

NoCode, Inc.
Role of Megan Sproles (Founder and CEO of NoCode, Inc.)

By Brent C. Westbrook and Jon Atwell

As Megan Sproles walked back to her office, she repeatedly replayed the conversation she just had over a three-hour dinner with Jackson Stanfield. Stanfield is a current MBA student at the Stanford Graduate School of Business and Sproles just gave him a full-time offer to join her company, NoCode, Inc.. NoCode is one of the fastest-growing startups in Silicon Valley and Sproles offered Stanfield the position of General Manager of *CodeEliminator*, the company's largest and fastest-growing business line.

Sproles came up with the idea for NoCode while she was working as a software engineer at Google. She was constantly tasked with building internal tools that could help Google more efficiently complete business operations tasks. Frustrated that her non-technical business operations colleagues would constantly reach out to her to develop these tools, she thought to herself, "What if I built software that my business operations colleagues could use, without any coding knowledge, to build these tools themselves?" She left Google and founded NoCode, which offers products that enables non-technical business operations professionals to build internal tools without writing code.

A few months after leaving Google, NoCode was accepted to and joined *Y Combinator*, had four full-time employees (including Sproles), and two customers. Despite the nascentcy of the business, Sproles knew that NoCode had massive potential to change how business operations professionals build internal tools. About halfway through Y Combinator, Sproles received an email from Stanfield asking to learn more about NoCode. Stanfield was doing a pre-MBA internship at Plum Analytics, a well-known startup, and was tasked with building several internal tools that could help the company more efficiently complete business operations tasks. He explained that when he was researching software to help construct these internal tools, he found NoCode. Excited about the prospect of working with Stanfield and Plum Analytics, Sproles promptly responded. After connecting with Stanfield, the two quickly agreed that NoCode's *CodeEliminator* software could greatly assist Stanfield in building the tools that Plum Analytics needed; they also agreed that Stanfield could offer feedback and expertise in helping Sproles and the NoCode team further develop their product and land a prominent third logo that NoCode could reference when selling to other customers and raising their seed round after completing Y Combinator.

The agreement played out well and by the end of the summer, Stanfield had successfully leveraged *CodeEliminator* to implement several meaningful solutions for Plum Analytics. With Stanfield's feedback, the *CodeEliminator* product suite also evolved and became more sophisticated. NoCode completed Y Combinator, raised a large seed round at a high valuation, and began to grow extremely quickly. Excited about what NoCode was building and wanting to stay involved in growth of the business, Stanfield ask to invest in NoCode's seed round. Despite the round not having room for many investors, Sproles allowed Stanfield to invest \$25k given

their relationship, the value he had added to the business, and the fact that Stanfield had taken an early bet on NoCode. Sproles asked Stanfield to continue providing advice to her and the growing NoCode team during his first year of business school.

After finishing Y Combinator, several months later, NoCode had three business lines, including *CodeEliminator*, the company's largest and fastest-growing business line. As a solo founder, Sproles was beginning to feel the pressure of managing everything herself. She had also been proactively reached out to by several prominent venture capital firms to preempt her Series A financing round at a meaningful step up in valuation to the seed round. Her advisors encouraged her to use this information to recruit top talent and, more specifically, to find a General Manager (GM) to lead the *CodeEliminator* business line. Sproles had been thinking about hiring a GM for *CodeEliminator* for some time, but despite having several conversations with candidates, she had not found the right person. She thought to herself, "What if I could use this information on the new round and new valuation that will come soon to land someone like Jackson Stanfield? I can make him an offer without giving away too much equity because it will be worth a lot to him once the round closes and it gets marked up." She picked up her phone and texted him "Free for dinner in the city tomorrow night? Does Alexander's Steakhouse work?" Stanfield responded, "Of course. Let's do it."

Ready to propose the offer to Stanfield, she booked a reservation at Alexander's, a top-rated restaurant in San Francisco. The two sat down and began catching up. Stanfield started by discussing a startup he and a GSB classmate had founded and conversations he was having with Maple Capital, a prestigious venture capital firm, about interning. Sproles paused and thought to herself "none of these opportunities are as compelling as NoCode." She took a sip of water, and then said, "Jackson, let's talk about NoCode. As you know, we're growing like crazy. We left Y Combinator with 4 employees, \$1M of seed funding at a \$10M valuation. My headcount today is 30 and we've grown our seven-figure revenue 155% this year already, and we think we'll hit 300% year-over-year growth by the end of the year. We're ready for the next round of funding and I'm raising another \$5M at a \$30M post money valuation. It's getting hard to keep up with everything and I can only do so much myself. A lot of the growth is coming from *CodeEliminator*, but I'm overseeing all three business lines, the fundraising process for our round which is about to close, all of our engineers, and so much more. I just don't have bandwidth to lead that business line by myself."

"I know we need to hire someone. I've looked, but I haven't found anyone with the right skillset yet." Sproles took a breath. "Jackson, given our work together last summer, your knowledge of the no-code landscape, and how much value I think you can bring to the business, I'd love for you to join NoCode full-time and lead *CodeEliminator* as General Manager. I understand how much you have going for you at the GSB and I know dropping out and walking away from your other endeavors would be hard. But this is a once-in-a-lifetime opportunity. We're in rocketship mode, growing ridiculously quickly, and you can join and help us get to the next level." Sproles paused again before continuing, "Just think about it. Give me some salary and equity numbers that you think make sense, and we can sort through the other details. Our round is about to close at a valuation that is a meaningful step-up to last round's valuation, so I need an answer

by the end of this week so we can get you an equity package priced at the prior valuation price and not the new round's price. I'm around to chat any time."

The ball was now in Stanfield's court and as Sproles began walking back to NoCode's office, she thought more about the major impact Stanfield could have on the company. Sproles needed a GM of *CodeEliminator* quickly and while Stanfield had over a year left before finishing his MBA program, if Sproles could land Stanfield immediately, it would solve a lot of problems for her. Consequently, in thinking through a potential start date, Sproles' strong preference was for Stanfield to start immediately; Sproles thought about the help she needed today and, while Stanfield could potentially add some value in three months or fifteen months, it would not be nearly the sort of value he could add in the next three months. Furthermore, Sproles was beginning to get demand from employees to allow for remote work. Although having the entire team in the office was her initial preference, she thought Stanfield and the *CodeEliminator* team could serve as a good test case for hybrid work should Stanfield start soon and continue living in Palo Alto. Sproles' mindset shifted to compensation. With a new round closing imminently, Sproles was not particularly worried about offering high salary and signing bonus figures as the company would be flush with cash. However, Sproles was worried about setting a precedent for bringing in future employees at salary levels that were too high. She also was not quite sure how signing bonuses would work at the company yet, but knew they would remain the smallest portion of compensation packages. However, what Sproles kept coming back to was the magnitude of the opportunity NoCode was tackling. She wanted to build a billion-dollar company and knew that she would need to retain equity to incentivize future employees for years to come.

Directions:

You are going to negotiate as Megan Sproles with a partner in the role of Jackson Stanfield. After careful consideration of your options and desires, you've established a points-based system to help you think through the 5 issues that matter to you: start-date, salary, bonus, equity, and the possibility of some remote work. You have this system built in a spreadsheet, downloadable below, to make the tradeoffs clearer to yourself and to make sure you don't lose your commitment to your goals in the heat of the negotiation. Using that system, you've established that your best alternative is to work with a headhunter to fill *CodeEliminator* GM position. This choice gives you a reservation price of 10,000 points and but you think working with Stanfield will allow you to exceed that.

While you'll be able to have the spreadsheet in front of you for the negotiation, you are about to meet with Stanfield and need to make sure you're comfortable with the issues and your position on them. You need to be able to listen to Stanfield and direct the conversation toward your preferred outcome, so review closely to ensure you have a clear picture about what you're going to ask for and how.