



Building a powerful leadership team is often where I find CEOs need tremendous help. Hiring, building, and managing an effective leadership team is essential for running and growing a successful company, but few have done it before. Ben Horowitz has put together compelling guide to hiring executives that is counterintuitive, and worth considering as you begin the process of building your own team.

- Peter, Managing Partner, Four Bridges Advisory

Hiring Executives

by Ben Horowitz

The biggest difference between being a great functional manager and being a great general manager—and particularly a great CEO—is that as a general manager, you must hire and manage people who are far more competent at their jobs than you would be at their jobs. In fact, often you will have to hire and manage people to do jobs that you have never done. How many CEOs have been head of HR, Engineering, Sales, Marketing, Finance and Legal? Probably none.

So, with no experience, how do you hire someone good?

Step 1: Know what you want

Step 1 is definitely the most important step in the process and also the one that gets skipped most often. As the great self-help coach Tony Robbins says: "*if you don't know what you want, the chances that you'll get it are extremely low.*" If you have never done the job, how do you know what to want?

First, you must realize how ignorant you are and resist the temptation to educate yourself simply by interviewing candidates. While the interview process can be highly educational, using that as the sole information source is extremely dangerous.

Traps: In particular, doing so will make you susceptible to the following traps:

- **Hiring on look and feel**—It sounds silly that anyone would hire an executive based on

the way they look and sound in an interview, but in my experience look and feel is the top criteria for most executive searches. When you combine a CEO that doesn't know what she wants and a board of directors that hasn't thought much about the hire, what do you think the criteria are?

- **Looking for someone out of central casting**—This is the moral equivalent of looking for the *Platonic Form* of a head of sales. You imagine what the perfect sales executive might be like then you attempt to match real-world candidates to your model. This is a really bad idea for several reasons. First, you are not hiring an abstract executive to work at an arbitrary company. You must hire the right person for your company at this particular point in time. The head of sales at Oracle in 2010 would likely have failed in 1989. The VP of Engineering at Apple might be exactly the wrong choice for FourSquare. The details and the specifics matter. Second, your imaginary model is almost certainly wrong. What is your basis for creating this model? Finally, it will be incredibly difficult to educate an interview team on such an abstract set of criteria. As a result, everybody will be looking for something different.
- **Valuing lack of weakness rather than strength**—The more experience you have, the more you realize that there is something seriously wrong with every employee in your company (including you). Literally, nobody is perfect. As a result, it is imperative that you hire for strength rather than lack of weakness. Everybody has weaknesses; they are just easier to find in some people. Hiring for lack of weakness just means that you'll optimize for pleasantness. Rather, you must figure out the strengths you require and find someone who is world class in those areas despite their weaknesses in other, less important domains.

Leverage. Implementing these ideas will help you hire the right executive:

- **Act in the role:** The very best way to know what you want is to act in the role. Not just in title, but in real action—run the team meeting, hold 1:1s with the staff, set objectives, etc. In my career, I've been acting VP of HR, CFO, and VP of Sales. Often CEOs resist acting in functional roles, because they worry that they lack the appropriate knowledge. This worry is precisely why you should act—to get the appropriate knowledge. In fact, acting is really the only way to get all of the knowledge that you need to make the hire, because you are looking for the right executive for your company today not a generic executive.

- **Bring in domain experts.** In addition to acting in the role, it helps greatly to bring in domain experts. If you know a great head of sales, interview them first and learn what they think made them great. Figure out which of those strengths most directly match the needs of your company. If possible, include the domain expert in the interview process.
- **Be clear in your own mind on your expectations** for this person upon joining your company. What will this person do in the first 30 days? What do you expect their motivation to be for joining? Will they instantly have 10 reqs to hire or will they have 1?

Step 2: Run a process that figures out the right match

In order to find the right executive, you must now take the knowledge that you have gathered and translate it into a process that yields the right candidate. Here is the process that I like to use.

Write down the strengths you want and the weaknesses that you are willing to tolerate.

The first step is to write down what you want. In order to ensure completeness, I find it useful to include criteria from the following sub-divisions when hiring executives:

- Will the executive be world class at running the function?
- Is the executive outstanding operationally?
- Will the executive make a major contribution to the strategic direction of the company? This is the *"are they smart enough?"* criteria.
- Will the executive be an effective member of the team? *Effective* is the key word.
- It's possible for an executive to be well liked and totally ineffective with respect to the other members of the team. It's also possible for an executive to be highly effective and profoundly influential while being totally despised. The latter is far better.

These functions do not carry equal weight for all positions. Make sure that you balance them appropriately. Generally, operational excellence is far more important for a VP of Engineering or a VP of Sales than for a VP of Marketing or CFO.

Develop questions that test for the criteria

This step is important even if you never ask the candidate any of the pre-prepared questions. By writing down questions that test for what you want, you will get to a level of specificity that will be extremely difficult to achieve otherwise. As examples, below I



include questions that I wrote for running the enterprise sales function and operational excellence.

Questions for head of enterprise sales force:

Is she smart enough?

- Can she effectively pitch me on her current company?
- How articulate is she on the company and market opportunity that you are presenting to her now?
- Will she be able to contribute to the strategic direction of your company in a meaningful way?

Does she know how to hire sales people?

- What is her profile?
- Ask her to describe a recent bad hire
- How does she find top talent?
- What percentage of her time is spent recruiting?
- How does she test for the characteristics she wants with her interview process?
- How many of her current people want to sign up? Can you reference them and validate that?
- Could you pass her sales interview test? Should you be able to pass?
- Does she know how to hire sales managers?
- Can she define the job?
- Can she test for the skills?

Is she systematic and comprehensive on how she thinks about sales process?

- Does she understand the business and the technical sales processes?
- Does she understand benchmarking, lockout documents, POCs, demos?
- Does she know how to train people to become competent in the process?
- Can she enforce the process?
- What is her expectation of her team's use of the CRM tools?

How good is her sales training program?

- How much process training vs. product training? Can she describe it in detail?
- Does she have materials?

How effective is her sales rep evaluation model?

- Can she get beyond basic performance?



- Can she describe the difference between a transactional rep and an enterprise rep in a way that teaches you something?

Does she understand the ins and outs of setting up a comp plan?

Accelerators, spiffs, etc, etc

Does she know how to do big deals?

- Has she made existing deals much larger? Will her people be able to describe that?
- Has she accelerated the close of a large deal?
- Does she have customers that will reference this?

Does she understand marketing?

- Can she articulate the differences between brand marketing, lead generation, and sales force enablement without prompting?
- Does she understand channels?
- Does she really understand channel conflict and incentives?
- Is she intense enough?
- Will the rep in Wisconsin wake up at 5 am and hit the phones or will they wake up at noon and have lunch?

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Can she run international?

- Is she totally plugged into the industry, how quickly can she diagnose?
- Does she know your competition?
- Does she know what deals you are in right now?
- Has she mapped your organization?

Operational excellence questions

Managing direct reports

- What do you look for in the people working for you?
- How do you figure that out in the interview process?
- How do you train them for success?
- What is your process for evaluating them?

Decision-making

- What methods do you use to get the information that you need in order to make decisions?
- How do you make decisions (what is the process)?
- How do you run your staff meeting? What is the agenda?
- How do you manage actions and promises?
- How do you systematically get your knowledge? Of the organization, Of the customers, Of the market

Core management processes—please describe how you've designed these and why?

- Interview
- Performance management
- Employee integration
- Strategic planning

Metric design

- Describe the key leading and lagging indicators for your organization.
- Are they appropriately paired? E.g. do you value time, but not quality?
- Are there potentially negative side effects?
- What was the process that you used to design them?

Organizational design

- Describe your current organizational design
- What are the strengths and weaknesses?
- Why?
- Why did you opt for those strengths and weaknesses (why were the strengths more important)?
- What are the conflicts? How do they get resolved?

Confrontation

- If your best executive asks you for more territory, how do you handle it?
- Describe both your process for promotion and firing
- How do you deal with chronic bad behavior from a top performer?

Less tangible

- Does she think systematically or one off?
- Would I want to work for her?
- Is she totally honest or is she bull shitty?
- Does she ask me spontaneous incisive questions or only pre-prepared ones?

- Can she handle diverse communication styles?
- Is she incredibly articulate?
- Has she done her homework on the company?

Assemble an appropriate interview team and conduct the interviews

The next step is to assemble the interview team. In assembling the team, you should keep two questions in mind:

1. Who will best help you figure out whether or not the candidate meets the criteria? These may be internal or external people. They can be board members, other executives or just experts.

2. Who do you need to support the decision once the executive is on board? This group is just as important as the first. No matter how great an executive is, they will have trouble succeeding if the people around them sabotage everything they do. The best way to avoid that is to understand any potential issues *before* the person is hired.

Clearly, some people will be in both groups 1 and 2. The opinions of both groups will be very important: group 1 will help you determine the best candidate and group 2 will help you gauge how easily each candidate will integrate into your company. Generally, it's best to have group 2 interview finalist candidates only.

Next, assign specific questions to interviewers based on their talents. Specifically, make sure that the interviewer who asks the questions deeply understands what a good answer will sound like.

As you conduct the interviews, be sure to discuss each interview with the interviewer. Use this time to drive to a common understand of the criteria, so that you will get the best information possible.

Backdoor and front door references

For the final candidates, it's critically important that the CEO conduct the reference checks herself. The references need to be checked against the same hiring criteria that you tested for during the interview process. Backdoor reference checks (checks from people who know the candidate, but were not referred by the candidate) can be an extremely useful way to get an unbiased view. However, do not discount the front door references. While they clearly have committed to giving a positive reference (or they



wouldn't be on the list), you are not looking for positive or negative with them. You are looking for *fit with your criteria*. Often, the front door references will know the candidate best and will be quite helpful in this respect.

Step 3: Make a lonely decision

Despite many people being involved in the process, the ultimate decision should be made solo. Only the CEO has comprehensive knowledge of the criteria, the rationale for the criteria, all of the feedback from interviewers and references and the relative importance of the various stakeholders. Consensus decisions about executives almost always sway the process away from strength and towards lack of weakness. It's a lonely job, but somebody has got to do it.