# 7 Ways to Build a Sense of Leadership in 2016

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Having time to think about "leadership" at most startups feels like a luxury. It feels like something you could turn your attention to once you have tens of millions of dollars and a large staff to run operations and you could step back from it all and think about how to lead.
The reality of most startups is about survival. And because running a company requires money to fuel staff and offices and acquire customers and the like, much of the time spent in early days at a start feels like a constant struggle to raise money, convince others to join your company when they can get offers from companies that have more money and convince existing staff to stick with you despite the hours and stresses and set-backs.

But of course all of these things are intertwined. Those who know how to lead are those who have an easier time doing all the things that feel like such a struggle. So spending time thinking about what your leadership style is, whether it's effective and what you could do to improve it can yield dividends.

It's a new year - 2016. We all know that we use renewal to be thoughtful about our futures so why not take the time this week to take

stock in where you want to be a year from now and what steps you could take personally to make a difference.

Here are some quick guidelines on what I think it takes to build a sense of leadership:

## 1. A Sense of Purpose

Most founders have a strong sense of what they're trying to achieve. They hire their initial co-founders and early employees and everybody has a sense of "mission." But the longer you've been around the harder it is for new comers to truly understand what that mission is and over time a sense of purpose can drift. That's why it's important to revisit your company's mission from time-to-time. It's important to codify it on paper in simply format and without trying to sound overly intellectual. It's important to get buy in.

If you have a team of 10 people then by definition 90% of the time spent on activities is not put in by you and on a team of 100 it's 99%. If people don't know the mission there is no way to achieve the objective and you end up with a team pulling in 100 different directions - even if only by small amounts.

Strictly for example sake I'll take our mission at Upfront Ventures. We established our brand to lay out our belief system codified in a word: Upfront. We want to invest in early-stage technology enabled startup businesses - upfront in the funding cycle. In fact, 90% of our investments are either Seed or A-round investments (10% are B-round). We chose the word "upfront" to represent our culture. We try to be transparent and direct in our communications and behaviors. WYSIWYG (what you see is what you get). We can be blunt but we believe that builds healthier relationships. We're a national venture capital investment firm but with our roots firmly in Los Angeles. In fact, 50% of our investments are in Southern California, from Santa Barbara to San Diego.

We try to recruit investment partners who bring startup operating experience. We try to hire deeply analytical associates to can help companies problem solve and who make us better investors. We try to hire people who we believe will be upfront and respectful of entrepreneurs and know that it's far easier to judge ones decisions on the outside than it actually is to have to make the tough decisions inside of a startup every day. So we like to behave like we don't know any better than you - we can just bring an outside perspective to help spar you and make you a better decision-maker through the process.

We like to hire people and fund people who are deeply ethical and we try to be long-term in our investment thinking. We tend to stick by founders in tough times and often roll up our sleeves in the darkest hours. Sometimes we do this to a fault when quitting may have been an easier or smarter option.

I may choose different words from time-to-time to describe Upfront Ventures. And bringing in new general partners - like Greg Bettinelli and Kara Nortman - has certainly helped refine the vision of the firm by challenging some of our accepted wisdom. That's healthy. But if we make changes in our investment practices or behaviors we need to start to update how we talk about our firm's vision or we'll start to drift in our sense of purpose.

Take some time to reflect on how well defined you believe your company's sense of purpose is. We could all do better - I'm sure. But putting no time into anchoring your beliefs because you're too busy executing sales, marketing, support, product & engineering is an easy recipe for leadership drift.

## 2. Conviction
Great leaders have deeply held conviction in their strategy and plans. Codifying what you believe is one thing but sticking to your plans is another. The world is filled with people who will second-guess you,

including your own team members. There are always flavors-of-the-month strategies or markets that are in favor in the tech startup world. The industry runs in lemming-like packs. But if you're simply running to the latest tech trend you're reading about or if you're constantly "chasing shiny objects" you're bound to be mediocre.

Know what you stand for. Know what you believe is important. Stick up for your principles - even if others cast doubts. Obviously you need to be mentally flexible enough to spot if your instincts were wrong and a change of course is necessary. But this should come by having your mental model of what is correct and only changing it if you can build a new model with new information.

Trust me when I tell you that the overwhelming majority of people hate making hard decisions. People prefer to fudge and make compromises. People prefer inertia and kicking the can down the road. People prefer stability to change. People fear making hard changes to personnel because they fear picking up the pieces the day after and the consequences of getting in wrong.

The best leaders have conviction. They are resilient. They can live with having doubters and arm-chair quarterbacks and others who second guess but never do. Great leader have a model. And they have conviction.

## 3. Relationships

Being great at building relationships is critical to being a great leader. I have been on record as saying "Great Leaders are Respected More Than Loved." The masses of people have a hard time with this statement because they want to believe you can always be respected AND loved. So let me explain. I'm not talking about being a jerk as a leader. I'm not talking about being aloof from others. What I'm talking about is making tough decisions.

As a leader you live in a world with limited resources. You can't just overpay every person's salary. You don't have unlimited equity to dole out. You can't make everybody an SVP. You can't let every team hire as many team members as they want. As the boss you are "chief adjudicator" and at times that doesn't make you loved. People who fudge are "loved." They try to make everybody happy but the leads to ineffective decisions.

To be respected people need to understand why you made your decisions. They need to understand it's not personal. They need to know you don't play favorites. They need to know you care about the right answer more than rewarding people you like. To be respected they need to know - in short - that you're a leader.

And this is where relationships come in. People will accept being overruled or will accept compromises or will live through cut-backs and downsizing or whatever else is thrown their way when they trust and respect you. And this comes from hours and hours of investing in personal relationships.

I've spent hours this week reading about the firing of the head coach and personnel manager of the football team I support - The Philadelphia Eagles. His name was Chip Kelly and he came off of a very successful stint as the coach of the collegiate Oregon Ducks. He had a sense of purpose and everybody knew what it was. He runs the quickest tempo offense in the NFL. He believes in a simplified playbook and with fewer plays to run he practices set plays more times than others. He believes in execution. Chip Kelly believes in the statistics of players: ages, sizes, speeds - and everybody is clear what the "Chip Kelly system" was.

Where I think Chip Kelly lost out was on relationships. He didn't understand the needs of the owner (Jeffrey Lurie), the players or even the fans. I read reports this week that when he was unhappy with

some actions of his players he sent in an emissary to deal with them because he didn't have the time or patience to deal with the drama that comes from having talented, high-paid professionals with opinions (as opposed to college players who have little choice). It is said that he pissed off players by lack of a strong relationship but also that some of their grievances were being filtered by Kelly's emissary. Specifically some players were complaining they were over-worked and fatigued and needed rest.

A great leader has a strong sense for when the troops can do a big push and work hard for a sustained period of time and when the team needs a break. A great leader knows when there are team rivalries that need to be settled and when some team members need to be let go because they are breeding a bad culture internally. A great leader is super close with his or her investors who own part of the company and knows what their needs are. A great leader has a close enough relationship with investors to get through hard times or mistakes.

A great leader knows customers and has direct relationships with them. She can anticipate reactions to price increases or product changes by customers and she can sustain competitive challenges because she knows the customer will stick by her.

Many tech execs (and VCs) I know have "bunker mentality." They prefer to sit in front of a computer doing spreadsheets or coding or writing emails and working on marketing materials than they do investing time in human relationships. This only works if you win all the time. Winning paves over any flaws. But we all stumble from time-to-time and you can only really see true leaders in tough times.

Chip Kelly had bunker mentality. He never cared about the needs of journalists so they were quick to skewer him when he was fired. He seemed to never care about fans (customers) who also were happy to let the door hit his butt on the way out. I'm sure he was brilliant and

given enough time perhaps could have succeeded. But relationships afford you time. Chip Kelly was 10-6 in his first two season so Philly fans had a love affair with him. This got him more power and with that power he executed on his belief system and had a lousy 2015 season. With no relationships to save him, he was abandoned by his team, his investors and his customers.

## 4. Team Building

Along with relationships, great leaders build teams. They build teams with the team they have on the field. We all want larger amounts of capital to hire more senior people and to build bigger teams. We all know that our existing teams have holes on them or in many cases have team members we hired when we had limited amounts of money so perhaps you hired somebody to run marketing who had never done so before. They don't have all of the tactics and experience so you watch and see if they can learn and scale with the position's needs over time.

The hardest thing as a leader of teams is to know when it is time to "hire above" your existing team and when it's time to let your team members try to develop into the next role. This is a hard topic worthy of its own post but great leaders put much time and thought into this. And I am a big believer in loyalty and rewarding those who have executed alongside you in good times and bad. At times you must still hire above them but you owe it to them to find the right and respectful role in your new org or to help them to level-up somewhere else.

But one big mistake I often see are leaders who believe they can solve all of their problems by hiring people who look great on paper to the determinant of the known players on today's team. These leaders value achievement elsewhere over hard work and effort internally. Of course it's great to bring in outside experience to complement your team but it must be done judiciously. It's why I was always critical of the "acquihire culture" at places like Yahoo!

Back to Chip. In his first season he went 10-6 and made it to the playoffs so fans celebrated. He then unceremoniously cut our star wide receive, DeSean Jackson, who ended up at our rival Washington Redskins. Jackson burned us the next season in a head-to-head matchup to knock us out of the playoffs and did it again this year. Jackson was a showboat in Philly so fans bit their lips when he was cut. But after reason two Chip traded our beloved running back LeSean McCoy - the all-time rushing leader for the Eagles as well as our star receiver Jeremy Maclin.

On paper Chip Kelly liked the sound of DeMarco Murray who had led the NFL in rushing the previous season. So he picked up Murray. He took a star receiver from USC in the college draft. He picked up an expensive defensive player, Byron Maxwell, from the talented Seattle Seahawks for big money. We are currently 6-9 this season.

What Kelly did is send a message to hard-working team members that loyalty didn't matter. He sent a message that outside resumes mattered more than teamwork. He created a culture where many players were mad at the money thrown around to new players who didn't perform versus looking out for the troops.

It's true that when you run startups - or professional sports teams - there are always times to bring on new team members and always times you need to level up in skills. But to build a successful operation over time you need team loyalty, camaraderie and people willing to be in it for more than just themselves. You can't get that if you only play the outside book.

## 5. Communications

Great leaders tell people what they're doing and why. They are transparent about the goals and objectives of the organization and they're willing to tell people how the company is doing against those goals. I often encourage companies that I work with to create a sales

culture by publishing what the weekly, monthly or quarterly sales targets are to the broader organization and let everybody know how you're doing against those. A team that knows where you're winning or where you're falling short can come up with ways to help.

Great leaders communicate early and often with boards and investors. They are clear about what is working and what is not and how the board and investors can help them.

Great leaders cultivate relationships with the press because they understand that journalists don't want to publish press releases and by knowing you and knowing your company they can actually cover you better when you do have news.

Great leaders talk with other leaders. They open up about what their challenges are and they seek advice and input. A regular dialog with peers can be more valuable than reading any amount of tech press and in many cases more valuable than even board input. Developing trusting relationships with peers is critical.

Great leaders don't fire people and pretend it didn't happen or make up inauthentic excuses for it to the team while people chatter around the water cooler. Great leaders take on hard topics and sit down with the team and explain hard decisions.

And because "communications" is a two-way activity, great leaders are listeners. They are askers. They always want opinions even if they don't necessarily agree with them or aren't ready to act on the information they learn. Great leaders don't need to be extroverts - many aren't - but they need to be great communicators.

## 6. Empowerment
You may have a strong sense of purpose, a great and differentiated product or service and a great team surrounding you but if you don't

learn to empower your team you'll never be as effective of a leader as you should be.

Empowerment is hard for most startup entrepreneurs. Almost by definition we're control freaks. We think we know better than others and we don't take direction well. We want absolute perfection and that often means "we want what we want." And when you hire outsiders often they take time to know your playbook and wouldn't do things exactly how you would do them.

But empowerment is exactly what leadership is: It's about setting the direction for the team, assembling talented players and then letting them execute to their fullest abilities. You can continually check in and spar with your team to make sure they've thought through their plans but eventually you need to let them own the results. You have to accept that others will do things differently than how you would have done them but different isn't always worse. If a team member fails you need to work with them on why and what could be done differently. Failure is a normal part of progress. Of course continued failure means it's time for change. Being a great leader is about knowing the difference between experimental failure versus a pattern.

And one last thought on empowerment. Most leaders I know are talkers. At board meetings, at management meetings in conferences - they like to hear themselves speak and believe that the way they word things is better than what was said by their team members. This is something I try to coach against. I call it "topping and tailing" as in always finishing off what a team member says by summarizing or always preambling what they're about to say by positioning it first.

Let your team members have air time. Let them say what they say. Even if it is different than what you would say. If you don't like the results then next time spend more time with them preparing but on the actual day give them their air time. The test of a true leader is that he

or she understands that a leaders is defined as much by the success of his or her team than on what the leader himself actually says. If you have really smart team members who say and do amazing things your board, your investors, your market will think infinitely more about you than if you do all the talking.

## 7. Presence

Finally. Great leaders are doers. They don't assign tasks and then whisk off to Aspen or to Hawaii or Miami or wherever else tech gatherings are happening. Of course attending some leadership events is good for executives because that's how you build relationships with the industry. But we all know the type at is at every event. This is the culture that most of us "old timers" in the industry are most disgusted with. The parties, the travel, the back-slapping, glamor of being a startup executive.

The truth is that great leaders are present. They show up in the office. They respond to email. They get involved in laborious staff meetings. They get involved in hard product decisions. They give good news and bad news personally. They know when morale is down because they are living it. They lead from the front to deliver victories like a hard-fought round of funding that gives the company more breathing room after a tough year. Their best beer is one with developers after work to hear how things are going and be there to answer questions more than the beer posted on Instagram with Richard Branson at Necker Island.

Yes, great leaders need to travel more than programmers or finance directors. They are on the road visiting customers and investors. They attend conferences and do marketing. They sign big biz dev deals and get stories written for Future Magazine or TechCrunch. But in between they spend all their spare hours in person, with the team, in good times and bad. Because that's what leaders do.