

How to hire

After startups raise money, their next biggest problem becomes hiring. It turns out it's both really hard and really important to hire good people; in fact, it's probably the most important thing a founder does.

If you don't hire very well, you will not be successful—companies are a product of the team the founders build. There is no way you can build an important company by yourself. It's easy to delude yourself into thinking that you can manage a mediocre hire into doing good work.

Here is some advice about hiring:

***Spend more time on it.**

The vast majority of founders don't spend nearly enough time hiring. After you figure out your vision and get product-market fit, you should probably be spending between a third and a half of your time hiring. It sounds crazy, and there will always be a ton of other work, but it's the highest-leverage thing you can do, and great companies always, always have great people.

You can't outsource this—you need to be spending time identifying people, getting potential candidates to want to work at your company, and meeting every person that comes to interview. Keith Rabois believes the CEO/founders should interview every candidate until the company is at least 500 employees.

***In the beginning, get your hands dirty.**

Speaking of spending time, you should spend the time to learn a role before you hire for it. If you don't understand it, it's very hard to get the right person. The classic example of this is a hacker-CEO deciding to hire a VP of

Sales because he doesn't want to get his hands dirty. This does not work. He needs to do it himself first and learn it in detail. Then after that, he should lean on his board or investors to give him opinions on his final few candidates.

***Look for smart, effective people.**

There are always specifics of what you need in a particular role, but smart and effective have got to be table stakes. It's amazing how often people are willing to forgo these requirements; predictably, those hires don't work out in the early days of a startup (they may never work).

Fortunately, these are easy to look for.

Talk to the candidates about what they've done. Ask them about their most impressive projects and biggest wins. Specifically, ask them about how they spend their time during an average day, and what they got done in the last month. Go deep in a specific area and ask about what the candidate actually did—it's easy to take credit for a successful project. Ask them how they would solve a problem you are having related to the role they are interviewing for.

That, combined with the right questions when you check references, will usually give you a good feel about effectiveness. And usually you can gauge intelligence by the end of an hour-long conversation. If you don't learn anything in the interview, that's bad. If you are bored in the interview, that's really bad. A good interview should feel like a conversation, not questions and responses.

Remember that in a startup, anyone you hire is likely to be doing a new job in three to six months. Smart and effective people are adaptable.

***Have people audition for roles instead of interviewing for them.**

This is the most important tactical piece of advice I have. It is difficult to know what it's like working with someone after a few interviews; it is quite easy to know what it's like after working with them

Whenever possible (and it's almost always possible), have someone do a day or two of work with you before you hire her; you can do this at night or on the weekends. If you're interviewing a developer, have her write code for a real but non-critical project. For a PR person, have her write a press release and identify reporters to pitch it to. Just have the person sign a contractor agreement and pay them for this work like a normal contractor.

You'll get a much, much better sense of what it's like working with this person and how good she is at the role than you can ever get in just an interview. And she'll get a feel for what working at your company is like.

***Focus on the right ways to source candidates.**

Basically, this boils down to "use your personal networks more". By at least a 10x margin, the best candidate sources I've ever seen are friends and friends of friends. Even if you don't think you can get these people, go after the best ones relentlessly. If it works out 5% of the time, it's still well worth it.

All the best startups I know manage to hire like this for much longer than one would think possible. Most bad startups make excuses for not doing this.

When you hire someone, as soon as you're sure she's a star you should sit her down and wring out of her the names of everyone that you should try to hire. You may have to work pretty hard at this.

Often, to get great people, you have to poach. They're never looking for jobs, so don't limit your recruiting to people that are looking for jobs. A

difficult question is what you should do about poaching from acquaintances—I don't have a great answer for this. A friend says, "Poaching is the titty twister of Silicon Valley relationships".

Technical recruiters are pretty bad. The job boards are generally worse. Conferences can be good. Hosting interesting tech talks can be good for technical hiring. University recruiting works well once you're reasonably established.

Don't limit your search to candidates in your area. This is especially true if you're in the bay area; lots of people want to move here.

View candidate sourcing as a long-term investment—you may spend time now with someone that you don't even talk to about a job for a year or more.

Use your investors and their networks to find candidates. In your investor update emails, let them know what kind of people you need to hire.

As a side note, if I were going to jump into the mosh pit of people starting recruiting startups, I would try to make it look as much like personal network hiring as possible, since that's what seems to work. I'd love a service that would let me see how everyone in my company was connected to a candidate, and be able to search personal networks of people in the company (LinkedIn is probably good at this for hiring sales people but not very good at this for developers).

***Have a mission, and don't be surprised at how much selling you'll have to do.**

You need a mission in order to hire well. In addition to wanting to work with a great team, candidates need to believe in your mission—i.e., why is this job more important than any of the others they could take? Having a mission

that gets people excited is probably the best thing you can do to get a great team on board before you have runaway traction.

As a founder, you'll assume that everyone will be as excited about your company as you are. In reality, no one will. You need to spend a lot of time getting candidates excited about your mission.

If you have a good mission and you're good at selling it, you'll be able to get slightly overqualified people—although, in a fast-growing startup, they'll end up in a role that they feel not quite ready for quickly anyway.

You should use your board and your investors to help you close candidates.

Once you decide you want someone, switch into closing mode. The person that the new hire will report to (and ideally also the CEO) should be doing everything possible to close the candidate, and talking to her about once a day.

***Hire people you like.**

At Stripe, I believe they call this the Sunday test—would you be likely to come into the office on a Sunday because you want to hang out with this person? Liking the people you work with is pretty important to the right kind of company culture. Only a few times have I ever seen a scenario where I didn't like an otherwise very good candidate. I only made the hire once, and it was a mistake.

That being said, remember you want at least some diversity of thought. There are some attributes where you want uniformity—integrity, intelligence, etc.—and there are some where you want coverage of the entire range.

***Have a set of cultural values you hire for.**

Spend a lot of time figuring out what you want your cultural values to be (there are some good examples on the Internet). Make sure the whole company knows what they are and buys into them. Anyone you hire should be a cultural fit.

Andrew Mason says "Values are a decision making framework that empower individuals to make the decision that you, the founder, would make, in situations where there are conflicting interests (e.g. growth vs. customer satisfaction)".

Treat your values as articles of faith. Screen candidates for these values and be willing to let an otherwise good candidate go if he is not a cultural fit. Diversity of opinions and certain characteristics (e.g. you want nerds and athletes both on the team) is good; diversity of values in a startup is bad.

There are some people that are so set in their ways they will never get behind your values; you will probably end up firing them.

As a side note, avoid remote employees in the early days. As a culture is still gelling, it's important to have everyone in the same building.

***Don't compromise.**

In the grind of a startup, you'll always need someone yesterday and it's easy to hire someone that is not quite smart enough or a good enough culture fit because you really need a specific job done. Especially in the early days, never compromise. A single bad hire left unfixed for long can kill a company. It's better to lose a deal or be late on a product or whatever than to hire someone mediocre.

Great people attract other great people; as soon as you get a mediocre person in the building, this entire phenomenon can unwind.

***Be generous with compensation packages, but mostly with equity.**

You should be very frugal with nearly everything in a startup. Compensation for great people is an exception.

Where you want to be generous, though, is with equity. Ideally, you end up paying people slightly below to roughly market salaries but with a very generous equity package. “Experienced” people often have higher personal burn rates and sometimes you’ll need to pay them more, but remember that great companies are not usually created by experienced people (with the exception of a few roles where it really matters a lot.)

I am sure I will get flamed for saying this, but it’s the right strategy—if you want an above-market salary, go work at a big company with no equity upside.

Ideally, you want to pay people just enough they don’t stress about cash flow. Equity is harder, but a good rule for the first 20 hires seems to be about double what your investors suggest. For a company on a good but not absolute breakout trajectory, some rough numbers I’ve seen are about 1.5% for the first engineer and about 0.25% for the twentieth. But the variance is huge.

Incidentally, a very successful YC company has a flat salary for effectively all of their engineers, and it seems to work well. It’s lower than what these people could get elsewhere, but clearly they enjoy the work and believe the stock is going to be worth a lot. The sorts of people that will take this deal are the kind of people you want in a startup. And unless something goes really wrong, at this point, these engineers are going to make way more money than that would have taking higher salaries elsewhere—not to mention how much better their work environment has been.

You will likely have to negotiate a little bit. Learn how to do this. In general, materially breaking your compensation structure to get someone is a bad idea—word gets out and everyone will be upset.

***Watch out for red flags and trust your gut.**

There are a few things in the interviewing/negotiating process that you should watch out for because they usually mean that person will not be successful in a startup. A focus on title is an example; a focus on things like “how many reports will be in my organization” is an even worse example. You’ll develop a feel for these sorts of issues very quickly; don’t brush them off.

If you have a difficult-to-articulate desire to pass, pass.

***Always be recruiting.**

Unfortunately, recruiting usually doesn’t work as a transactional activity. You have to view it as something you always do, not something you start when you need to fill a role immediately. There’s a fair amount of unpredictability in the process; if you find someone great for a role you won’t need for two months, you should still hire her now.

***Fire fast.**

I have never met a newbie founder that fires fast enough; I have also never met a founder who doesn’t learn this lesson after a few years.

You will not get 100% of your hires right. When it’s obviously not working, it’s unlikely to start working. It’s better for everyone involved to part ways quickly, instead of hanging on to unrealistic dreams that it’s going to get better. This is especially true for the person you have to let go—if they’re just at your company for a couple of months, it’s a non-issue in future

interviews. And everyone else at the company is probably aware that the person is not working out before you are.

Having to fire people is one of the worst things a founder has to do, but you have to just get it over with and trust that it will work out better than dragging things out.

***Put a little bit of rigor around the hiring process.**

Make everyone on your team commit to a hire/no hire decision for everyone they meet, and write up their thoughts. If you get it wrong, this is useful to look back at later. It's good to have a brief in-person discussion with the entire interviewing team after a candidate leaves.

Have someone take the candidate out to lunch or dinner. Insist that everyone is on time and prepared for interviews/auditions. Make sure every candidate leaves with a positive impression of your company.

Be organized—one person should coordinate the entire interview process, make sure every topic you want to cover gets covered, convene people for the discussion after all interviews are done, etc. Also, have a consistent framework for how you decide whether or not to hire—do you need unanimous consent?

Remember that despite being great at what they do your team may not be great interviewers. It's important to teach people how to interview.

***Don't hire.**

Many founders hire just because it seems like a cool thing to do, and people always ask how many employees you have. Companies generally work better when they are smaller. It's always worth spending time to think about the least amount of projects/work you can feasibly do, and then having as

small a team as possible to do it.

Don't hire for the sake of hiring. Hire because there is no other way to do what you want to do.

Good luck. Hiring is very hard but very important work. And don't forget that after you hire people, you need to keep them. Remember to check in with people, be a good manager, have regular all hands meetings, make sure people are happy and challenged, etc. Always keep a sense of momentum at your company—that's important to retaining talent. Give people new roles every six months or so. And of course, continue to focus on bringing talented people into the company—that alone will make other good people want to stay.

Always be identifying and promoting new talent. This is not as sexy as thinking about new problems to solve, but it will make you successful.

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