after the people first. They are the cogs.

**Why Startups Should Train Their People**
Almost everyone who builds a technology company knows that people are the most important asset. Properly run start-ups place a great deal of emphasis on recruiting and the interview process in order to build their talent base. Too often the investment in people stops there. There are four core reasons why it shouldn't:

1. Productivity – you want your employees to be productive? Train them to be.
2. Performance management – the manager should set clear expectations during training, the performance can then be tracked and managed against these expectations.
3. Product Quality – when an entire team works together on one product, you want them to be trained in the same way with the same end goal, so that all the segments that they work on together fit together smoothly. You don't want inconsistencies
4. Employee Retention – one of the most significant reasons that people leave a job is that employees felt a lack of guidance and development, they weren't learning or developing new skins and they weren't receiving any feedback.

**Why it's Hard to Bring Big Company Execs into Little Companies**
The most important thing to understand is that the job of a big company executive is very different from the job of a small company executive. When you are a startup executive, nothing happens unless you make it happen. In the early days of a company, you have to take eight to ten new initiatives a day or the company will stand still. There is no inertia that's putting the company in motion. Without massive input from you, the company will stay at rest. In contrast, executives of big company's jobs are more 'incoming'. The work lands in your lap.

When you hire a big company exec into your little company, two dangerous mismatches can occur:

1. Rhythm Mismatch – when your executive has been trained to wait for emails, phone calls and meeting rather than getting out there and making things happen
2. Skill set mismatch – large organisation skills tend to be about prioritisation, organisation design, process improvement, complex-decision making etc. But in a new company, there are no processes to be improved upon etc. You need different skills.

In order to avoid these mismatches, it is important to screen for these in the interview process. Also, take integration as seriously as interviewing. Ensure that the transition is smooth and keep communication open.

**Hiring Executives: If you've Never Done the Job, How Do You Hire Somebody Good?**
It pays to know exactly what you want. Hiring on look and feel is important. Look for someone out of central casting. Value lack of weaknesses rather than just strengths.

Run a process that figures out the right match. Write down the strengths you are after and what weaknesses you can tolerate. Use this criteria as a baseline for the process. Develop questions that test for your criteria. Assemble an interview-team; who else can help you with these processes. Also, do reference checks and do them thoroughly. Finally, make the decision alone. It is your decision, hire who YOU think fits the bill best.

**When Employees Misinterpret Managers**
It is easy to see that there are many ways for leaders to be misinterpreted. To get things right, you must recognize that anything you measure automatically creates a set of employee behaviours. Once you determine the result you want, you need to test the description of the result against the employee behaviours that the description will likely create. Otherwise, the side-effect behaviours may be worse than the situation you were trying to fix.

**Management Quality Assurance**
A great HR organization will support, measure, and help improve your management team. In order to be great at running HR, a few key requirements should be:

1. Be a true diplomat – nobody likes a tattletale and there is no way for an HR organisation to be effective if the management team don't implicitly trust it.
2. Industry knowledge – compensation, benefits, best recruiting practices etc. are all fast-moving targets. The head of HR must be deeply networked in the industry and stay abreast of all the latest developments

3. Intellectual heft to be the CEO's trusted adviser – none of the other skills matter if the CEO does not fully back the head of HR in holding the managers to a high quality standard.
4. Understanding things unspoken – when management quality starts to break down in a company, nobody says anything about it, but super-perceptive people can tell that the company is slipping. You need one of those.

## Concerning the Going Concern

As a company grows, it will change. No matter how well you set your culture, keep your spirit, or slow-roll your growth, your company won't be the same when it's one thousand people as it was when it was ten people. But that doesn't mean that it can't be a good company when it reaches 1,000, 10,000, or even 100,000 employees. It will just be different. Making it good at scale means admitting that it must be different and embracing the changes that you'll need to make to keep things from falling apart.

### How to Minimize Politics in Your Company
Firstly, hire people with the right kind of ambition. The wrong kind of ambition is ambition for the employee's personal success regardless of the company's outcome. Secondly, build strict processes for potentially political issues and do not deviate, activities such as performance evaluation, compensation and promotions attract political behaviour. As CEO, you must consider the systemic incentives that result from your words and actions. While it may feel good in the moment to be open, responsive, and action oriented, be careful not to encourage all the wrong things.

### Titles and Promotions
Why do titles matter? Employees want them, and eventually, people need to know who is who. You might think that so much time spent on promotions and titles places too much importance and focus on silly formalisms. The opposite is true. Without a well thought out, disciplined process for titles and promotions, your employees will become obsessed with the resulting inequities. If you structure things properly, nobody other than you will spend much time thinking about titles other than Employee of the Month.

### Programming Your Culture
The world is full of bankrupt companies with world-class cultures. Culture does not make a company. So why bother at all?

**1.** It matters to the extent that it can help you achieve the above goals.

**2.** As your company grows, culture can help you preserve your key values, make your company a better place to work, and help it perform better in the future.

**3.** Perhaps most important, after you and your people go through the inhuman amount of work that it will take to build a successful company, it will be an epic tragedy if your company culture is such that even you don't want to work there.

## How to Lead Even When You Don't Know Where You Are Going

CEOs often make one of the following two mistakes: They take things too personally, or they do not take things personally enough.

In the first scenario, the CEO takes every issue incredibly seriously and personally and urgently moves to fix it. If the CEO is outwardly focused, ends up terrorizing the team to the point where nobody wants to work at the company anymore. If the CEO is inwardly focused, they end up feeling so sick from all the problems that she can barely make it to work in the morning.

In the second scenario, in order to dampen the pain of the rolling disaster that is the company, the

CEO takes a Pollyannaish attitude: It's not so bad. In this view, none of the problems is actually that bad and they needn't be dealt with urgently. By rationalizing away the issues, the CEO feels better about themselves. They don't actually fix any of the problems and the employees eventually become quite frustrated that the chief executive keeps ignoring the most basic problems and conflicts. Ultimately, the company turns to crap.

Ideally, the CEO will be urgent yet not insane. They will move aggressively and decisively without feeling emotionally culpable. If they can separate the importance of the issues from how they feel about them, they will avoid demonizing their employees or themselves.

### The Most Difficult CEO Skill

Great CEOs face the pain. They deal with the sleepless nights, the cold sweats, and the torture. Mediocre CEOs point to their brilliant strategic moves or their intuitive business sense or a variety of other self-congratulatory explanations. The great CEOs tend to be remarkably consistent in their answers. They all say, "I didn't quit."

**Follow the Leader**

There is no prototype for the perfect CEO. Radically different styles—think Steve Jobs, Bill Campbell, and Andy Grove—can all lead to great outcomes. Perhaps the most important attribute required to be a successful CEO is leadership. So what is leadership and how do we think about it in the context of the CEO job?

Three key traits to leadership are; the ability to articulate the vision. The right kind of ambition. And finally, the ability to achieve the vision.

In the end, some attributes of leadership can be improved more than others, but every COA should work on all 3.

**Making Yourself a CEO**

Even the most basic CEO building blocks will feel unnatural at first. Giving feedback turns out to be the unnatural atomic building block atop which the unnatural skill set of management gets built. But how does one master the unnatural?

Be authentic. Come from the right place and don't get personal. Don't clown people in front of their peers and understand that feedback is not one-size fits all. Be direct, but never mean. Remember, feedback is a dialogue, not a monologue.