

Chapter 7

**Governance core for entrepreneurs:
Startup teams
and
organizational governance**

Learning objectives

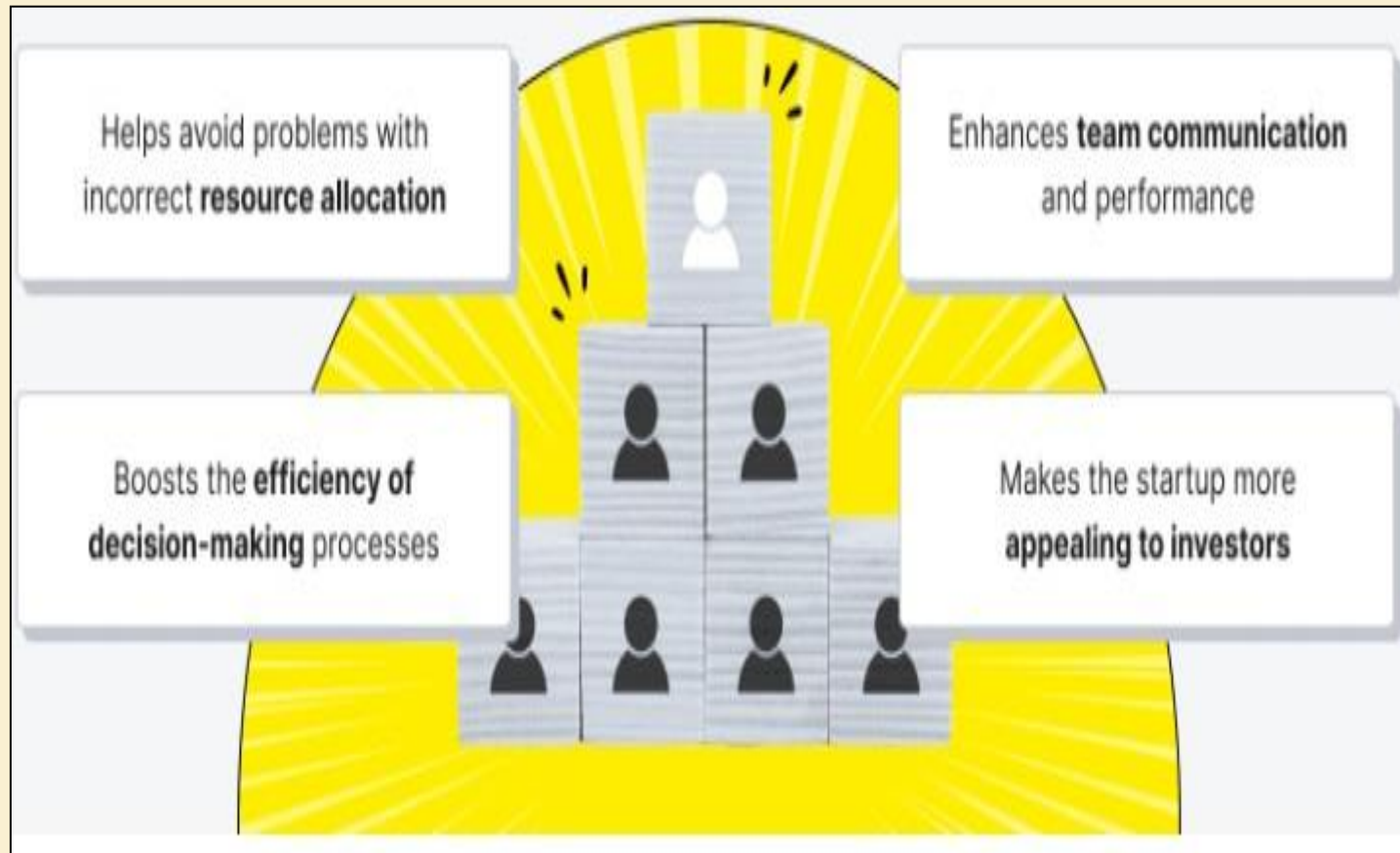
- Entrepreneurship team structure and how to find members.
- The characteristics of startup organization and the basics of governance (planning, organizing, leading, coordinating, and controlling).

1. Entrepreneurship Team Structure and How to find members

What Is a Startup Organizational Structure?

- An organizational structure for startups refers to the hierarchy of the team and how the workforce is organized in a company.
- The framework is defined to outline which roles, duties, and responsibilities employees have and the relationships between them, including chains of command showing who reports to whom.
- A schematic diagram represents the departments and key roles like stakeholders, executives, managers, and subordinates.

Why Does a Startup Team Structure Matter?



Source: <https://www.upsilonit.com/blog/how-to-organize-a-startup-team-structure>

Roles in a Startup Based on the Stage

- ***Early Stage***

- ❖ At the earliest stages of a startup, it is the founder who commonly tends to have multiple roles.
 - For example, the founder could also act as the Sales Manager, accountant, or even recruiter.
- ❖ At this point, the team doesn't necessarily have to be large, as the product might only be at the validation phase, moving toward creating an MVP (*Minimum Viable Product*).
- ❖ Nonetheless, little by little, the team will expand from a solo founder to several co-founders thanks to new hires.

Roles in a Startup Based on the Stage (Cont.)

- ***Early Stage***

- ❖ The minimal set of roles varies from one company to another, however, some key positions at a startup's early stage often include:

- Hire a CTO to handle the technical side;
- A product manager to think through the product;
- A marketing specialist for promoting the company, handling startup branding, and generating leads;
- A salesperson for closing deals;
- An accountant to handle payrolls and financial operations;
- An HR manager for recruiting new people.
- Etc.

Roles in a Startup Based on the Stage (Cont.)

- ***Grown Stage***

- ❖ Once the product starts getting traction and the company grows bigger, the tech startup's organizational structure expands too.
- ❖ This means the team gets filled with an extra workforce, and many roles are delegated.
- ❖ A startup's organization can be made up of several levels: executive and operational.
- ❖ Here are the common sample roles during the growth stage (Top-Level management; C-Level management; D-Level management; and Operation level).

Roles in a Startup Based on the Stage (Cont.)

- ***Grown Stage***

- ❖ ***Top-Level Management***

- At the highest level of the startup team structure, there's the founder, who's the initiator of the project.
- This person's main responsibility is the startup's vision, mission, ground rules, startup culture fundamentals, core strategic decisions, and overall direction.
- In many cases, the founder has the Chief Executive Officer (CEO) role; He/she is the "captain of the ship," monitoring everyday operations and being among the most important decision-makers.
- Stakeholders and co-founders are commonly attributed to this top level too.

Roles in a Startup Based on the Stage (Cont.)

- ***Grown Stage***

- ❖ ***C-Level Management***

- The C-suite top management level is the driving force of the entire startup.
 - Oftentimes, co-founders take on "chief" roles in a technology company's organizational structure, such as Chief Technology Officer (CTO), Chief Financial Officer (CFO), Chief Marketing Officer (CMO) or Head of Marketing Department, Chief Sales Officer (CSO), and Product Manager.

Roles in a Startup Based on the Stage (Cont.)

- ***Grown Stage***

- ❖ ***D-Level Management***

- The management level with supervisors may go next in the startup team structure, depending on the company's size.
 - These are the people who report to the C-level or heads of departments and coordinate the work of employees.
 - ❑ For example, the front-end team lead can report to the CTO or project manager about the work done by the front-end, back-end, and quality assurance teams.
 - ❑ Etc.

Roles in a Startup Based on the Stage (Cont.)

- ***Grown Stage***

- ❖ ***Operation Management***

- Operational roles are handled by the "busy bees.". For instance, a tech startup team structure can feature multiple departments and subdepartments.

- ☐ The Design Department (UX/UI designers, graphic designers, and other specialists work on the product's website, app, and visuals).

- ☐ The Development Department (a tech department that works on coding and bringing the product to life) may be broken into smaller teams and have such roles as front-end developers, back-end developers, QA engineers, DevOps specialists, and others.

Roles in a Startup Based on the Stage (Cont.)

- ***Grown Stage***

- ❖ ***Operation Management***

- Operational roles are handled by the "busy bees." For instance, a tech startup team structure can feature multiple departments and subdepartments.
- ❑ The Marketing Department (which can also be divided into smaller teams such as social media marketing, content, SEO, and others) works on promoting the product and attracting prospects.
- ❑ The Sales Department (sales representatives communicate with clients to close deals and sell the products or services).
- ❑ The Financial Department (accountants and other reps who take care of the startup's financial operations, including handling income, expenses, and payrolls).

Roles in a Startup Based on the Stage (Cont.)

- ***Grown Stage***

- ❖ ***Operation Management***

- Operational roles are handled by the "busy bees.". For instance, a tech startup team structure can feature multiple departments and subdepartments.

- ☐ The HR Department (recruitment and HR teams) handles human resources tasks like employee seeking, screening, interviewing, onboarding, and consequent retention.

- ☐ The Customer Support Department (a service team to address all incoming client concerns, complaints, and requests, specializing in customer support for startups).

- ☐ Etc.

How Do You Hire the Best Startup Team?

- ***In-House Employment***

- ❖ The first option is employing people to join the company full-time and become a part of your startup team structure.
- ❖ In this scenario, you go through a lengthy candidate screening process, followed by interviews and onboarding.
- ❖ The person officially becomes part of your startup with all the payrolls, paid time off, hardware, insurance, etc. implied.
- ❖ The process of forming a team or department this way is usually time-consuming and costly.

How Do You Hire the Best Startup Team?

- ***Hiring Freelancers***

- ❖ Many startups opt for alternatives, like finding freelancers.
- ❖ When choosing between freelance and outsourcing, the former is not a good idea if you plan to augment your startup team structure.
- ❖ Freelancers usually have limited availability, which can interfere progress.

How Do You Hire the Best Startup Team?

- ***Finding an Outsourcing Partner***

- ❖ Another alternative is to turn to outsourcing vendors who have large talent pools.
- ❖ The outsourcing vendor selection process has to be taken seriously, though, as you may face hidden costs or encounter unprofessionalism or bloated team sizes.
- ❖ But if you find a trustworthy partner with a proven track record, this can be a great way to build or scale your product.

How Do You Hire the Best Startup Team?

- ***Other Options***

- ❖ Are there other ways to find talent or partners? Sure! Many entrepreneurs meet co-founders in special startup communities.
- ❖ Such startup groups were created for networking purposes and often have job boards.
- ❖ What is more, startups may also consider joining an incubator or accelerator program.
- ❖ The suitable option will depend on the startup's current early or growth stage, but providing networking opportunities is among the perks of incubator and accelerator programs.

2. The Characteristics of Startup Organization and The Basics of Governance

Characteristics of Startup Organization

- ***Clear Vision and Mission***
 - ❖ Entrepreneurs who are successful have a distinct and appealing vision for their goals.
 - ❖ Entrepreneurs have a mission statement that guides everything they do, and they are aware of the problem they are solving.
 - ❖ Their ability to draw the right individuals to their team is facilitated by this purposeful clarity, which also helps them remain aligned and focused.

Characteristics of Startup Organization (Cont.)

- ***Product-Market Fit***

- ❖ A successful startup must offer a product or service that addresses a real market need.
- ❖ They must thoroughly understand their target audience and what issue they are attempting to solve.
- ❖ They must explain how their good or service distinctively and effectively solves that particular problem.

Characteristics of Startup Organization (Cont.)

- ***Innovation***

- ❖ Successful startups are frequently leaders, introducing something new and innovative to the marketplace.
- ❖ They could be solving an old problem in a novel way or solving a fresh issue that nobody else has solved.

- ***Agile***

- ❖ Startups must be able to respond quickly and adapt to fluctuating marketplace circumstances.
- ❖ They must be able to make changes as needed and adapt their strategy in the face of feedback and recent developments.

Characteristics of Startup Organization (Cont.)

- ***Strong Leadership***

- ❖ Successful startups are led by passionate, inspiring individuals who can build and lead high-performance teams.
- ❖ They must also be capable of making difficult decisions and guiding their team through the ups and downs of the startup journey.

- ❖ ***Scalability***

- Successful startups have a scalable company model, which allows them to grow without encountering major challenges.
- They must have a clear path to revenue growth and profitability, as well as the ability to scale their operations to meet demand.

Characteristics of Startup Organization (Cont.)

- ***Customer focus***

- Successful startups prioritize the customer in all aspects of their operations.
- They focus on feedback from consumers and use it to enhance their goods or services.

- ***Resilience***

- Establishing a successful startup takes time and effort, with many ups and downs.
- Entrepreneurs who succeed are resilient and capable of overcoming adversity.
- They have a strong sense of objectiveness and can overcome difficulties and fail.

The Basics of Governance

- To manage, administrators must perform many different types of work. These types of jobs are called administrative functions. Governance has four functions, such as ***planning, organizing, leading, coordinating, and controlling.***

❖ ***Planning***

- Managers at different positions in the organizational hierarchy must be planning.
- Planning is about setting goals and taking necessary actions to achieve them.

The Basics of Governance (Cont.)

❖ *Organizing*

- Determine the work to be done, who will do it, and how the work will be managed and linked between departments within the organization.
- Administrators must organize working groups as well as organize information and allocate resources into tasks reasonably and effectively.
- Establishing organizational culture and human resource management.
- The most important part of organizational work is to design an organizational model to suit the strategy and operational goals and meet changes in the business environment.

The Basics of Governance (Cont.)

❖ *Leading*

- Administrators must have the ability to lead members of the group and organization to achieve the organization's goals.
- A manager must understand individual abilities, and group behavior, be able to motivate employees, and communicate effectively.
- In today's business environment, effective managers must have foresight, and the ability to see into the future.

The Basics of Governance (Cont.)

❖ *Coordinating*

- The goal of the coordination function in corporate governance is to encourage, motivate, maintain company discipline, and create a comfortable atmosphere in departments.
- When all activities are strictly coordinated, an enterprise will operate more efficiently.
- To perform the coordination function well requires leadership ability as well as honesty and openness in communication and internal communication.

The Basics of Governance (Cont.)

❖ **Controlling**

- The administrator is the initiator in running the organization, as well as implementing strategies and operational plans.
- Inspection is necessary to correct deviations between plan and reality. When the organization does not operate according to plan, administrators must be able to adjust operations.
- Controlling is an extremely important function in the management process because it provides a method of ensuring that the organization is on track in its efforts to achieve its goals.

In conclusion

- Entrepreneurship team structure and how to find members.
- The characteristics of startup organization and the basics of governance (planning, organizing, leading, coordinating, and controlling).

Understand



**THANK YOU
FOR YOUR ATTENTION**

Q&A