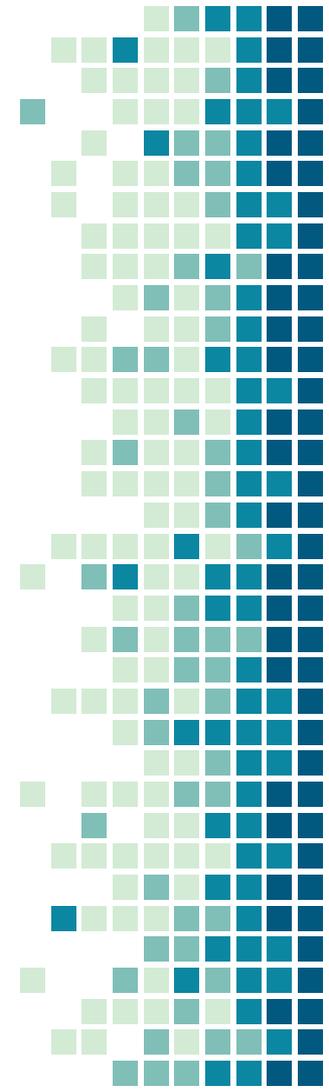


So You Want to Join A **Startup?**

Muppies Career Series
Sunday 18 March 2018 @ 9pm ET / 6pm PT

Agenda

- What is a startup? And why it matters
- The spectrum of startups
- Why consider startups?
- Discerning good setups from bad ones
- Common misconceptions
- Taking the leap, resources
- Questions, Answers, and Resources





So You Want to Join A **Startup?**

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1.

What is a Startup

...and why definitions seriously matter

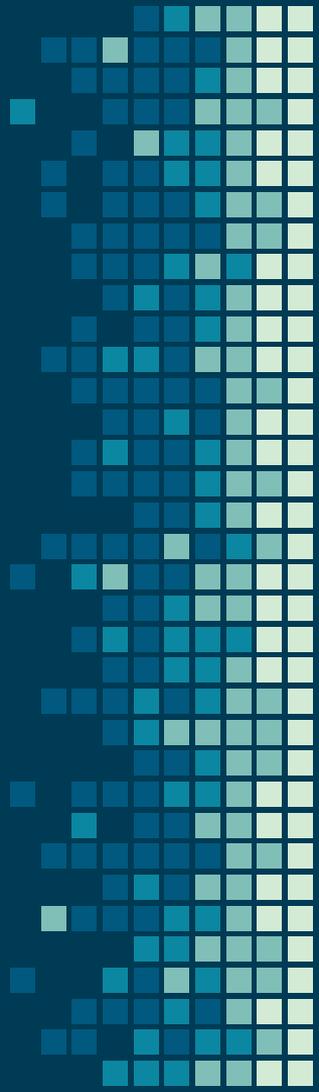




What is a Startup?

Not necessarily a small or large business.
Not necessarily a fast or slow moving company.

The best definition may be "a temporary organization in search of a repeatable, scalable business model."



Seriously Important Distinctions

Startup vs Consultancy

The typical definition of startup is for businesses with products, platforms, or license revenue. Consultancies are typically fee for service. The difference is growth. Many individual consultants or boutiques see themselves as startups but lack major growth potential.

Startup vs Small Business

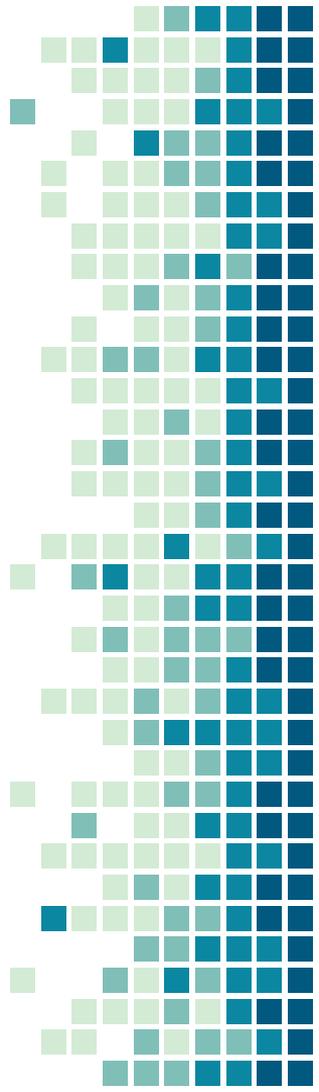
Some businesses are just small product businesses without much growth potential. Not bad, but don't expect hyper-growth.

Startup vs Hobby

It is important to realize that creating value is the most important thing. Value can be converted into revenue in a separate effort. But some businesses don't create value for customers, they are just fun. Not bad, but call it a hobby.

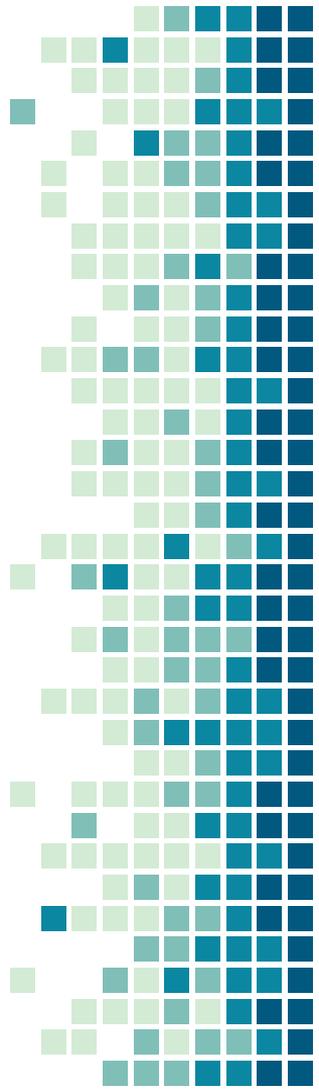
Startup vs Lifestyle Biz

The typical definition of startup is for products, platforms, or license revenue that can be *massively scaled*. Some business have no desire to grow beyond their owners' desire to fund a lifestyle. Nothing wrong with this, but go in eyes wide open -- there won't be massive growth.



Why Are Definitions So Important?

- **Growth.** Services businesses rarely have the growth potential of licensed products/platforms.
- **Valuation Multiple.** Growth potential gets reflected on valuation multiples and how much money can be raised (or sold for.)
- **Expectations.** All businesses are fine, but expectations should be set for the business one is in, not for what one thinks they are in.





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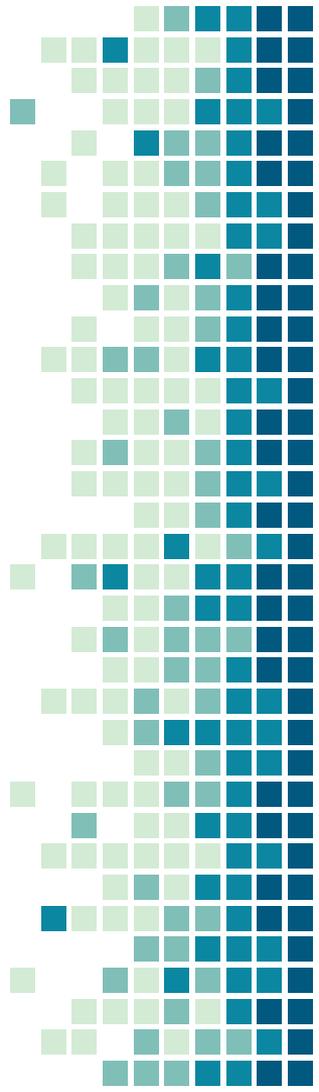
2.

The Spectrum of Startups

the different scales of measurement
and what they mean

The Product Maturity Dimension

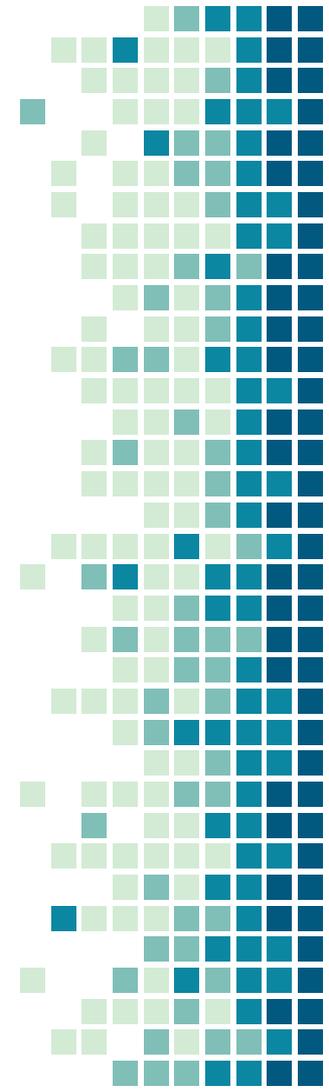
- **Concept Stage.** There is an idea, no proof-of-concept or demo product exists.
- **Pre-Product.** A limited proof-of-concept or demo product exists but nothing that can be sold to customers.
- **Pre-Revenue.** A product exists and is available for sale but there is little in sales. Market fit sought.
- **Growth.** Product market fit has been achieved, seeking to scale up proven business model.



The Funding Dimension

- Bootstrapped
- Angel Funded
- Seed Funded
- Series A Funded
- Series B Funded
- Series C+ Funded
- Public Company

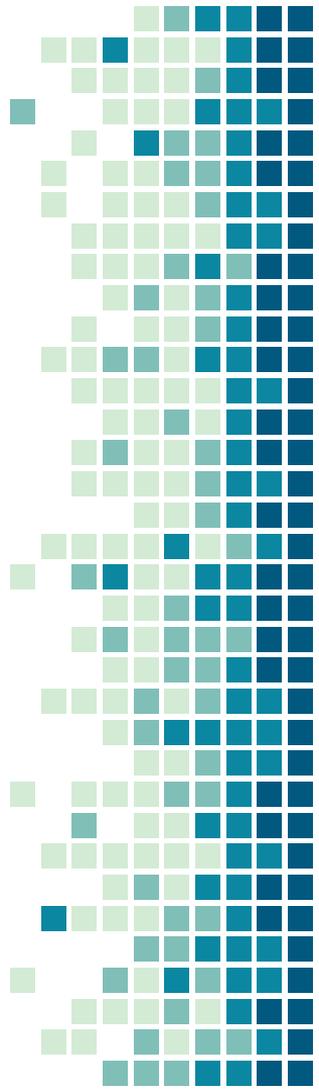
Excessive historical information available at Crunchbase!



The Objective Dimension

- Startups aiming for quick exit (sometimes just show)
- Startups aiming for an acquihire acquisition
- Startups aiming for a strategic acquisition
- Startups aiming for an IPO

Make sure you understand the desires and motivations of the founding and executive team, and ensure the startup's objectives match yours.





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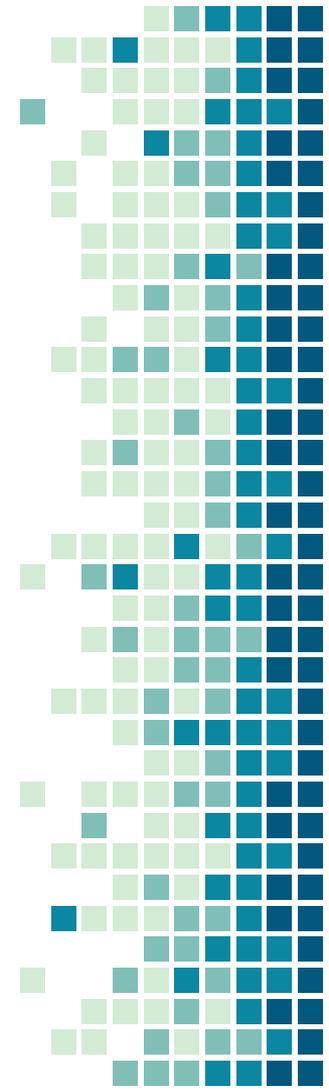
3. Why Consider Startups?

There is more involved than just the possibility of big payouts



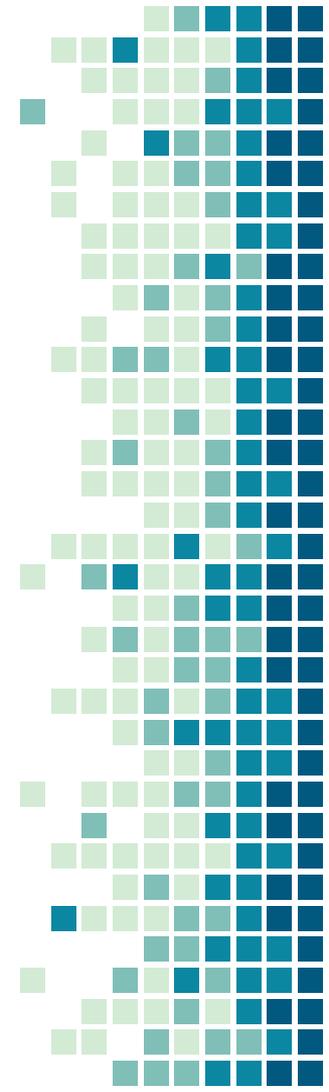
Why Consider Startups?

- **Big Money.** Except it usually doesn't happen. Calculate your ownership, resulting taxes, likely dilution, and figure out the reality
- **Career Growth.** Expect to no longer fight over choice assignments and there are usually more than everyone can handle. Immense opportunities exist at well-managed startups.



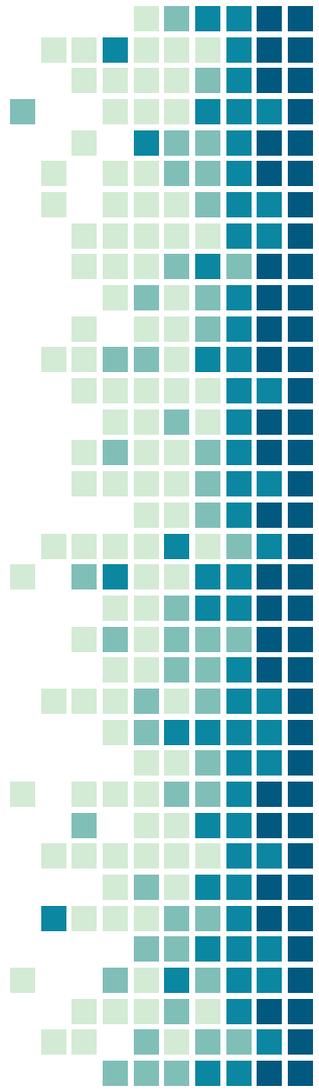
Why Consider Startups?

- **Many Hats.** Expect to wear many hats as the company grows and lags in hiring for needed roles. Use it as an opportunity to explore areas you wanted to.
- **Low HR Regulation.** Switch roles more easily than at large firms with strong boundaries and mature job descriptions. Pivot your career to where you want it to be.



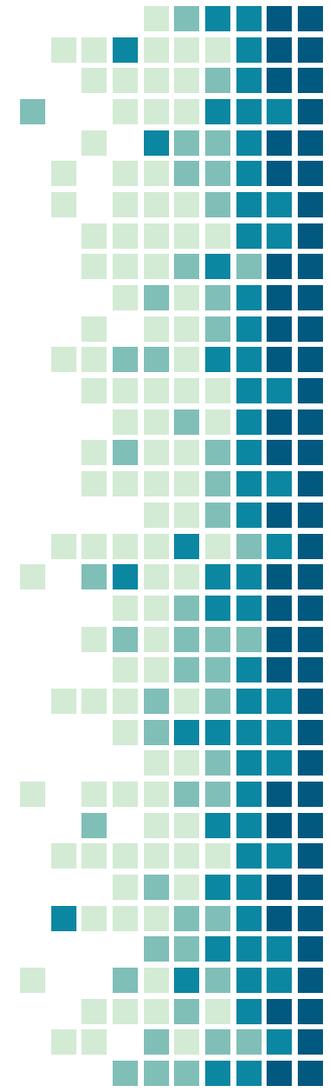
Why Consider Startups?

- **Exposure to Leadership.** Work directly with leadership without the red-tape or large-company politics of large companies.
- **Exposure to Tough Existential Situations.** See tough situations up close and tackle them...rare at large companies.



Why Consider Startups?

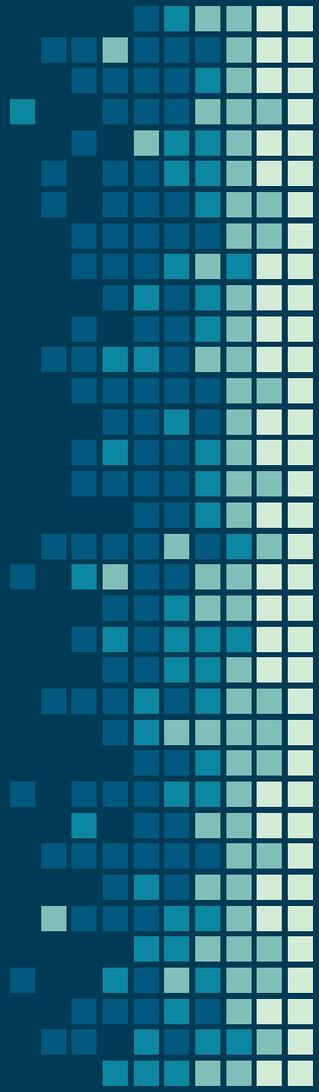
- **Exposure to the Cutting Edge.** Large companies can sometimes lag in both product and methods/tools. Startups usually embrace more risk, which is great for career growth.
- **Exposure to new markets and new categories.** Startups can sometimes define entirely new categories or markets *impossible* to join via traditional companies (e.g., peer-to-peer lending.)





Think about it:

Maximize on slope instead of the y -intercept.





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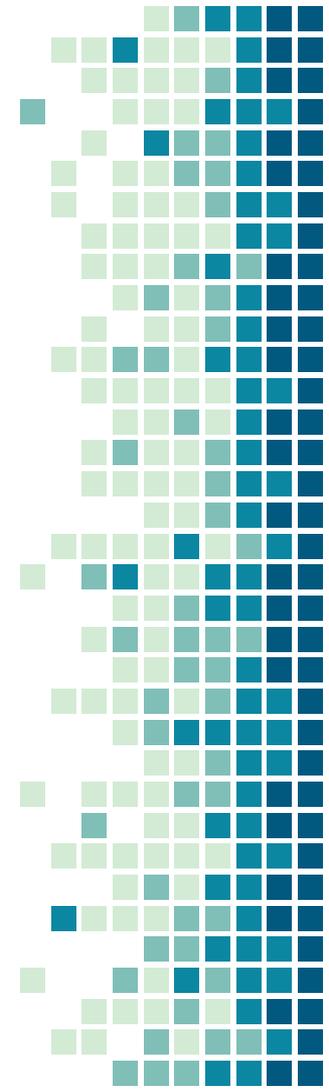
4. Discerning Good Setups vs Bad Ones

Not every startup is set up ideally, some are non-startups in disguise



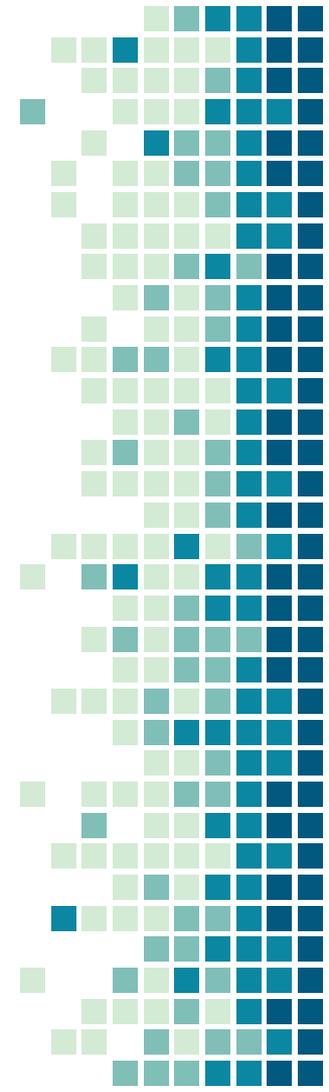
Good vs Bad

- **See Startup Definitions.** Are you working for a startup or something else in disguise?
- **Incentives and Skin-in-the-Game.** Incentives for founders and employees must be aligned 1000% percent. There is a lot of risk, and any situation where one part takes more risk and another gets more reward will fail. Reward must be commensurate to risk and incentives must be aligned.



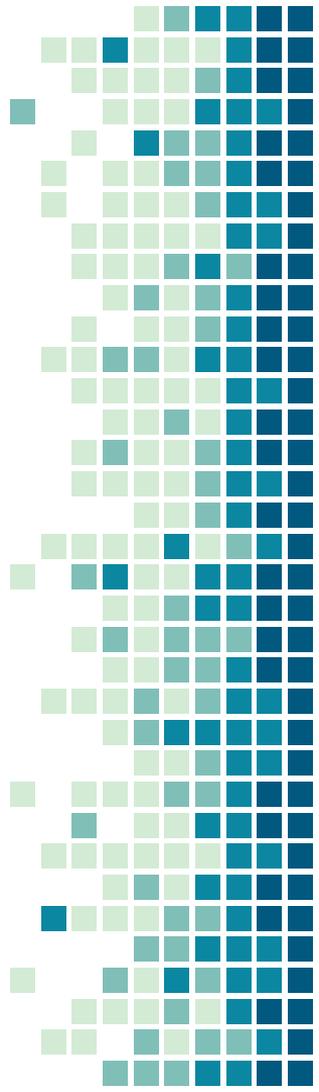
Alignment of Incentives

- **Reward must be commensurate to risk.** When they aren't, employees quit and startups die.
- **Risk must be rewarded.**
 - Joining early is a big risk, this should be rewarded.
 - Joining early full-time is a big risk, this must be rewarded.
- Unrewarded risks result in startups where issues fester and companies falter.



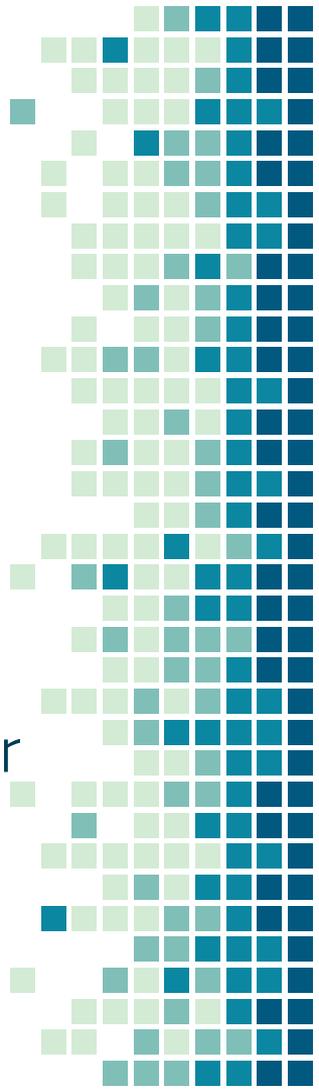
Alignment of Incentives

- **Part-time Founders** who expect full-time startup workers is a big red flag - who is taking the initial risk? Founders who are all-in are almost always more successful -- they have no choice but to succeed.
- **Vastly below market pay** can be a red-flag -- is everyone taking a below-market salary? Is it being rewarded with sufficient equity upside? Do others have side-jobs?



Considerations

- **Serial Founders with a prior win** often do have a magic touch...in the form of ready relationships with top teams and partners. A good bet, but not the only bet available.
- **Top Institutional Investors** are not a guarantee for success, but a great signal





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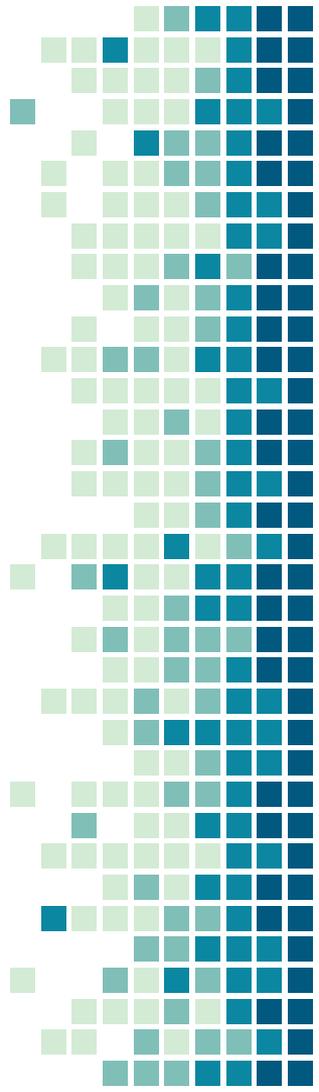
5. Common Misconceptions

So we're gonna become billionaires,
right?



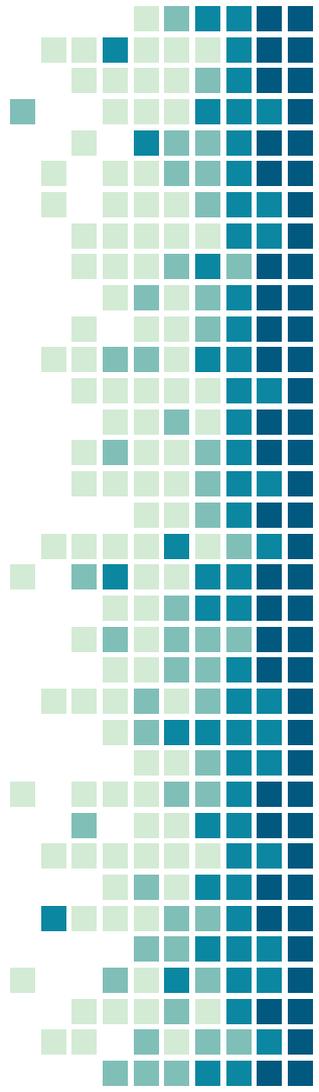
Misconception: I cannot join a tech startup since I cannot code.

- **Wrong.** You *can* join a startup. Startups have a number of influential positions available for technically astute individuals who cannot code or do not wish to. For example, Product Managers, Sales, Marketers, Account Executives, Testers, Project Managers, Finance, *etc.*
- **Side Note.** Of course, being able to and wanting to code opens up many more jobs...



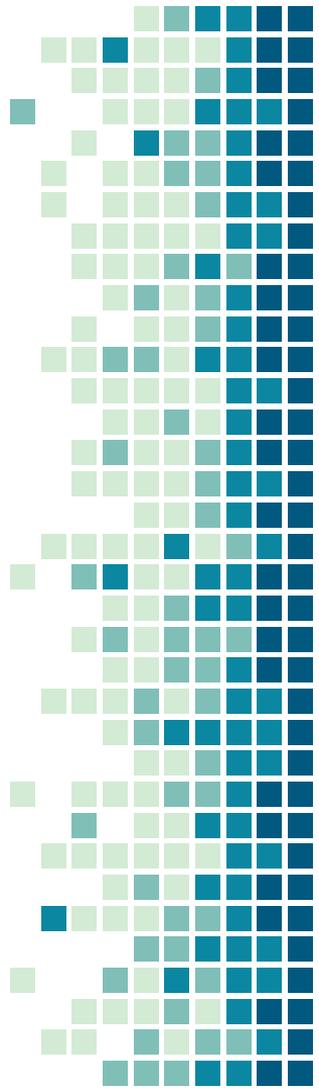
Misconception: I cannot join a startup since I am not technical.

- **Wrong.** You can join a startup. Startups have a number of corporate positions without need for highly technical skills. For example Account Executives, Project Managers, Finance, etc.
- **Side Note.** Of course, you'll need to bring other important skills instead: finance, people skills, leadership skills, *etc.*



Misconception: I'll be a billionaire.

- **Probably Wrong.** I hope you are right, but do the numbers before hoping for this. Consider equity dilution, how much equity you even have, taxes, and the chances of success, and how many years it will take.
- **But remember** the non-monetary benefits like being on the forefront of an industry, massive growth, creating a brand new category or market.





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6.

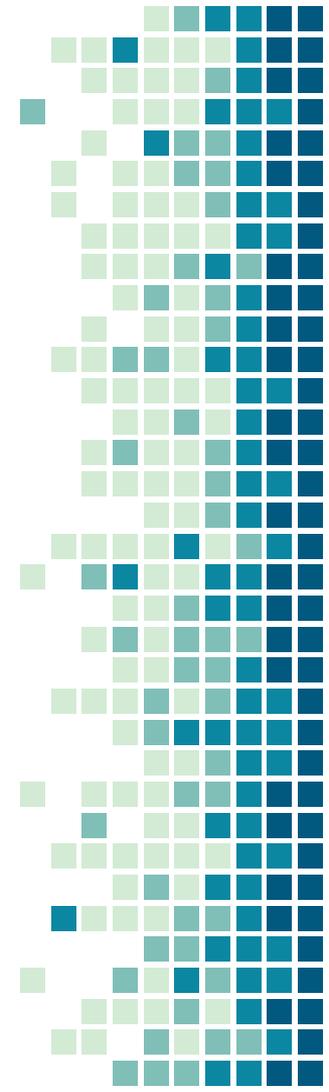
Taking the Leap

What to expect when joining, or founding



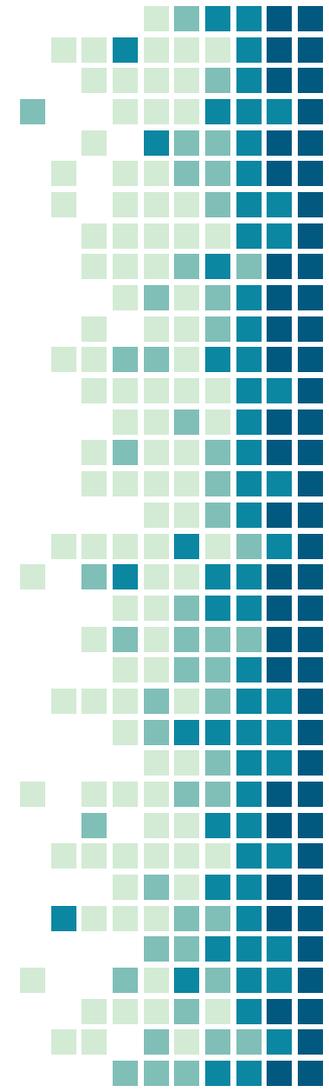
Best Ways to Join a Startup

- **Network.** Your network. Find an in. Get a referral.
- **Ask.** Many startups don't have outbound recruitment budget, so your initiative counts for a lot. Reach out. Invite yourself over, courteously.
- Ask for **Informational Interviews** and plant the seed for future opportunities.
- **Focus and Follow.** Find who you admire and follow their work. When they start their next business, get in early.



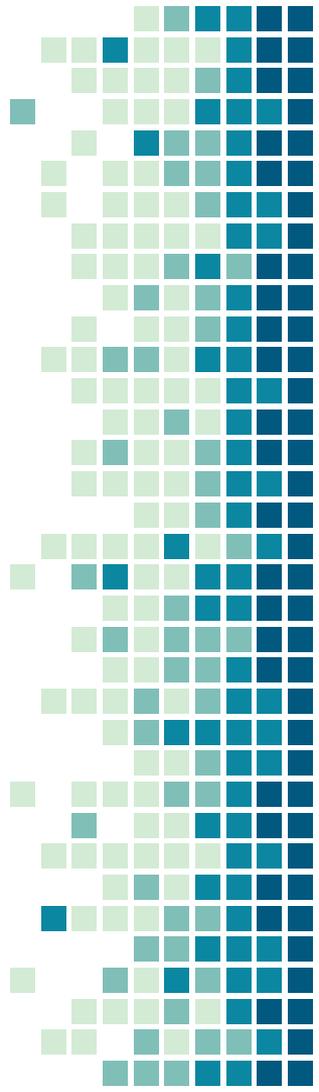
Best Ways to Join a Startup

- **Follow News, be Focused.** Keep track of when your startup(s) of choice reach a milestone or raise funding. They will be hiring :-)
- **Cultivate dialogue.** With LinkedIn, Twitter, and most conferences on Youtube now, do you have much of an excuse anymore? Do it. But focus.
- **Network.** Did I say this already? Startups are hectic, your initiative will be appreciated.



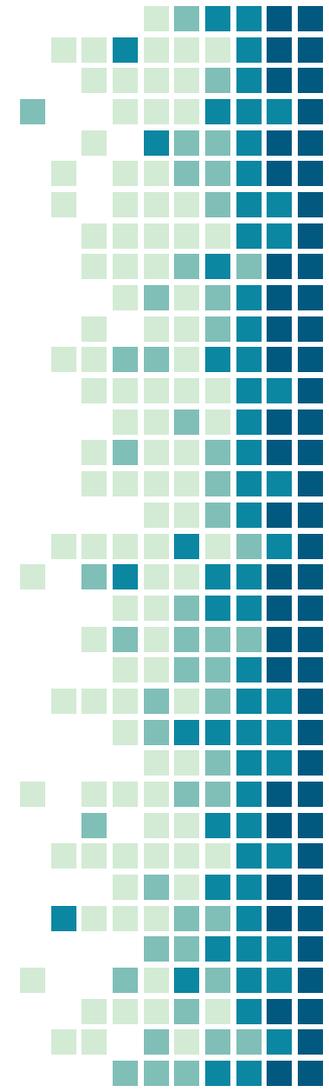
Hustling

- **Hustle (in a good way) is rewarded.** Courteous hustling is rewarded because that is the type of proactive attitude what many small companies need to succeed and grow.
 - Find the decision makers at conferences, engage them in intelligent, relevant discussion
 - Listen to founders' talks, extend the conversation offline



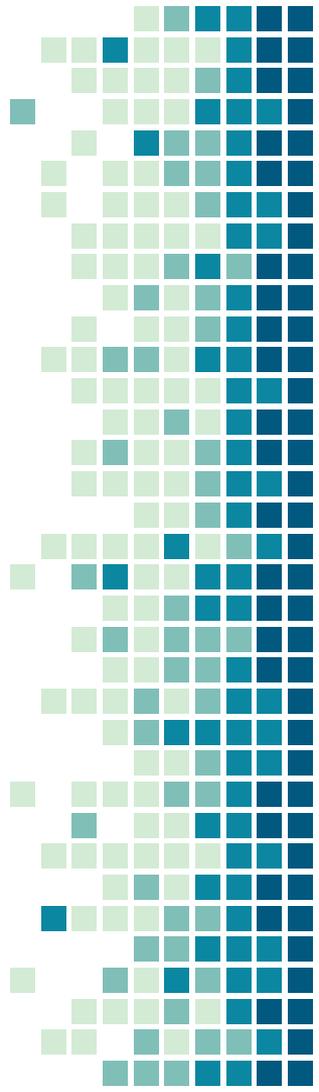
Understand the Marketplace

- **Focus narrowly on your strengths.** Focus on your area of interest, find the relevant conversation-setters and get on their mailing lists. Follow them on Twitter and understand the state of the marketplace.
- **Find solid sub-sector research.** Be familiar with the landscape of players across horizontals, verticals.



Considerations

- **Information.** Unlike public companies, information isn't widely available. But still available via less known sites (PitchDeck, VC newsletters, forums (e.g., HackerNews))
- **Early Recruiting.** Channels are different. Get indications from Angellist <https://angel.co/>
- **Tech Recruiting.** Check out TripleByte, Hired.com, WhiteTruffle, Untapt and the typical retained firms



Considerations

- **Early stage pay is below-market.** But below-market cash compensation should be made-up for with equity compensation. Compensation should asymptote to market once in Series A/B stages.
- **Timelines can be long.** Unlike public company stock vested annually or on a four-year cycle, private company stock can take a decade to liquidity. Consider the golden handcuffs. Also consider tax implications.





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7.

Questions, Answers, Resources

Just amongst us, we have all the
answers. Lets connect.



Resources

Crunchbase

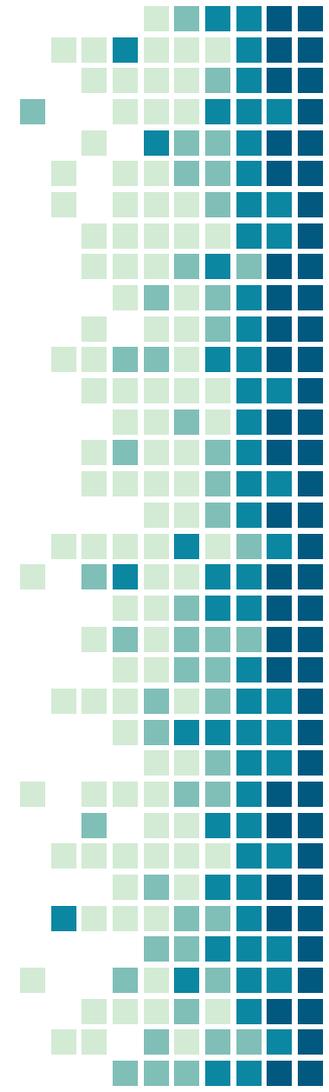
Go there. Hone in on what interests you and get to know the area.

<https://www.crunchbase.com/>

AngelList

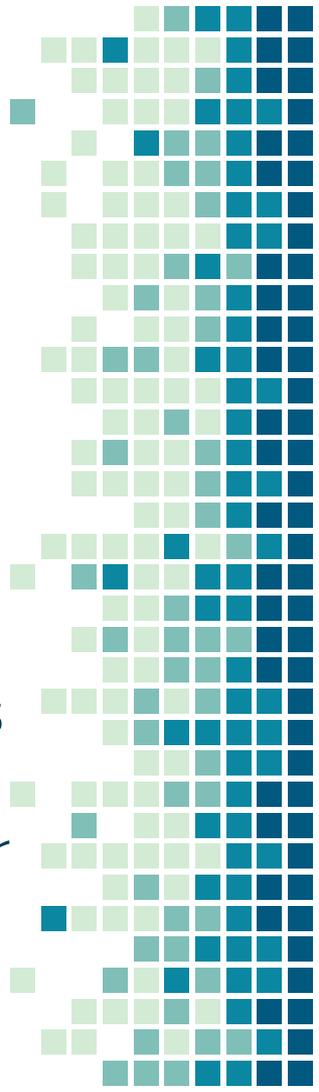
Absorb the upcoming excitement. Get to know the individuals involved.

<https://angel.co/>



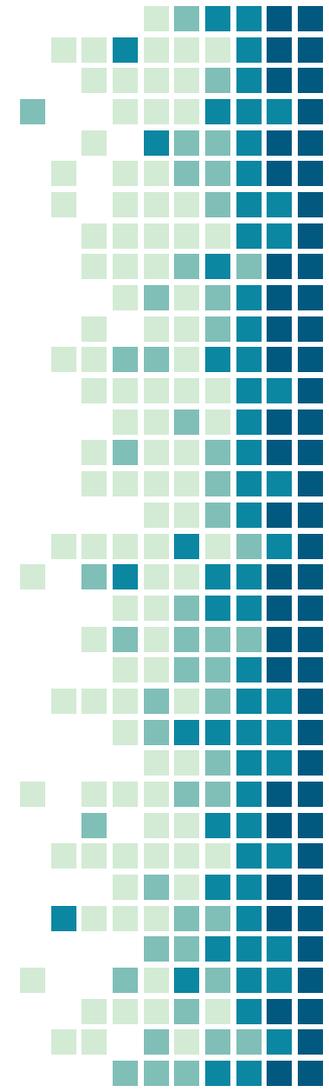
Possible Approaches to Research

- Find a founder you like. Now find their past and current company.
- Find a product/company you like. Then find all the competitors via Crunchbase, VC's other investments, Research decks, etc. You now have a cohort of companies you are interested in.
- Find a VC strategy or focus area you like. Now find all their investments.



~~End of the Road~~ Start of the Convo!

- The best progress will be group progress
- Use Muppies as a resource and meet
- Reach out to other memebbers



THANKS!

Any questions?

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