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Lessons from Keith Rabois Essay 5: How to Become a Magnet for Talent and Assess Talent

17-22 minutes

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Building a startup is incredibly difficult, and there is almost nothing more important than hiring. This is especially pronounced in the early days. Your first 10 hires will set the bar for the next 90 and they'll likely be the ones who recruit them. Set the bar too low, and your startup is doomed forever. Despite its importance, many first-time founders have never been responsible for an interview process and hiring someone.

Summary

- Talk about your startup publicly and loudly so people know what you are working on
- Crawl your personal network for your smartest friends, but after that you need to run a sales process on LinkedIn to get more candidates in the door. Look for potential not experience
- Running a candidate pipeline takes a lot of time, make sure you ratchet up the time you invest based on the likelihood of the candidate being a fit
- Go out and meet with A+ talent so you know what to look for when interviewing
- Look for risk takers and avoid people who are comfortable going down the trodden path and climbing the ladder
- Being an early employee means you will encounter tons of obstacles, look for people willing to run through walls and learn whatever they need to learn
- Remember that there are tons of options out there, you need to sell them on joining you, and sometimes having a talent person in-house can really help with that

Becoming A Magnet for Talent

Release your Trailer

It is harder than ever to attract the most talented people to come work for you. The most ambitious and talented young people are seeing their peers start companies with very little effort, so why should they work for you? Counterintuitively it is far easier to have a monopoly on talent in a bear market since that talent has a limited set of options. Peter Thiel has said that the reason they were able to keep so many talented people around at PayPal is because they were one of the few viable options after the dot com bubble. In the current bull market you need to convince the talent out there that joining your company is the best possible option.

A prerequisite for attracting the best talent is having them know who you are, so you need to loudly and publicly talk about what you are working on. My favorite analogy for this is that working on a startup is a lot like making a movie. You come up with a concept, storyboard it, film it, and then release it to the public in its final and produced state. During this process you should take some time out of your day to make a trailer, the trailer should tell your story, not every little detail. But enough that your audience is enticed to watch your film and some smaller portion of that audience is intrigued enough to help you make it.

There are many different mediums for releasing your trailer. Elon released his [plan](#) for Tesla over 15 years ago. It was just 5 lines of text, but describes exactly what he's done in the past 15 years. In today's day and age, many CEOs turn to Twitter as a way to write down and disseminate their story, for example, Austen from Lambda School, attracts a significant number of his students for his school and candidates for his company by non-stop tweeting out what his mission is, and the progress that he's making on this mission. Some examples:

Another simpler and even more accessible way to tell your story is by announcing your financing. What most first-time CEOs don't realize is that the main purpose of announcing your financing isn't for customers—they probably don't read TechCrunch—it's for potential hires. With that in mind, treat it as such. Make sure the pitch you're giving to the journalist appeals to candidates. It's much easier to convince someone to work for you when they can send their parents a New York Times article about the crazy startup they're risking their career on.

It's worth noting that it takes time to realize the benefits of these efforts. Austen didn't have 110,000 followers when he first started tweeting, and nor did many people care about Tesla when Elon wrote his plan down. Start now; tell your story as consistently and as loudly as you can, and you'll reap the benefits in the years to come.

These essays are an example. My job is to find and fund the best founders at the earliest stage. This is me telling my story (though instead of hiring them, I fund them).

Unfortunately as a seed stage CEO you can't wait for many months or years for these compounding effects—you need to start hiring immediately. In addition to telling your story, you also need to spend a significant portion of your time on what is effectively sales: selling candidates, and managing a pipeline.

Hire your smartest friends, bet on potential not experience

First, write down your near term priorities, and the things you want to accomplish in the next 6-12 months. Stack rank these by the things you know and have done from the most to the least. Counter-intuitively, you actually want to hire people to do what you know best first. You'll be able to assess the candidate fit better and make them productive on day 1. One common mistake founders make is trying to bring in a head of sales before they've made a single sale themselves. If you as a founder can't sell it, it's quite rare that a salesperson you bring in will be able to.

Second, go through your closest 50-100 most talented and high potential friends, classmates, and former colleagues, and ask them for coffee. Tell them about your startup, and what you're hiring for, and try to convince them to join. You can't just wait for people that are looking for their next thing, you have to convince them to leave. For each person that you end up meeting, you can ask them if they know someone who would be interested and continue to work through the second degree connections of your network. This should yield you a handful of candidates and if you're lucky your first 1-2 hires. In hiring friends, consider aiming for the smartest people you know regardless of clear role fit. Roles tend to be fluid early on and you need flexible people who can get things done at an abnormal rate.

Unfortunately mining your network, especially for younger founders that don't have much of a network yet, doesn't typically get you very far. So, next write down a list of about 15-20 companies that are ideally later stage successful startups, that operate with relatively similar business models to yours. These companies should have potential candidates that have experienced the challenges and opportunities that are relevant to you. Crawl through the list of employees at these companies that are listed on LinkedIn and look through their current job descriptions for skills that overlap with what you're looking for. Look for employees that have been there for at least a few years, so they are more likely to consider a new job, and more on the junior side, meaning that they haven't had more than 1-2 jobs so far. You can also use LinkedIn to gauge upward trajectory. Have they jumped from one relatively similar role to another, or have they been climbing and showing progression. You want to find the latter.

At startups it is typically quite difficult to recruit more senior people to your team early on, since as someone progresses through their career, there is more data on how they perform and the market is able to price that in at a higher price than a startup can typically afford. You have to find people earlier on in their career and take a bet on their potential. By default, since you are taking a bet, you shouldn't expect this hiring process to have zero defects. If you are having zero defects, then you are not taking on enough risk in the potential upside of candidates you are going after.

This goes back to the framework we discussed in essay 2. Early on, a startup has effectively no value, so every role needs to be a value-creating role, so you're looking for risky high upside candidates. As a reminder, value-creating roles tend to be marketing, product, engineering, sales, where you are trying to create something from scratch. Versus finance and legal are typically value-protecting. As you mature, your startup has value, and so there will be certain roles that will protect that value, and that's where you should be optimizing your talent search process towards low-risk candidates that have done this job before.

How to Assess Talent

Get ready to spend a lot of fucking time

If you've never built a team before, going from a job description to having someone you're excited about joining your company can be quite a daunting step.

Allocating resources correctly during hiring is the first mistake almost every founder makes. If you bring in every engineer who reaches out to you for a 4-hour on-site but only ended up hiring 10% of them, your engineers will quickly get frustrated. For example, I had a founder that would cold message candidates on LinkedIn, then do a 30-minute phone screen, and then go straight to 5 hours of on-site interviews. Within a few weeks of this running this process, his other co-founders were incredibly annoyed because they were losing a day a week to interviews with candidates who clearly weren't a good fit.

You want to ratchet up the amount of time and resources you dedicate based on the likelihood of you thinking it's a fit, and the candidate's enthusiasm for joining. The typical process I recommend is, cold email/LinkedIn DM → 30 min phone screen → 1 hr long in-person coffee → 4 hr long on-site interviews. At each step you should be re-assessing both your and the candidate's enthusiasm.

Another way to pre-screen outside of a phone or coffee chat is to have candidates do some actual work on a small project. You can get a sense for the quality of work they can do ahead of bringing them in to meet your team, and it also lets you gauge whether the candidate has real interest. Extending this analogy, many founders will do a paid 3 day to 2 week trial period and have the candidate actually working from the office before pulling the trigger on making a candidate a full-time offer. Especially if you haven't hired before it can be incredibly difficult to gauge whether you're making the right call, and a trial period lets you get far more information before pulling the trigger.

Learn what great talent looks like

Now, how do you assess whether someone is highly talented from little data? When I dropped out of MIT to found my company, I had basically only spent time with software engineers and designers. After I closed my first few deals myself, I looked to bring on my first salesperson. But having never spent any time with salespeople, I had no idea how to have a taste for who was a C- versus an A+. One of the best ways to start to build a taste is to go spend time with people later in their career that are A+ in the field you are looking to hire for, even if you can't recruit them. This is where your investors can be incredibly helpful. Typically they will have a handful of people in their network that are A+ in this field. Ask to buy these people coffee to learn about how they do their job, and how did they learn to become A+, what were things they did earlier in their career to get to where they are today? Now that you know what great looks like later in a career, you can look for sparks of potential performance that remind you of some of the folks you have met.

Look for risk-takers

Another signal you should be looking for is whether this person has an appetite for risk, and taking big swings. There's a reason that anyone who went through the Google APM program post 2008 has never been the founder of a billion-dollar company. Going through that program is the least risk-taking move one can take early on in your career. It's mostly because there is absolutely no variability in the outcome of the program. Whether you work 100 hours a week and push out amazing features, or sit at your desk twiddling your thumbs for 2 years, you'll end up in the exact same place. You can look for an appetite for risk in areas outside of work as well, while it's not a perfect indicator, there's definitely a strong correlation between people that can stomach extreme outdoor sports and that can stomach the risk of an early stage startup. If, on the other hand, the potential candidate has followed a very traditional path, with each step of their life and career looking like they are following a predefined path and their goal is to steadily climb up a ladder, then they will almost certainly be a disastrous hire for you to bring on.

One dimension of candidates you should be assessing is their willingness to get their hands dirty in areas they don't necessarily have experience in. For example, when you make your first sales hire, you may originally have them closing \$10k/yr deals that are relatively low touch and involve just a few calls. You might quickly realize however, that it's much faster to close larger clients at \$150k/yr, but that the sales process involves flying out to your customers and doing some wining and dining. Your candidate needs to be onboard with doing either of those jobs, their job description isn't whatever you wrote up before you hired them, it's whatever needs to get done. At a startup, the highest priority problems and

tasks are constantly shifting, so you don't want a candidate who has a very narrowly defined skill set and interest. Ideally they are more of a generalist that has shown competency in picking up a few different skills. As I said in essay 2, most smart generalists can become an expert in a new area in just 90 days or so.

You can look for this personality trait in areas outside of work as well. You want to be looking for a candidate that has a growth mindset and is constantly trying to learn. For example, Keith identified one of his most successful hires, by watching him give a very thorough presentation about a complex US tax code topic to a room filled with 50-year old financial advisors wearing suits. This 23-year old had a more thorough understanding of the tax code than those suits that had spent decades in the fields. It showed his ability to pick up a completely new skill than what his bachelor's in marketing had taught him.

Whether it's books they are reading, new sports they are picking up, or learning a new language, you want to look for someone that has shown an ability to learn outside of a structured school setting, since there won't be any professors or problem sets teaching them how to sell software. Just as investors look for founders who are relentlessly resourceful, you need to look for employees who will learn whatever they need to learn to get the job done.

Look for tenacity and grit

Another way this personality trait can show up is through tenacity and discipline. Are they perfectly on-time for each interview and well-prepared. Are they someone who gets up every Sunday at 8a to get to their soccer league on time? Do they read a book every week or workout every day? Typically the only way to learn or to be successful at a startup is refusing to take no for an answer and throwing yourself with your full force towards a problem every single day.

Finally, one of the best ways to attract A+ talent is to hire A+ talent and expect A+ output from them. A strong culture can quickly fall apart if A+ players see that the CEO is not holding everyone to the same standard. You shouldn't expect to have zero defects through this process. The process of letting people go that aren't able to perform quickly is just as important as sourcing and interview. If you're able to maintain an A+ culture with your first 5 employees, the next 5 get exponentially easier, as new candidates will be able to sense the potential of the company based on that culture, and talented people almost always have a friend or two that they can bring along with them.

Sell them

Once you've told your story, sourced a candidate, interviewed them extensively, and decided to make an offer, it's now on you to continue selling the candidate on the opportunity and try to close them. Figure out how to make them feel a part of your team as soon as possible, recently I had a founder trying to close an extraordinary CMO candidate who loved to run marathons. The CEO rush-ordered a custom running jacket with the company logo and sent it to her. These little details can show a candidate how much you care about bringing them on and making them feel like a part of the team already.

You can also figure out things that aren't a huge give for the company but would be truly appreciated by the candidate. Sometimes it's as simple as helping them with relocation costs or letting them push their start date back by a week. In the long run these are simple gives for a company but can be huge for a candidate.

Remember that your speed to making an offer is one of your biggest advantages as a startup versus larger companies that might run an extensive process. Use this to your advantage. Build conviction on candidates as quickly as you can and decide whether to make an offer. Once you make it, work with the candidate to close them as soon as possible. On the flip side, a candidate delaying accepting the offer almost always means that they are unlikely to actually accept. It's perfectly reasonable for them to take a week to mull it over, but if they ask for an indefinite amount of time to consider it, then it's unlikely they're ever going to take it.

Also with all of this, as soon as you are consistently hiring for 3-4 roles at a time and another pops up the moment you fill one, it's probably time to think about bringing someone on to focus just on recruiting. Especially in today's bull market, having someone in-house who can help with outbound and scheduling can be a major lever. In the past 3 years I've watched this go from a role that was only typically filled by

companies about to do their Series B, to very regularly a talent team member being the first hire after a Series A. Talent is the scarcest it's ever been, so hiring someone to focus on it can be a huge value add.

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