

Unlocking Employee number two

Research Study



CEO forward

At Stone & Chalk, we've always believed that the success of a startup is not only defined by the vision of its founders but equally by the strength of its early team. As we continue to foster an environment that nurtures innovation and drives meaningful impact, it's vital to understand the role of those first critical hires – the employees who help transform an idea into a thriving enterprise.



Chris Kirk
CEO Stone &
Chalk

The journey of a startup is filled with challenges that demand resilience, adaptability, and a relentless pursuit of excellence. Our experience at Stone & Chalk, where we've supported some of Australia's most successful startups, reinforces the notion that those early team members – employee number two, three, four, and beyond – are foundational to a startup's long-term success. These individuals bring the diversity of thought, specialised skills, and the tenacity needed to navigate the unpredictable landscape of innovation.

This report delves into the crucial characteristics and competencies that make these early hires so impactful. It's not just about finding the right skills but also about aligning with the company's culture, vision, and pace of growth. The insights here are not just research findings – they are reflections of what we've seen time and time again in the startups that have emerged from our ecosystem.

We're excited to share these learnings and contribute to the broader conversation about building resilient and high-performing startup teams. As the innovation landscape continues to evolve, the importance of making informed, strategic hiring decisions has never been clearer. We look forward to seeing how these insights will inform the next generation of entrepreneurs, helping them build teams that are equipped to tackle the challenges of tomorrow.

1. Introduction

The startup world knows a lot about founders. We have insightful research on what makes a great founder. However, we don't have much information on the people founders trust to bring their businesses to life. They are whom we need to talk about – employee number two, three, four, and beyond.

The gap in the academic research holding us back revolves around this crucial question – what should founders look for in their first employees? Currently, business owners have to tackle it with their eyes shut and fingers crossed. While some startups cruise over the gap, others battle and scrape through. Unfortunately, many more don't make it.

To help more startups bridge this gap successfully, we are investing in research to understand what makes 'employee number two' and beyond a great employee, so founders can improve their startups with every hire. To find out, we asked, is there a correlation between a startup's performance and the characteristics of their first employees?

We hope this study will become the foundation on which, with the broader community, we build a bridge of research that founders can cross with confidence.

The conversations we've had with Stone & Chalk startup founders have left us buzzing. We can't wait for the word to spread through the wider community. Sharing the lessons of startups and plotting correlations between more and more businesses will only strengthen our already collaborative, forward-thinking community to meet the needs of the future with today's best talent.

Employee Number Two refers to the first group of hires a founder/ founding team makes. Throughout this report, we will also refer to them as the 'core team', and we have loosely defined this as employee two to ten. Employee one is assumed to be the founder or founding team.

Pay on Demand™ service that gives members early access to their wages through an app.

Journey to date

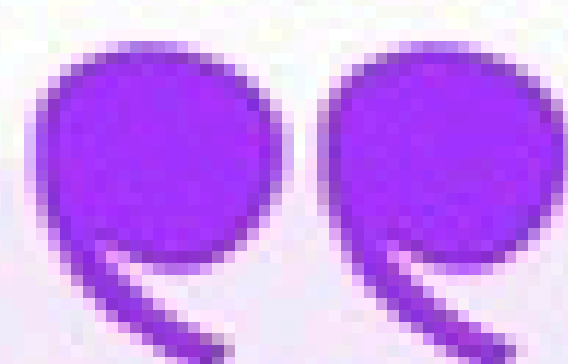
Beforepay is a VC backed fintech that was begun in 2019 by two co-founders. The pair raised \$2M pre-product to create the company (formerly called "Cheq"). Launched to users in late 2019, Beforepay provides users with a "buy now, pay later" (BNPL) model to salaries, allowing them to access their wages early at a 5% fixed fee.

Founding team

Tarek and Dean founded Beforepay together in 2019. Tarek is a former Management Consultant, while Dean is an Engineer. Tarek is the CEO and focuses on the product, marketing, design, and credit risk aspects of the business, while Dean is the CTO and looks after the engineering team.

Employee number two

The first hire was an Engineer/ Product Manager whom the co-founders knew through their networks and had worked with before. The second hire was an Applications Engineer (Android and iOS). They tried to target individuals at meetups and networking events, but they couldn't secure the right engineer given they were pre-product. As they had a mandate to deliver in a certain timeframe, they engaged a recruiter to find the right individual for the role.



Before we had even incorporated the company, we had hired two people.

2. Context

It has long been known in the Australian economy of the importance of supporting the growth of startups, particularly technology startups, to fuel job creation, future growth, modernise our economy, and maintain our global economic position¹. COVID has made this need very clear, and the result has been an acceleration of support for technology startups to lead Australia's recovery and post-COVID jobs growth.

However, the statistics show that the likelihood of a startup failing is high (the most common statistic is a 90% failure rate²), with people being a key contributing factor³. For example, one study revealed that of the failed ventures, 60% were due to problems with the startup team⁴. Similarly, CB Insights post-mortem study found that having the wrong team was the third-leading cause of startup failure⁵.

One of the most important decisions a startup founder will make is the first few employees they hire. As Luke Bridges from Conversr, an AI SMS engagement platform, stated, "Once you have good people on the bus, you can do anything". It's a significant milestone for a founder, as these employees and first followers are crucial for turning a concept into a living, breathing business. Each new hire is a major decision given the financial constraints and capability trade-offs. As each new hire is made, they impact everything – the team, culture, product, employer brand, and ultimately the performance of the business. Hiring requires an investment of time and resources, and making one wrong move, particularly at the early stages of a business, carries a significant cost and can jeopardise its future. John Doerr, partner of the venture capital firm KPCB and Google board member, states "The most important thing they can do to build their business is to recruit. And there is no better recruiter for an organisation than the founder, CEO and the leadership"⁶.

While research already exists on what makes a strong founder, there is limited research on what characteristics a founder should look for when hiring their core team – employee number two, three, four, and so on. A quick Google search will bring up numerous opinion articles. However, a gap currently exists in the academic research and subsequent actions a founder can take during the recruitment process when making these critical investment decisions.

1 StartupAUS. (2020). *Crossroads: An Action Plan to Develop a World-leading Tech Startup Ecosystem in Australia*. Retrieved from: <https://crossroads.startupaus.org/>

2 Forbes. (2015). *90% Of Startups Fail: Here's What You Need To Know About The 10%*. Retrieved from: <https://www.forbes.com/sites/neilpatel/2015/01/16/90-of-startups-will-fail-heres-what-you-need-to-know-about-the-10/?sh=746579f54679>

3 Harvard Business Review. (2020). *Why Startups Fail*. Retrieved from: <https://hbr.org/2020/05/why-start-ups-fail>

4 Dotz A. C., Hmieleski E. M., Bradley B. H., & Busenitz L.W. (2014). *New Venture Teams: A Review of the Literature and Roadmap for Future Research*. *Journal of Management*, Vol. 40, pp. 226-255.

5 CB Insights. (2019). *The Top 20 Reasons Startups Fail*. Retrieved from: <https://www.cbinsights.com/research/startup-failure-reasons-top/>

6 Rework. (2017). *John Doerr on why HR matters*. Retrieved from: <https://rework.withgoogle.com/blog/john-doerr-people-ops-help-orgs-do-amazing-things/>

We at Stone & Chalk sought to unlock value for the startup community by kicking off a conversation to understand what makes a great 'employee number two', and if there are any common characteristics an individual demonstrates that result in performance outcomes in an early-stage startup. Through interviews with founders, we have packaged up learnings and insights to begin the conversation.



Digital share registry platform.

Journey to date

Matt originally founded myStake with another individual. Through raising seed capital, the MVP was built and launched in 2018. However, they hit a cash crunch in late 2018 and had to scale back the team. Matt consolidated around a core group of people and went for another capital raise in 2019. The company rebranded in 2020 and now operates under the name "BOULEVARD", which aims to enable "companies to efficiently manage shareholder equity, capital tables and investor relations".

Founding team

Matt Mills is the founder of BOULEVARD, which was built on the original myStake platform. He heads up growth and emerging technology and has a background in blockchain, software engineering, and fintech. As the Head of Growth, he focuses on BOULEVARD's customers and investors.

Employee number two

Matt used 2020 to rebrand, build internal capability and scale the team. The team is now made up of four full-time and three part-time employees, with the first few hires being experienced professionals:

- Head of Product: Background in software and product design.
- DevOps Manager: Background in operations and software engineering. Focuses on software quality, infrastructure and cyber security.
- Product Operations Manager: Background in project management and business development. Focuses on operations and customer support.
- Interim CEO: Background in sales leadership, software and technology. Focuses on management, strategic planning and moving the business forward.

The team is also supplemented by off-shore support and contractors.

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AI SMS engagement platform.

Journey to date

Conversr was founded three years ago in 2018 and is an AI SMS customer engagement platform for enterprises. It's focused on creating and developing a new market of SMS conversations between organisations and their customers. Since inception, it has been on a rollercoaster ride (like all startups) and recently merged with its investing company (Burst SMS) where it has utilised shared resources.

Founding team

Two co-founders, Luke and Mike, started the company with investment backing from Burst SMS. Luke has held previous roles in corporations and startups. His core skills lie in product, market development (as they create a new market), and sales and marketing. Mike plays the CIO/ tech founder role. He is also a co-founder of the investing company (Burst SMS).

Employee number two

Conversr made its first hire six months into operations (mid-2018) as they required development/ engineering capability.

Conversr operated with its two co-founders and Engineer for 1.5 years. Some support was provided by the investor company (Burst); however, this was limited.

They developed a sales team by utilising channel partners and telemarketing agencies to sell their platform and service.

"Given the limited resources, I used my channel partners and telemarketing agencies as my sales and marketing team."

In 2020, another Burst co-founder stepped into Conversr to provide campaign support, stabilise and build greater functionality into the platform, e.g. automations and integrations.

At the beginning of 2021, Luke required delivery support and brought a 2iC into Conversr.

4. Method

Several characteristics influence how an individual performs at work. These could include personality, abilities, situational judgement, motivations, values, and competencies. When trying to understand what makes a successful hire, we focused our research efforts on exploring personality and competency characteristics as predictors of performance in a startup. These will be further defined in the next section.

4.1. Research objectives

Focusing question

What are the common characteristics demonstrated by an individual that result in performance within a startup?

Objectives

Personality and competency:

1. To explore if there are consistent characteristics (personality and competency) the core team demonstrates that **positively** contribute towards the startup performance.
2. To explore if there are consistent characteristics (personality and competency) the core team demonstrates that **negatively** contribute towards the startup performance.

Experience:

3. To explore if prior startup experience has an impact on future startup performance.

Recruitment:

4. To understand if there are any common activities founders have used when determining what roles to hire and how to attract, recruit, and select them.

4.2. Research and data acquisition approach

We took a human-centred design approach to broadly explore and identify insights through a literature review and in-depth founder interviews. Some employee surveys supplemented the findings. However, as we identify later in the report, this is an area for further exploration.

Research Tool	Objective	Audience Profile
Academic literature review	To explore the research on personality and competency within an entrepreneurial/ startup environment.	N/A
In-depth founder interviews	Through broad, open-ended questions, explore the initial hires and what characteristics (personality and competency) they possessed that contributed to performance at the startups.	16 founders who have either just hired their core team or successfully scaled the business (12 disclosed, four anonymous)
Core team surveys	Through specific survey questions, understand what characteristics (personality and competence) the core team members demonstrated that impacted their performance at the startups.	Five employees/ core team members

A property tech company that aims to deliver an elevated apartment living experience through increased maintenance, security, and communication within multi-dwelling buildings.

Journey to date

Erin Living commenced in Melbourne in late 2017/ early 2018. They now have a team of ten. Their platform went live end of 2020.

Founding team

Anthony and Thomas are co-founders of Erin Living. Thomas is a former property consultant and has a sales background. Erin Living is his first startup. Anthony has a product and technology background (including front end engineering, UX, UI) in a mixture of startups and corporations.

Employee number two

The co-founders made their first hire in 2019 with the Sales Director.

The team has now grown to ten employees across sales, operations, product/ tech and sustainability.

5. Literature review

A quick Google search will reveal numerous opinion articles announcing ‘Ten tips for hiring the best startup talent’ or ‘The secret to building a startup team’. However, when we turn to academic research to understand the data, limited evidence exists for founders to determine what characteristics to look for when hiring their core team. Research currently covers the heterogeneous nature of the startup ecosystem and is either too context-specific and fragmented, or too broad to apply to this topic. As Lazar et al. (2020) concluded in their structured literature analysis, “Entrepreneurial team formation research is a fertile ground that has met merely a fraction of its potential to advance important knowledge in the field⁷”. Given the lack of literature on startup core team, we have explored and included key findings related to founders and entrepreneurs across personality, competencies, and recruitment.

⁷ Lazar, M., Miron-Spektor, E., Agoncal, R., Erez, M., Goldfarb, B., & Chen, G. (2020). Entrepreneurial Team Formation. *Academy of Management Annals*, Vol. 14, pp. 29-59.

5.1. Personality

Research has shown a correlation between personality traits and job performance⁸. As a result, large bodies of research have focused on personality and personality traits. Personality refers to a constellation of enduring predispositions and stable/ consistent characteristics related to a person's tendency to think, feel, and behave in certain ways⁹. Traits show how people differ from one another¹⁰.

Over the years, personality has been a hotly debated topic. Research has found that situation also plays an influential role in our behaviours. Situational strength theory suggests there are "implicit or explicit cues provided by external entities regarding the desirability of potential behaviours"¹¹. Further, trait activation theory recognises that personality traits and situations need to be considered together when understanding our behaviours. For example, anxiety may be evident in situations that an individual finds threatening¹². In summary, personality traits inform our preferred behaviour yet don't guarantee a response as situational factors also play a part. From a work perspective, personality is important as it can influence:

- Attraction, selection, and attrition in the role (called 'personality-personality fit'),
- Suitability for wellbeing and enjoyment in the role (called 'personality-job fit'),
- Suitability for performance and likelihood of success in the role (called 'personality-competency fit')¹³.

Although it has attracted ongoing debate, the Five-Factor Model is the most widely accepted system of personality traits. It is often referred to as 'The Big Five' or 'OCEAN model', which stands for its five broad traits or dimensions – Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism¹⁴. This theory asserts that everyone possesses varying amounts of each trait, falling on a spectrum from low to high. Each broad trait can be broken into sub-traits (or facets), and various researchers have tried to describe and develop more detailed facet models (for example, the Big Five Inventory-2 (BFI-2)¹⁵ or variations of the NEO Personality Inventory¹⁶). Big Five personality assessments are becoming increasingly common in an organisation's recruitment process to assess personality-job fit across candidates.

We have included a summary of the Big Five, including example sub-traits defined by Judge et al. (2013)¹⁷.

- 8 Alhandi, O. (2019). Personality Traits and Their Validity in Predicting Job Performance at Recruitment: a Review. *International Journal of Engineering and Management Sciences*, Vol. 4.
- 9 Diener, E., & Lucas, R. E. (2020). Personality traits. In R. Biswas-Diener & E. Diener (Eds). *Noba textbook series: Psychology*. Retrieved from: <http://noba.to/94u8ecgw>
- 10 Matthews, G., Deary, I. J., & Whiteman, M. C. (2003). *Personality traits*. Cambridge, UK: Cambridge University Press.
- 11 Meyer, R. D., Dalal, R. S., & Hermsida, R. (2010). A review and synthesis of situational strength in the organizational sciences. *J. Manage.* Vol. 36, pp. 121-149.
- 12 Tett, R., Simonet, D., Walter, B., & Brown, C. (2013). Trait activation theory: Applications, developments, and implications for person-workplace fit. *Handbook Of Personality At Work*.
- 13 Searle, B. (2017). *Personality in the Workplace: Concepts and Theories*. Macquarie University.
- 14 McCrae, R. R. & John, O. P. (1992). An introduction to the five-factor model and its applications. *Journal of Personality*, Vol. 60, pp. 175-215.
- 15 Soto, C., & John, O. (2017). The Next Big Five Inventory (BFI-2): Developing and Assessing a Hierarchical Model With 15 Facets to Enhance Bandwidth, Fidelity, and Predictive Power. *Journal of Personality and Social Psychology*, Vol. 113, pp. 117-143.
- 16 Sigma Assessment Systems. Neo Personality Inventory: NEO-PI-3. Retrieved from: <https://www.sigmoassessmentssystem.com/assessments/neo-personality-inventory-3/>
- 17 Judge, T.A., Klinger, L. R., Bodei, B. J., Simon, S. L., & Crawford, R. E. (2013). Hierarchical Representations of the Five-Factor Model of Personality in Predicting Job Performance: Integrating Three Organizing Frameworks With Two Theoretical Perspectives, *Journal of Applied Psychology*, Vol. 98, pp. 875-925.

Openness

Individuals high in openness tend to appreciate new art, ideas, experiences, feelings, and values. They display intellect, abstract thinking, creativity, ingenuity, imagination and are willing to try new things.

Example sub-traits:

Fantasy (imagination), aesthetics (art), feelings, actions, intellectual curiosity/ ideas, values.

Conscientiousness

Individuals high in conscientiousness tend to be industrious and orderly. They are adept, organised, persistent, self-motivated, deliberate and work hard to achieve goals.

Example sub-traits:

Competence, order, dutifulness, achievement/ striving, self-discipline, deliberation.

Extraversion

Individuals high in extraversion tend to be enthusiastic and assertive. They are friendly, sociable, dominant, optimistic, sensation-seeking and prefer a faster pace.

Example sub-traits:

Warmth, gregariousness, assertiveness, activity/ high energy, excitement seeking, positive emotions.

Agreeableness

Individuals high in agreeableness tend to be compassionate and polite. They are honest, humble, sincere, cooperative, and concerned for others.

Example sub-traits:

Trust, modesty, straightforwardness, altruism, compliance, tender-mindedness.

Neuroticism

Individuals high in neuroticism are prone to volatility and withdrawal. They are apprehensive, prone to worry, quick to become angry, and more susceptible to stress and negative emotions.

Example sub-traits:

Anxiety, hostility, depression, self-consciousness, impulsiveness, vulnerability/ susceptibility to stress.

More academic studies exist on the founder or entrepreneur archetype and how personality traits are linked to success or performance within a startup context. It is helpful to note the learnings below to identify if they align with the findings later in this report.

Findings suggest that personality plays a role in founders/ entrepreneurs emergence and success¹⁸. One meta-analysis reviewed multiple studies on personality and entrepreneurship, and discovered that successful entrepreneurs scored high on achievement motivation, hope over a fear of failure, and moderate on risk propensity. Their performance correlated positively with openness, conscientiousness, and extraversion yet negatively with neuroticism¹⁹. These findings were affirmed by Kerr et al.'s (2017)²⁰ review of personality traits in entrepreneurs, which also found that conscientiousness, openness, extraversion, and emotional stability all positively correlated with performance. However, it did identify many areas of disagreement amongst the literature due to the heterogeneous nature of entrepreneurship. Another study that also found conscientiousness, emotional stability, and openness as traits associated with successful entrepreneurship identified that these results should be practically used in career choice, career counselling, and for training purposes²¹. This highlights the importance of the personality-job fit mentioned earlier in this section.

In addition, other personality studies (not specific to The Big Five) identified that founders who set up their private businesses were found to be more emotionally stable, independent, self-assertive²², achievement motivated, risk-taking, autonomous, innovative and optimistic; possess higher self-efficacy, stress tolerance, and a stronger internal locus of control²³. Humour was also found to play a critical role in increasing team performance and a mediating role in startup success²⁴.

From a more general innovation perspective, openness and conscientiousness were the top personality traits predicting success. Researchers in Germany studied the Big Five personality traits against a basic three-stage consumer innovation process: the formation of new ideas (stage one), prototyping (stage two), and commercialisation (stage three). They found that those with higher openness were more likely to have new product ideas (stage one). At the same time, higher conscientiousness was associated with greater success in prototyping (stage two) and commercially diffusing innovations (stage three)²⁵.

The importance of personality traits such as grit has been identified through Duckworth's research and can also apply to the startup environment. Grit is defined as "perseverance and passion for long-term goals" and is highly correlated with the Big Five's conscientiousness trait²⁶. Given the chaotic, ambiguous, and fast-paced environment of a startup, qualities associated with grit, such as emotional regulation and the perseverance to stick to long-term goals despite setbacks, have been identified by entrepreneurs as advantageous to their teams²⁷.

18 Zhao, H., Seibert, S., & Lumpkin, G. (2010). The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review. *Journal of Management*, Vol. 36, pp. 381-404.

19 Brandstätter, H. (2013). Personality aspects of entrepreneurship: A look at five meta-analyses. *Personality and Individual Differences*, Vol. 51 pp. 222-230.

20 Kerr, S., Kerr, W., & Xu, T. (2018). Personality Traits of Entrepreneurs: A Review of Recent Literature. *Foundations and Trends in Entrepreneurship*, Vol. 14, pp. 279-356.

21 Zhao, H., Seibert, S., & Lumpkin, G. (2010). The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review. *Journal of Management*, Vol. 36, pp. 381-404.

22 Brandstätter, H. (1997). Becoming an entrepreneur - A question of personality structure? *Journal of Economic Psychology*, Vol. 18, pp. 157-172.

23 Suárez-Álvarez, J., & Pedrosa, I. (2016). The assessment of entrepreneurial personality: The current situation and future directions. *Papeles del Psicólogo*, Vol. 3, pp. 62-68.

24 Gopalakrishnan, S. S. (2017). The Role of Humor in Startup Success: The Mediating Role of Team Performance. *Journal of Organizational Psychology*, Vol. 12.

25 Maria, R., Hippel, E., Gilbert, N. L. (2016). Impacts Of Personality Traits On Consumer Innovation Success. *Research Policy*, Vol. 45, pp. 757-769.

26 Duckworth, A. L., Peterson, C., Matthews, M. D., & Kelly, D. R. (2007). Grit: Perseverance and passion for long-term goals. *Journal of Personality and Social Psychology*, Vol. 92, pp. 1087-1091.

27 Entrepreneur Asia Pacific. (2020). What is Grit, and Why Does it Matter When Hiring for Your Startup? Retrieved from: <https://www.entrepreneur.com/article/347309>

5.2. Competencies

Competencies refer to the skills (hard and soft), knowledge and behaviours a person demonstrates. It is a term heavily linked to personality traits, given that traits define our predisposition and behavioural tendencies. Some researchers have developed models to show how personality dimensions relate to specific competency domains. For example, openness is one of the determinants of creating and conceptualising competencies²⁸. Structured interviews are typically used in the recruitment process to assess competencies, given their predictive validity in candidate performance²⁹.

As was the case for personality, we will look at competencies from a broad entrepreneurial perspective, given the limited academic literature focused on the core team.

From a competency perspective, one study found that most competencies did not predict entrepreneurial status. Rather, those who were successful as entrepreneurs over three to five years displayed both perseverance and insight into the market. Interestingly, prior work experience did not significantly predict being successful as an entrepreneur³⁰. Another study reviewed competencies and identified that successful entrepreneurs could build talent pools and be rapid and flexible to changes. Further, as there was high dependence on human and social networks, successful entrepreneurs were required to have a strong network and good relational skills³¹.

A recent study of 95 startups in the Netherlands revealed that both hard skills and soft skills were required to build a stellar team. More specifically, they found that previous experience and expertise by team members only contributed to greater performance if the team shared a strategic vision and passion for the startup. Additionally, limited experience but high levels of passion and a collective vision can also lead to strong performance.³²

Entrepreneurs who failed then recovered to start a new successful business were reported to have higher self-efficacy, practical intelligence, stronger social support, and higher levels of emotional regulation³³. Additionally, one longitudinal study into entrepreneurial resilience and its influence on the success of a business found resourcefulness a key factor in predicting success³⁴.

28 Kurtz, R., & Bartram, D. (2002). Competency and individual performance: Modelling the world of work. *Organizational effectiveness: The role of psychology*, pp. 227-255.

29 Rework. Learn the external research. Retrieved from: <https://rework.withgoogle.com/guides/hiring-use-structured-interviewing/steps/learn-the-external-research/>

30 Kyndt, E., & Boert, H. (2015). Entrepreneurial competences: Assessment and predictive value for entrepreneurship. *Journal of Vocational Behavior*, Vol. 90, pp. 13-25.

31 Wu, W. (2009). A competency-based model for the success of an entrepreneurial startup. *WSEAS Transactions on Business and Economics*, Vol. 6.

32 Harvard Business Review. (2019). What Makes a Successful Startup Team. Retrieved from: <https://hbr.org/2019/03/what-makes-a-successful-startup-team>

33 Boss, A. (2010). Entrepreneurial self-efficacy and the success of subsequent venture startup after failure University of Maryland.

34 Ayala, J., & Manzana, G. (2014). The resilience of the entrepreneur: Influence on the success of the business. A longitudinal analysis. *Journal of Economic Psychology*, Vol. 42, pp. 126-135.

5.3. Recruitment and experience



Recruitment and attraction are key components of building the core team. One study looked at the features that attracted high-quality employees to a startup, including the relationships between founders and core team members. Not surprisingly, it found that the more experienced the founders, the more likely they were to attract talented team members³⁵. From a recruitment channel perspective, another study explored the use of social networking sites and found they were helpful in attracting talent³⁶. These findings were interesting as we explored the recruitment process during our founder interviews.

35 Giraudo, E., Rocha, V., & Grilli, L. (2019). We're Hiring! Entrepreneur Characteristics and Talent Sorting in Innovative Startups. *Academy of Management*.

36 Villeda, M., McComney, R., Esslen, E., Amadi, C., & Anani, R. (2019). Use of Social Networking Sites for Recruiting and Selecting in the Hiring Process. *International Business Research*, Vol. 12.

App-based super fund for self-employed people.

Journey to date

The three co-founders commenced working on GigSuper in late 2017, spending two years setting up the business before bringing on employees. In the beginning, they managed everything, including mapping out the hiring process.

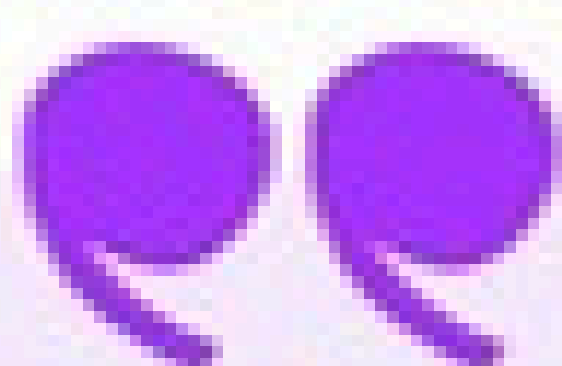
Founding team

The founding team comprises Branka, who has a communications and customer experience background, and Peter and Martin, who have both worked together prior in a corporate environment.

Employee number two

Before hiring, the three co-founders did a session with 'The Listening Squad' (external facilitators) to help them unpack what skill sets they each possessed and the gaps to fill. Through this process, they identified the importance of the partnerships and community capability, which was a gap in their team at the time.

In mid-2020, they began hiring. Of the six hires, two roles were focused on partnerships and community.



We did a session with the external facilitators (The Listening Squad), and we can't recommend this enough.

6. Summary findings

Overall, we explored the characteristics of the core team and discovered key themes relating to personality, competency, experience, and recruitment.

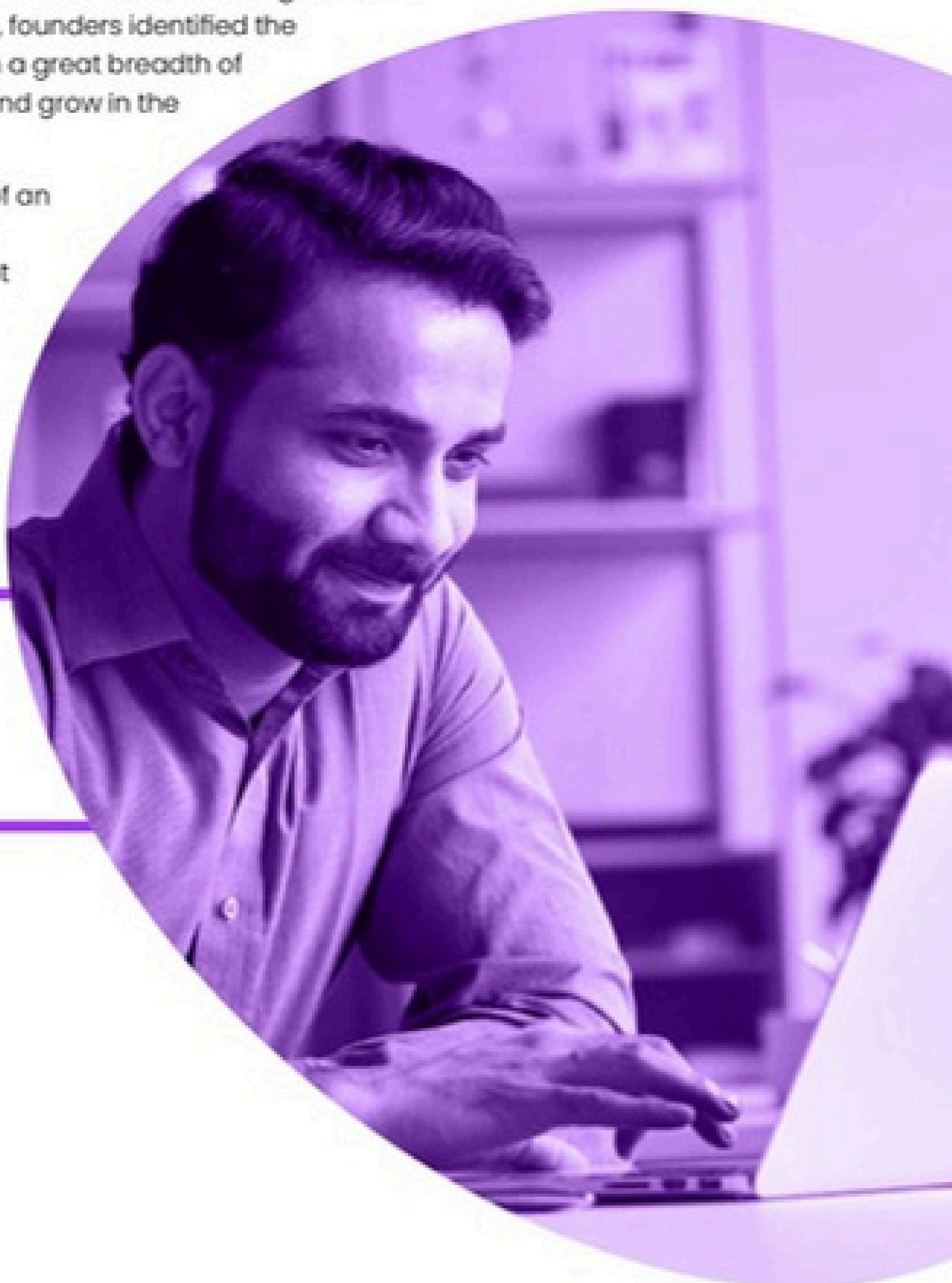
In building a picture of the characteristics and role profile of 'Employee Number Two' (i.e. the core team), we identified several findings. From a personality traits perspective, founders preferred individuals who exhibited trust, straightforwardness, competence, achievement/ striving, and self-discipline. These were linked to either the conscientiousness or agreeableness of the Big Five traits. The traits least preferred were anxiety, pessimism, and anger/ hostility, which were all connected to the neuroticism Big Five trait.

Additionally, from a competency perspective, founders identified the importance of being a flexible generalist with a great breadth of skills and a growth mindset to adapt, learn, and grow in the startup environment.

In terms of the background and experience of an ideal core team member, most founders felt hiring from non-startup backgrounds was not disadvantageous, and there was value in diversity and balance.

And finally, founders identified that although they preferred networks as their channel of choice to find talent, the majority still benefited from using recruiters.

Founders identified the **Importance of being a flexible generalist** with a great breadth of skills and a growth mindset to adapt, learn and grow in the startup environment.



The table below summarises these key themes:

Findings about	Key theme(s)
Personality	<ul style="list-style-type: none">• Founders value people who are trustworthy and straightforward,• It's all about getting stuff done – the industrious individual,• The stress of startup and high neurotic personalities.
Competency	<ul style="list-style-type: none">• The 'generalist' job description, i.e. there isn't one,• Cultivating a growth mindset to learn and grow.
Experience/ Background	<ul style="list-style-type: none">• From suits to sneakers – diverse backgrounds build better teams.
Recruitment	<ul style="list-style-type: none">• Networks, networks, networks (better than posting and praying),• Recruiters are still a key channel to source talent.

Several emerging insights and learnings have also been included in this report based on findings from our interviews with some of the founders:

- Identify gaps in your co-founding team to craft core team roles,
- Add structure to your hiring process,
- Craft your desired culture from day one,
- Surround yourself with experts in their 'zone of genius',
- Align purpose and values for performance,
- Understand the role of empathy.

This preliminary report aims to kick off the conversation with founders and core team members to explore the characteristics an individual possesses that will make them and the startups successful, particularly in the early stages. Next steps include building the evidence base and working with the startup community to turn these insights into practical actions to implement and experiment with.

Business development and client engagement platform.

Journey to date

i2i Logic is a Melbourne-based startup that has been in operation since 2013. It has grown to 12 employees who are located across the globe.

Founding team

The co-founders (Tim and Dion) both have a background in banking. They both left ANZ to set up i2i Logic.

Employee number two

Eight months into starting, they brought in a seasoned and well-rounded CTO to be the subject matter expert and fill the tech knowledge gap. The CTO has a background in financial data, analytics and banking. This individual is still with them today.

i2i Logic operated as a team of three for a few years, outsourcing help when necessary. For example, tech development was outsourced to India. They have now grown to 12 employees.

7. Detailed findings

7.1. Key themes

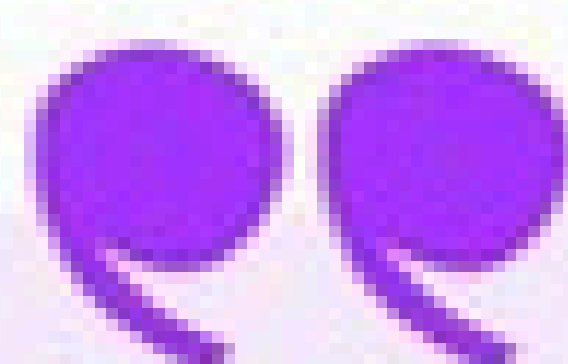
Key themes were identified from our conversations with the majority of founders and spanned across personality traits, competencies, recruitment process, and experience.

7.1.1. Personality traits

The first three insights were based on the personality traits that came out the strongest with the founders. Acknowledging that some traits were very role-dependent (for example, the stereotypical Sales Director exhibits high extraversion), the insights provided a glimpse into the teams founders wanted to build. The most popular traits related to the Big Five included agreeableness and conscientiousness. More specifically, this includes people who trust each other, are straightforward, and work hard. As the literature review found earlier for founders/ entrepreneurs, high neuroticism was identified as challenging as individuals needed to be able to handle the stressors and challenges that existed as part of startup life.

7.1.1.1. Founders value people who are trustworthy and straightforward

The majority of founders interviewed felt a foundation of trust was key to fostering high performance and straightforwardness in individuals and teams. Trust and straightforwardness both form part of the agreeableness personality trait as defined in the Big Five³⁷. Interestingly, agreeableness was found to not significantly correlate to success for a founder/ entrepreneur³⁸, despite the desire to have it in their core team.



Interestingly, agreeableness was found to not significantly correlate to success for a founder/ entrepreneur.³⁸

37 Judge, T.A., Klinger, L. R., Bodei, S. J., Simon, S. L., & Crawford, R. E. (2013). Hierarchical Representations of the Five-Factor Model of Personality in Predicting Job Performance: Integrating Three Organizing Frameworks With Two Theoretical Perspectives. *Journal of Applied Psychology*, Vol. 98, pp. 875-925.

38 Zhao, H., Seibert, S., & Lumpkin, G. (2010). The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review. *Journal of Management*, Vol. 36, pp. 383-404.

Trust can be defined as the “belief that others are honest and well-intentioned; not sceptical³⁹”. Founders identified trust as running two ways between themselves and their employees. They assumed that there was positive intent by the employee(s), thus empowering their team members to work autonomously, avoiding having to micromanage their people. For example, Ben Smit (Teamgaze) stated, “We cannot micromanage new team members. It’s demoralising for that person and time-wasting for you. As a leader, we must be able to trust and hand over work, to achieve growth in the business”.

There appeared to be a link between trust and straightforwardness, which can be defined as “sincere; unwilling to manipulate through flattery or deception⁴⁰”. From our interviews, it appeared that environments of high trust may allow for more direct and honest communications that supported the startup pace. As Jaco Veldsman (Paytron) shared, “When there is trust established and good positive intent, straightforwardness is useful to gain cut-through and move quickly”. Examples of how this shows up in a startup could be individuals feeling like they have a voice and can speak up, or the focus on facts over fluffiness or individuals being clear on their capabilities, and what they can and can’t do. Beforepay’s co-founder, Tarek Ayoub, shared his expectations for his team to not “beat around the bush. If you don’t know the answer, just say it”.

Finally, one founder recognised that a psychologically safe environment was required to support straightforwardness in the workplace. They actively screened out candidates who exhibited behaviours and traits that could jeopardise the team environment they were fostering. Mike Carden (Joyous) shared that they were building “a psychologically safe environment, so people fundamentally feel that they can speak their mind”. Team psychological safety is a well-established concept referring to the “shared belief held by members of a team that the team is safe for interpersonal risk-taking⁴¹”. It requires the whole team to support a safe environment – not just an individual.

When there is **trust** established and **good positive intent**, straightforwardness is useful to gain cut-through and move quickly.

Ideas to explore in your team

- Build ‘trust’ into the recruitment process/ candidate experience (**Examples To Build Trust**).
- Consider assessing trust and straightforwardness personality traits as part of your structured interview process.
- Utilise psychometric assessments that test for trust and straightforwardness (e.g. the Big 5 personality traits). From a candidate perspective, assess your suitability using the **Pivott Careers Startup Ready Questionnaire**.
- Foster psychological safety in the team (Google’s tips: **Fostering Psychological Safety**).



39 45 Judge, T.A., et al. (2013). Hierarchical Representations of the Five-Factor Model of Personality in Predicting Job Performance: Integrating Three Organizing Frameworks With Two Theoretical Perspectives, *American Psychological Association*, Vol. 98, pp. 875–925.

40 Judge, T.A., Klinger, L. R., Rodell, B. J., Simon, S. L., & Crawford, R. E. (2013). Hierarchical Representations of the Five-Factor Model of Personality in Predicting Job Performance: Integrating Three Organizing Frameworks With Two Theoretical Perspectives, *Journal of Applied Psychology*, Vol. 98, pp. 875–925.

41 Edmondson, A. (1996). Psychological Safety and Learning Behavior in Work Teams. *Administrative Science Quarterly*, Vol. 44, pp. 350–383.

7.1.1.2. It's all about getting stuff done – the industrious individual

An overwhelming majority of founders we interviewed identified industrious personality traits in the core team. Industrious traits form part of the conscientiousness personality trait as defined in the Big Five⁴² model. Individuals exhibiting these traits are:

- Competent: Adept, prudent, and sensible,
- Driven to succeed: High aspirations and work hard to achieve goals,
- Self-disciplined: Begin and carry out tasks; self-motivating, persistent.

Note: Definitions were developed by Timothy Judge et al. (2013)⁴³ and shared with interviewees.

An overwhelming majority of founders we interviewed identified **industrious personality traits** in the core team.

Founders identified that individuals with these traits were execution-focused, strived to achieve their goals and had the self-discipline to focus and avoid distractions. One founder highlighted that self-discipline was necessary given the lack of structure in a startup and the core team's importance in navigating a flexible work environment.

Interestingly, our employee perspective told a slightly different story. They also identified industrious personality traits as beneficial, yet felt being strong in ideas, enthusiasm, and assertiveness was also important to be successful in a startup. Ideally, you'd be able to get things done with positive energy, as well as bringing new ideas to the table.

Ideas to explore in your team

- Assess industrious personality traits as part of your structured interview process.



Tip:

Don't just focus on 'work' examples. Where else have they exhibited this behaviour in their life? What other goals do they have, e.g. involved in an NFP, have a side hustle, personal goals?

- Utilise psychometric assessments that test for industriousness and conscientiousness (e.g. the Big 5 personality traits). From a candidate perspective, assess your suitability using the **Pivott Careers Startup Ready Questionnaire**.
- Founders can foster a high performance and execution culture by using clear objectives and goals aligned to strategic priorities, which are part of a regular management cadence, such as OKRs (**Developing OKRs**).

⁴² Judge, T.A., Klinger, L. R., Rodell, B. J., Simon, S. L., & Crawford, R. E. (2013). Hierarchical Representations of the Five-Factor Model of Personality in Predicting Job Performance: Integrating Three Organizing Frameworks With Two Theoretical Perspectives, *Journal of Applied Psychology*, Vol. 98, pp. 875–925.

⁴³ Judge, T.A., Klinger, L. R., Rodell, B. J., Simon, S. L., & Crawford, R. E. (2013). Hierarchical Representations of the Five-Factor Model of Personality in Predicting Job Performance: Integrating Three Organizing Frameworks With Two Theoretical Perspectives, *Journal of Applied Psychology*, Vol. 98, pp. 875–925.

Feedback platform for agile enterprises to foster live feedback and continuous change.

Journey to date

Joyous is an Auckland-based, purpose-driven startup focused on helping agile enterprises create regular opportunities for change.

Mike, the co-founder, spent 2015-2017 seeking another tech co-founder to help him start something new. By 2018, Joyous was born and, in a precap round as part of Airtree Ventures, made its first few hires. The software was also being tested with a pilot customer while gaining customer feedback and targeting other large companies (e.g. AT&T).

During 2018-2019, several beta customers were piloting Joyous while the team was being built. Throughout 2020, Joyous continued to target large customers, grow revenue, and scale the team.

They have now set up offices in both New Zealand, Australia, and the United States.

Founding team

Joyous was started by brothers Mike and Phil. Both co-founders have a background in HR tech and can both code. Mike has also built another startup, Sonar6, a performance management company.

Employee number two

Joyous made their first hire in 2018 with the onboarding of a Senior Engineer. It was their intention that this individual would one day lead the Engineering Team.

Joyous initially focused on hiring in the product and engineering space and are now moving their attention to building out the sales team. Coming into 2020, Joyous had about 12-15 employees, which quickly grew to 30 by mid-year.

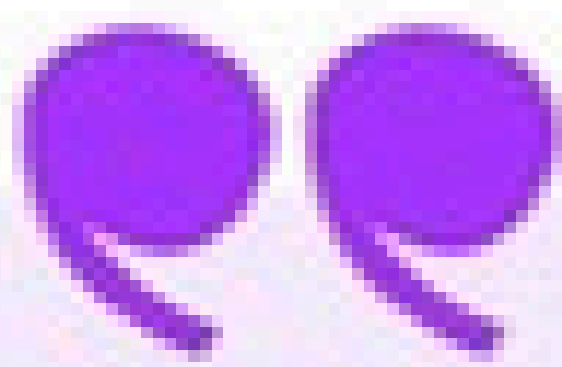
7.1.1.3. The stress of startup and high neurotic personalities

Research has shown a relationship between neuroticism and job stress⁴⁴, and highly neurotic people tend to be more susceptible to stress in the environment, have less adaptive coping strategies, and may experience negative emotions as a result⁴⁵. The typical characteristics of a startup – high ambiguity and high pressure – could result in sub-optimal stress levels and may lead to ineffective performance and even burnout.

Founders reflected on the challenges faced in managing people with high neurotic traits, particularly high anxiety, pessimism, anger, and hostility. Further, founders discussed how negative emotions experienced, particularly in the context of the core team, can impact team culture and derail the focus and speed required to prove a startup's concept.

Both founder and core team members need to be cognizant of the environment they are walking into. This suggests there is a place to manage expectations of candidates and acknowledge that early-stage startups are often chaotic and full of unknowns. Some founders shared how they managed expectations during the recruitment process by being completely open and transparent. Tarek Ayoub (Beforepay) shared, "We have noticed that pressure to each person is different. We make sure we reiterate the pressure of the environment (in the recruitment process). It's extremely fast-paced, and individuals need to be able to cope with it".

Personality-job fit is important in an early-stage startup environment as certain personalities will have greater suitability and enjoyment over others. Some will flourish, and others will face challenges. As Tim Maddock from i2i Logic reflected, "It's never going to be that easy here". It's important to realise that joining a startup may not be the right choice for everyone as some will find the opportunity exciting and energising, while others will find it excessively stressful and risky.



The pace is fast-moving, and we're trying to break new ground. Not everyone will be cut out for that... people need to be okay with a lot of unknowns.

As Erin Living's co-founders, Anthony Mazzei and Thomas Walkley stated, "The pace is fast-moving, and we're trying to break new ground. Not everyone will be cut out for that... people need to be okay with a lot of unknowns".

Finally, some founders felt that fostering trust in a startup's highly stressful environment helped overcome negative emotions such as hostility and defensiveness.

44 Fathizadeh, A., & Khoshouei, M. S. (2017). The relationship between self-regulation and personality traits with job stress in University of Isfahan employees. *Journal of Fundamentals of Mental Health*, Vol. 18, pp.14-22.

45 Gunther, K. C., Cohen, L. R., & Armeli, S. (1998). The role of neuroticism in daily stress and coping. *Journal of Personality and Social Psychology*, Vol. 72, pp. 1087-1000.

Ideas to explore in your team



- Have open and honest conversations with candidates during the recruitment process on what they can expect upon joining.
- Work with your team to understand working styles and dynamics under stress. Use the 'style under stress' assessment to foster open and honest conversations: **Style Under Stress Assessment**.
- Are you thinking of joining a startup?
 - Take the **Pivott Careers Startup Ready Questionnaire** to understand your personality and ways to manage the challenges and opportunities ahead.
 - Once you secure a role, check out the **Pivott Careers Startsmart Academy** to prepare yourself (look for the module on 'thriving in ambiguity').

7.1.2. Competencies

During our interviews, the two most popular competency-related themes included the importance of being a generalist and fostering a growth mindset in the core team. Of course, competencies are contextual; however, we were able to identify some additional insights related to skills and knowledge below.

- **Technical skills:** When hiring the core team, founders focused first on the gaps that existed within the founding team. It is no surprise that the first hire is typically technology-related (e.g. Developer/ Engineer, CTO) to establish and build the product. Sales roles were sometimes targeted in the first few hires. However, some founders also held off hiring these capabilities until the product was established.
- **Soft skills:** The top soft skills that emerged from our founder discussions was the ability to work collaboratively and cohesively in a team coupled with effective communication. Communication skills also extend to the ability to provide clarity, particularly as a startup grows. Ben Smit (Teamgage) reinforced this point stating, "If you bring people on who cannot get to the point or provide clarity, it can be time-wasting and not valuable". Additionally, some founders were more interested in what people could bring overall to their startups, preferring soft skills over hard-technical skills. Erin Living's co-founders, Anthony Mazzei and Thomas Walkley, affirmed this position as they felt "technical skills are cheap to learn".
- **Outsourcing vs. insourcing:** Skills initially outsourced tend to be insourced as the team grows. This is particularly the case in tech development as capabilities are insourced, as with a platform build, capital becomes available, and the company matures.
- **Knowledge:** Some founders opted for more experience in their core team, targeting individuals with more profound industry know-how, relationships, and networks.

Competencies and personality traits are inextricably linked, and as they form part of the profile for an individual, they need to be considered in balance as a founder builds out their core team.

7.1.2.1. The 'generalist' job description, i.e. there isn't one

When reflecting on competencies, the highest feedback we received was the importance of the breadth of capabilities and generalist skills. As Erin Living's co-founders said, "We look for the package, not the specifics... we want someone to be 80% proficient in 100 things, rather than 100% proficient in one area". It is evident founders prioritise generalist skills in the early days until they start to grow and require more specialist expertise.

Those in the core team need to have the drive to go beyond their job description and tap into other skill sets. Craig Myles from Serenade reflected, "There are only four of us in the team, so we have a lot of ground to cover with not a lot of people. We need to be able to do anything".

Some founders said that those individuals in the core team could thrive if they wanted the opportunity to adapt and craft their roles. Luke Bridges (Conversr) stated, "I look for someone beyond just making the widget and ticking the boxes". Further, role agility was beneficial as new starters were often thrown into the deep end to navigate the chaos.

A few startups were gaining great benefits from the concept of a '2iC' to the founders. The 2iC is a generalist who is a trusted pair of hands to help the founding team get to where they want to go. This is an interesting role that requires more exploration in understanding its impact and effectiveness.

The desire for generalists extends into hiring technical roles in the core team (e.g. developers and engineers). Some founders highlighted that these roles still needed the breadth to pivot quickly, problem solve, stretch into different areas, and ultimately get things done. Beforepay's co-founders, Tarek Ayoub and Dean Guo Mao, affirmed, "We started to look for people who could problem solve, not just do a tech task".

Founders shared that individuals needed to have the **curiosity, desire** and **vested interest** in growing in their roles as the company did.

Interestingly, Tim Maddock (i2i Logic) expressed the challenge in finding generalists in the market, "Our early hires were generalists who could spread themselves widely... I had overestimated this (profile) in the market". Other founders shared that individuals needed to have the curiosity, desire, and vested interest in growing in their roles as the company did.

Ideas to explore in your team



- Understand your abilities. Are you good at a lot of things or an expert at one thing?
- Determine if your new hires should be generalists or specialists. Ask yourself a few questions on the future of this role: What will success look like in this role now? In six months? In 12 months? How will this role contribute to our strategy today? In two months? If we have to pivot tomorrow (run through some scenarios), will this role still add value?
- Determine how the 'generalist' role could be defined in your startup. What are the skills and behaviours you want to look for? Agility? Flexibility? Lateral thinking and problem-solving in ambiguity?
- Test for these skills in the structured interview process. Include common work simulations.

7.1.2.2. Cultivating a growth mindset to learn and grow

Growth mindset is a term created by Dr. Carol Dweck and is more than a competency – it is a belief and thinking system. Unfortunately, it is often overused and misunderstood in both meaning and application across the business landscape. It rests on the premise that no trait is fixed and the brain is plastic, designed to adapt, learn, change, and grow. A growth mindset builds resilience as it believes you do not accept failure and setbacks as final, and challenges can be overcome⁴⁶. Instead, challenges drive effort, which makes us stronger and leads to higher achievement. And from a company perspective, cultivating a growth mindset results in performance outcomes as “employees report feeling far more empowered and committed”⁴⁷.

During the interviews, it was evident that founders were beginning to focus on hiring individuals who demonstrated a growth mindset and transition into a startup with the intention and belief that they would learn, grow, and develop. One founder noted that those with growth mindsets would also have greater openness and resilience to learn, bounce back and move on from mistakes and failures, which is very much the norm in a startup. Another founder identified how a growth mindset helped an individual fit into the startup world, manage the ambiguity and adapt to working in the many unknowns of commercialising and implementing new technology. When reflecting on potential new hires, co-founders Anthony Mazzei and Thomas Walkley (Erin Living) asked themselves, “Can they bring ideas to the table? Do they have a growth mindset? Are they agile? Can they adapt in the unknown?”.

Individuals with a growth mindset proactively seek learning opportunities and explore ways to improve their craft. When we consider our prior theme around being a generalist, proactive learning is essential. Founders identified the importance of adaptability and flexibility in helping their core team succeed, adapt and perform in the startup environment. One founder shared that the most important factor when hiring their core team was a “good attitude, ability to learn and figure things out on the go”.

46 Mindset Works. (2017). Decades of Scientific Research That Started A Growth Mindset Revolution. Retrieved from: <https://www.mindsetworks.com/science/>

47 Dweck, C. (2016). *Idiot: What Having a “Growth Mindset” Actually Means*. Retrieved from: <https://hbr.org/2016/01/what-having-a-growth-mindset-actually-means>

One area that requires further exploration is the relationship between a growth mindset and perfectionism. Dweck identified two kinds of perfectionism in the research: vice and virtue⁴⁸. One kind is motivated by fear of failure and is highly self-critical, while the other is motivated out of the pursuit of excellence and achievement⁴⁹. In our discussions with core team members, they often described the vice kind of perfectionism as hindering their performance. This identifies an exciting opportunity, that despite whether you describe yourself as a perfectionist or what kind of perfectionist you resonate with, one can cultivate a growth mindset towards learning and experimentation to offset unhealthy motivations stemming from fear of failure.

In recent times, the startup ecosystem has tried to promote the acceptance of learnings through failure. For example, the famous F*Up Nights in Mexico started a global movement or Ray Dalio's Issue Log, which is the primary tool he uses at Bridgewater Associates for publicly recording mistakes to learn from them⁵⁰. Whatever method is chosen, founders and core team members have an opportunity to nurture a culture that promotes trust, transparency, and learning.

Dweck identified two kinds of perfectionism in the research – vice and virtue⁴⁸. One kind is motivated by fear of failure and is highly self-critical, while the other is motivated out of the **pursuit of excellence and achievement**⁴⁹.

Ideas to explore in your team



- Understand how you operate and your mindset: **Growth Mindset Assessment**.
- Identify practical ways to foster growth mindsets at work and in your teams.
Here are some ideas: **Starting With Yourself**, **Atlassian Tips**, **Cultivating Growth Mindsets In A Crisis** or **Google's Tips On Growth Mindset Feedback**.

For example: Run experiments and share learnings, host blameless post-mortems, role model and recognise the behaviours you wish to promote.

- Be clear in your recruitment process on valuing a growth mindset. Assess candidates through structured interviews.

For example: Describe a previous mistake. What did you learn? What did you do next? What motivates you in your work? What is a piece of feedback you have received recently? Describe a recent challenge. How did you go about solving it? What are you currently learning?

- Implement an Issue Log in your company/ team (like Ray Dalio).

48 Mindset Works. (2014). Is Perfectionism Growth-Minded? Retrieved from <http://blog.mindsetworks.com/entry/is-perfectionism-growth-minded>

49 The School of Life. Carol Dweck On Perfectionism. Retrieved from: <https://www.youtube.com/watch?v=x3guJ5WzlyQk>

50 Dalio, R. (2017). Principles: Life and Work. New York: Simon & Schuster.

Design, build, and deliver creative and unique digital experiences for businesses, government, and educational institutions.

Journey to date

Lateral Vision is a technology services-based company run out of Adelaide. It started six years ago, providing services such as virtual customer tours.

Lateral Vision does not perform any advertising or marketing, relying on word of mouth or referrals.

Founding team

Lateral Vision started six years ago with Alex and Laura (sibling team). Alex has a background in mechanical engineering, coal mining, and now focuses on the tech side of the business. Laura has a background in law and focuses on the operational side of the business (e.g. contracts, client management, planning).

Employee number two

Four years ago, the co-founders brought in three casuals to work with them. The first permanent hire (full-time) only recently occurred in April 2021 and will replace a contractor focusing on tech development.

Aside from the recent full-time hire, the remainder of the team is made up of casuals deployed on project-based work.

7.1.3. Recruitment

Overall, founders often utilised a multi-channel approach to recruitment, ranging from personal networks, recruiters, and traditional online methods (i.e. Seek and LinkedIn). In our findings, employees were attracted to the startup environment for the speed/ pace, culture, flat structure, opportunity to work in emerging tech, and ability to bring their whole self to work.

7.1.3.1. Networks, networks, networks (better than posting and praying)⁵¹

Founder networks are still the number one channel and preferred method to source talent for the core team. Just posting a job ad on LinkedIn and praying for great talent is not enough⁵¹. As the co-founders of Beforepay, Tarek Ayoub and Dean Guo Mao, shared, "Using our network is a big thing for us". This may be in the form of personal, family and friend networks; individuals proactively contacting the founder; founders attending networking events and meetups or utilising their investor network. As Jaco Veldsman (Paytron) stated, "Networking is the most important thing... if it works well".

One emerging trend was founders sourcing talent from the customer communities they were building. Moreover, some founders felt the strength of their network and positive perception of the tech sector were useful in attracting talent. When targeting their first hire, Mike Carden and his co-founder (Joyous) adopted a strategy where they would "target the person who had other people around them".

Given the lead time often associated with securing great people, Erin Living's founders, Anthony Mazzei and Thomas Walkley, took a proactive recruitment approach. They would bring passionate people into the business when they found them, even if the role did not exist and was still in formation. They shared, "we are making investments in talent now, even when we might not be ready". In their first hire, the product was not ready until nine months later. So the Sales Director used this time to collect contacts, build relationships, perform market analysis, and build a database and pipeline.

Bring **passionate people** into the business when you find them, even if the role does not exist and is still in formation.

⁵¹ Brilman, Y. A Guide To Hiring For Your Startup. Retrieved from: <https://www.slideshare.net/bril1598>

Whichever way a startup chooses to build their network, their brand as an employer is important in attracting the right talent, even at the early stage. An employer brand is the company's personality and the package of functional, economic, and psychological benefits⁵². Research in employer branding at startups revealed that "a communal team climate and the early assignment of responsibilities are a startup's most attractive job attributes for prospective applicants"⁵³. Further LinkedIn research on small-to-medium-sized businesses revealed that "72% of recruiting leaders worldwide agreed that employer brand had a significant impact on hiring"⁵⁴. And the strength of the brand led to a reduction of 43% in costs per hire, 2.5x more applications and 20% faster hire rates (on LinkedIn)⁵⁵. Employer branding is like marketing, and in this digital world, everything is transparent. A startup's core team plays a significant role in developing and reflecting the employer brand and attracting talent as it scales.

Research in employer branding at startups revealed that "a communal team climate and the **early assignment of responsibilities** are a startup's most attractive job attributes for prospective applicants."⁵³

Ideas to explore in your team



- Articulate your employer brand and what makes your startup unique. Have a clear culture and vision to share with prospective talent. Make it transparent on your website, social media channels, during networking events, and so on. Showcase your employees and stories. **Ideas to get you thinking: Ideas That Won't Break The Bank, Ideas For Building An Employer Brand or How Netflix's Employer Brand Went Viral.**
- Identify ways you can build your own networks.

Tip!

*Focus on the ways you get the best return with the time you have, e.g. blogs, meetups, hackathons, conferences, open-source, key community groups, slack channels. Also check out **Pivott Jobs**.*

- Identify how you could use your customer community as another channel to connect with talent.
- Map talent and target individuals who might not be actively looking in the market. Identify sectors, companies, and job titles where your dream candidate might come from and connect with them (e.g. through LinkedIn).

Tip!

Don't just look at other startups. If you need someone to bring in processes and structure to help you scale, consider targeting reputable mature companies as well.

⁵² Ambler, T., & Barrow, S. (1994). The employer brand. *The Journal of Brand Management*, Vol. 4, pp. 3.

⁵³ Tumasjan, A., Strobel, M., & Welpe, I. (2011). Employer Brand Building for Startups: Which Job Attributes Do Employees Value Most? *Journal of Business Economics*, Vol. 81.

⁵⁴ LinkedIn Talent Solutions. (2016). *The Ultimate List of Employer Brand Statistics*. Retrieved from https://business.linkedin.com/content/dam/business/talent-solutions/global/en_us/c/pdfs/ultimate-list-of-employer-brand-stats.pdf

⁵⁵ LinkedIn. (2015). *LinkedIn Data Proves the Impact of a Strong Talent Brand*. Retrieved from <https://www.linkedin.com/business/talent/blog/talent-acquisition/1st-of-talent-brand>

Cloud platform to send and receive payments, automate back-office, and open multi-currency business accounts.

Journey to date

Jaco Veldsman (JV) and François Henrion first met at the coffee shop below Stone & Chalk in Sydney just before the COVID-19 lockdown (March 2020). After being introduced to one another by a mutual friend, they soon discovered they had a lot in common: institutional backgrounds, values, and passions. So they set out to help small businesses gain access to the best tools big corporations had.

Four days later, they had an opportunity to work together. As COVID hit, François called JV to see if he would help a small business owner on a Sunday who was having challenges with payments and foreign exchange. They all came together face-to-face and JV and François saved the owner's business.

JV and François then decided that they needed to scale the solution and help other small business owners. They started working on the product in August 2020.

Founding team

JV and François previously worked in institutional banking. Both are self-confessed finance geeks. JV has worked on the buy side, has experience in a scale-up environment, and is a 'computer programming hack' as he has been programming since he was six years old. François has a CA, CFA and has experience in the finance industry on the client side. He has many years of experience servicing algorithmic trading firms and hedge funds.

Employee number two

One of the first hires was a Front-End Designer.

The team now comprises ten individuals including a designer, developers, and individuals from other fintechs. The ninth and tenth team members joined in 2021.

7.1.3.2. Recruiters are still a key channel to source talent

The majority of founders interviewed still utilised a recruiter to find and target talent. This was particularly the case for sourcing talent with software engineering and developer skills, and was potentially exacerbated given the demand⁵⁶ and current skill shortage in the Australian tech sector⁵⁷. Although some founders would prefer to utilise personal networks and network events (e.g. meetups) to source talent, the effort and turnaround time required to find talent often led founders to engage a recruiter. The key benefits identified during our interviews included:

- Ability to tap into talent that weren't actively looking in the market,
- Providing a filtering layer before, which saved the founder and team time,
- Specialisation in finding tech talent.

As Matt Mills (BOULEVARD) said, "If they are technical, they know what's good and what's not, which helps to filter the applications".

However, founders expressed mixed responses in their recruiter relationships. Some founders, like Ben Smit (Teamgage) and Matt Mills (BOULEVARD), viewed recruiters as "really valuable" and an extension of their team. Matt stated, "In essence, the recruiter becomes a part-time human capital person". At the same time, other founders were still working out how to make the relationships more effective.

Those who were successful typically found their recruiters through trial and error and negotiated reasonable terms. Cost was often discussed, with some founders expressing it as an inhibiting factor, while others affirmed that the recruiting expenses were far less than the cost of mis-hires.

Ideas to explore in your team



- Support decision making on whether to utilise a recruiter through cost-benefit analysis (i.e. is the founder/ leader's time well spent here or elsewhere?).
- If you plan to go down the recruiter path, spend time investing in building an effective relationship. Here are some tips: **Recruiter Reflections** and **3 Things You Should Know**.

Tip!

Share your strategy and vision. Set clear expectations and process. Have open and honest communication and feedback.

⁵⁶ Chanthadavong, A. (2020). 2D Net: if skills shortage remains in Australia and New Zealand as borders stay shut. Retrieved from <https://www.2dnet.com/article/skills-shortage-remains-in-australia-and-new-zealand-as-borders-stay-shut/>

⁵⁷ Hays. (2020). Hays Salary Guide Australia 2021. Retrieved 1 June 2021, from: <https://www.hays.com.au/salary-guide>

7.1.4. Experience

It is often hotly debated whether to hire talent from non-startup backgrounds. In our discussions, we asked interviewees about their experience hiring from various backgrounds to understand the benefits and challenges and whether this impacted how they performed.

7.1.4.1. From suits to sneakers – diverse backgrounds build better teams

We asked founders about the backgrounds of their core team to understand if there was a difference in performance from those with non-startup backgrounds. Overwhelmingly, the majority of founders felt that coming from a non-startup background did not impact performance, and there were benefits to hiring individuals with corporate backgrounds. As Mike Carden shared, “If they are the right fit (for Joyous), we don’t care”. Moreover, hiring from mixed backgrounds brought a diversity of thought and balance to the team. As reiterated by Jaco Veldsman (Paytron), “You need to have a good mix to get the balance right”. Summarised on the following page are the positive aspects of talent coming from startup and non-startup backgrounds.

If the personality is right, what they learn in a **corporate environment** is good for the startup space.

Coming from another startup	Coming from a corporate background
<p>1. Understands the environment and what to expect</p> <p>Founders observed that individuals with startup experience might have a smoother transition as they quickly took the initiative and managed ambiguity. As reinforced by Matt Mills (BOULEVARD), “Exposure to previous startups is a plus as they already know what they’re getting into”.</p> <p>2. Transitions easily into the pace and ways of working</p> <p>Some founders felt that individuals from a startup background moved quicker, were more open-minded, and more likely to take risks. As identified by one founder, “Those who have had prior startup experience do a better job at rolling with the punches and integrating into the culture”.</p>	<p>1. Brings structure and process</p> <p>Some founders felt this was useful as individuals from a corporate background brought a level of structure and process they could apply at the startup. For example, Erin Living’s co-founders, Anthony Mazzei and Thomas Walkley, shared, “If the personality is right, what they learn in a corporate environment is good for the startup space” (e.g. process and legislation). Similarly, another founder said, “Those from non-startup backgrounds have more experience and knowledge from their previous roles, which is really useful for us as we grow. They know what best in class looks like for a big organisation”.</p> <p>2. Understands the corporate customer</p> <p>When a startup is selling to corporations, individuals with corporate backgrounds have a level of empathy and understanding of customer pain points. As Ben Smit (Teamgage) stated, “We like to have people with corporate backgrounds. We’re selling to corporates, so they provide insight into what corporate frustration exists”.</p>

However, founders did offer advice for those making the transition, recognising that some individuals from corporate backgrounds may move slower, be more careful, risk-averse, and resistant to change. One founder jokingly referred to their startup as a 'corporate rehabilitation centre', recognising that some individuals may need help to 'unbox' themselves and adapt to a more dynamic environment and way of working.

From the perspective of a first-time startup employee, there was recognition of both the challenges and opportunities. Key opportunities included:

- The ability to pivot at a moment's notice,
- Hands-on learning across the breadth of the business,
- A flat structure,
- New projects and roles offering a diversity of work and change to learn new skills.

Challenges were also identified, including:

- Lack of process resulting in inefficiencies and inability to limit risk,
- Lack of role definition,
- Resource constraints,
- Continual change and repositioning,
- No onboarding process.

Founders repeatedly raised onboarding as a challenge as many didn't have the time to nut out a process, which often resulted in haphazard and inefficient experiences for new starters. It is estimated that 20% of turnover happens within the first 45 days⁵⁸. Hence, onboarding someone effectively into your startup, supporting them to make connections, and fostering a sense of belonging⁵⁹ while empowering them in their role is an important balance to have.

We like to have people with corporate backgrounds. We're selling to corporates, so they **provide insights into what corporate frustration exists**.

58 Hirsch, A. (2016). Reducing New Employee Turnover Among Emerging Adults. Retrieved from: <https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/reducing-new-employee-turnover-among-emerging-adults.aspx>

59 Bauer, T. (2016). Rework: Connections, onboarding, and the need to belong. Retrieved from: <https://rework.withgoogle.com/blog/connections-onboarding-and-the-need-to-belong/>

Ideas to explore in your team



- Be aware of the bias you bring into the recruitment process.
- Here are some helpful articles on bias: **Unconscious Bias In Recruitment** or **Practical Ways To Reduce Bias**.
- Manage expectations of candidates throughout the recruitment process. Let them know what it will feel like from day one.
- Make onboarding a repeatable process and design the new hire experience with clear roles. There are a plethora of helpful tips and tricks available. Here are a few to get you started: **Atlassian Employee Onboarding Advice** or **Google Onboarding Checklist**. If you are onboarding remote workers, here are some helpful tips: **Hotjar Remote Onboarding Guide**.
- Measure and get feedback on your onboarding process so you can continually refine it.
- Check out the **Pivott Careers Startsmart Academy** (see the onboarding module): **Pivott Careers Onboarding Module**.





Platform connecting artists with their fans through unique musical experiences.

Journey to date

Serenade commenced in August 2020, following the COVID-19 lockdown. Max, the founder, identified an opportunity to help artists return to work during lockdown by connecting them with their fans through unique musical experiences. In addition to providing artists with an additional revenue stream, Serenade strives to increase the percentage of revenue artists receive.

There are around 200 well-known and emerging artists currently on the platform. Fans can use the platform to connect with artists and purchase a personalised video message and song rendition, aka a Serenade. The company pivoted in March as a result of artist feedback and to further help smaller and emerging artists. With the increased demand for and media attention to blockchain and cryptocurrency technologies, Serenade is investing effort in NFTs, allowing artists to upload bespoke video content for sale. Fans can then purchase NFTs as a collectible and an investment.

Founding team

The company was started by the sole founder and CEO, Max. Max has a business consulting and startup background. He was formally employee number one at Afterpay.

Employee number two

Max's first two hires were Nick, a Business Development Manager, and Clare, Relationship Manager, in August 2020. These roles were focused on relationship management and have a background in the music industry.

Craig is the CTO and joined the Serenade team (officially as employee number two) in January 2021. He was hired through an informal hiring process after a change in his travel and work plans due to COVID-19. Craig has a background in technology and management consulting (Oliver Wyman) and was employee number one at Oliver Wyman Labs in Australia. He was connected through his network with Max. Craig also has prior experience in blockchain technology and NFTs whilst contracting for a blockchain platform startup. Craig currently does 50% of the development whilst managing technical strategy and contractor developers who supplement the remaining work. Serenade is currently exploring other partnership arrangements.

7.2. Emerging themes and interesting learnings

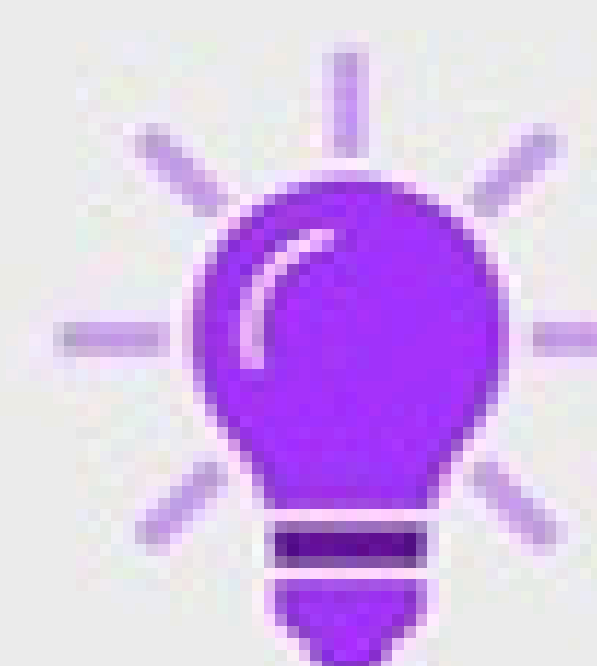
Emerging themes were those insights identified from our conversations with some of the founders. We feel these are important to share, given how they might grow into a bigger trend or inspire new ways of thinking and actions within a startup today.

7.2.1. Identify gaps in your co-founding team to craft core team roles

Some founders shared the importance of reflecting and assessing the capability gaps in the founding team, which, in turn, helped them define the roles required to hire for in the core team. GigSuper utilised an external facilitator who ran a session to help them unpack what skill sets they each possessed and the gaps to be filled. Branka Injac Misic (GigSuper) shared, “we did a session with the external facilitators (The Listening Squad), and we can’t recommend this enough”.

Once you have defined the capability gaps, there is also a decision around how to address the gaps. For example, permanent versus casual and insourcing versus outsourcing. Matt Mills shared BOULEVARD’s decision-making process where he would ask questions like, “What can’t we cover with our existing skill set? What is cheaper to have in-house?”.

Ideas to explore in your team



- Run a session with your founding team to identify your capability gaps and weaknesses.
 - Use an objective party to facilitate the session if you can,
 - Use a framework such as the Business Model Canvas to identify resource/ skill gaps compared to your activities: **Business Model Canvas**,
 - Conduct a cost-benefit analysis to determine the pros and cons of filling the gaps (e.g. insource versus outsource).
- Build a hiring roadmap that underpins your startup’s goals, strategy, and vision. Identify when you will need to hire capability to hit these goals and growth targets. Identify the skills and knowledge you think you will need.

7.2.2. Add structure to your hiring process

Given the impact of a mis-hire in an early-stage startup, an opportunity exists for founders to use a structured hiring process. Google has long supported the use of structured interviews as research shows they provide a better candidate experience and are more predictive, diverse and efficient than unstructured interviews⁶⁰. As Google's hiring expert, Dr. Melissa Harrell, shared, "Structured interviews are one of the best tools we have to identify the strongest job candidates (i.e. predictive validity). Not only that, they avoid the pitfalls of some of the other common methods⁶¹".

Just under half of the founders had invested in their hiring processes to improve how they screen and select candidates. One founder likened recruitment to a sales funnel building process. Others described multi-stage processes that incorporated both technical and behavioural assessments and formal/ informal elements, pending the type of role being hired for. Those who already had a structured process continued refining and evolving it with each new hire. Teamgage's co-founder Ben Smit reflected, "We are starting to trust our recruitment process more now".

Hiring is an investment of a founder's effort and time. Tim Jackson (seed fund manager, startup founder, former economist) reiterated that founders needed to be realistic with the time required to hire great talent, estimating this to be **at least** 35 hours, from preparation to screening, interviews, administration and communication with candidates⁶². In short, a founder must invest their precious time in the right way.

⁶⁰ Rework. (2015). The science of structured interviewing. Retrieved from: <https://rework.withgoogle.com/blog/science-of-structured-interviewing/>

⁶¹ Rework. Learn the external research. Retrieved from: <https://rework.withgoogle.com/guides/hiring-use-structured-interviewing/steps/learn-the-external-research/>

⁶² Jackson, T. (2019). How to Hire Effectively in A Startup. Retrieved from: <https://medium.com/@tjw/hw-to-hire-effectively-in-a-startup-133f752a8a0f>

Ideas to explore in your team



- Design your hiring process:
 - Think of it like a sales funnel (aim to get quantity and quality at the top of the funnel).
 - Detail each stage of the candidate experience. Utilise structured interviewing techniques (here is a handy tool: **Structured Interview Tool**). Make sure the candidate is at the heart of each step, and there are clear and regular communications.
 - Consider using a real-life piece of work/ assessment to understand how someone will perform on the job (avoid hypotheticals!). This has been proven to be a better predictor of on-the-job performance.
 - Set criteria at each stage that you can quantify. Be clear on your deal-breakers. Use a scorecard with a sliding key to evaluate candidates.
 - Gather feedback and set metrics against each stage of the process so you can continually evolve and refine the candidate experience (some ideas on what you can track – only choose what is most relevant! Recruitment Metrics).
 - Involve the team in hiring (*general rule: there are diminishing returns after the 4th team member has interviewed the candidate⁶³*).
- Automate the admin so you can focus on the value-added activities. Given that you are unlikely to have a fancy ATS, utilise basic tools like Trello (**Recruitment Template**) and Zapier (**Zapier Integrations**) to automate tasks.
- Train your hiring team.
- Cultivate a pipeline of talent and always be on the lookout. Consider how you will gather referrals from your team and the role they will play.
- Work on your employer brand and make sure your vision, purpose, values, and culture are clearly articulated.

⁶³ Bock, L. (2015). Work rules!: insights from inside Google that will transform how you live and lead. Boston: Twelve.

7.2.3. Craft your desired culture from day one

The term culture, from an organisational perspective, refers to the “values, beliefs, and behaviour practised in an organisation; (they are) formed over time because they are rewarded or punished”⁶⁴, or simply put by psychologist John Amaechi, culture is defined by the “worst behaviour tolerated”⁶⁵.

During our interviews, some founders expressed how important it was to set the right culture and tone with the core team. One founder revealed their strategy for the first few hires, acknowledging that these hires were critical to creating a culture from the ground up that was diverse, purpose-aligned, and the best possible to work in. As Mike Carden (Joyous) articulated, “You continue the way you start... our purpose is to make life better for working people, so as such we wanted our office to look like that as well”. This resonated with Yevgeniy Brikman, co-founder of Gruntwork and author of ‘Hello Startup’, who stated, “Choose the first ten employees very carefully, as they determine the next 100”⁶⁶.

Mike also shared how they focused on building a learning culture from the start as “everyone talks about a learning culture, but we know you also need people to teach the code and grow”. To support this culture, they provide the autonomy to implement for each individual and have distributed decision making. This has helped them build a strong employer brand in the market and attract talent. Dr. Adam Grant, an organisational psychologist, discusses how to create learning cultures where “people are more interested in improving themselves and the organisation around them”⁶⁷ (in contrast to just trying to perform and prove yourself). In his book, Think Again, Grant argues that the foundation of a learning culture is psychological safety and process/outcome accountability where people are curious, rethink decisions and experiment⁶⁸.

One founder revealed their strategy for the first few hires, acknowledging that **these hires were critical to creating a culture** from the ground up that was diverse, purpose-aligned, and the best possible to work in.

64 Strategizer. (2015). The Culture Map: A Systematic & Intentional Tool For Designing Great Company Culture. Retrieved from: <https://www.strategizer.com/blog/posts/2015/10/13/the-culture-map-a-systematic-intentional-tool-for-designing-great-company-culture>

65 TED. (2020). WorkLife with Adam Grant: Building an Anti-Racist Workplace Transcript. Retrieved from: <https://www.ted.com/podcasts/worklife/building-an-anti-racist-workplace-transcript>

66 Brikman, Y. (2016). Hello, Startup: A Programmer's Guide to Building Products, Technologies, and Teams. CA: O'Reilly Media.

67 Grant, A. (2020). Building a culture of learning at work. Retrieved from: <https://www.strategy-business.com/article/Building-a-culture-of-learning-at-work?glo=38ba7>

68 Grant, A. M. (2021). Think Again: The Power Of Knowing What You Don't Know. NY: Penguin Random House.

Another practice to build great teams is better understanding team dynamics, strengths, personalities, and styles under stress. Ben Smit uses strength profiles at Teamgage as a way for the team to better understand each other and the dynamics that exists. He shared, "the makeup of a team as a whole is important".

Hubspot has famously and publicly shared their evolving culture code to the world (up to V33.8 at the time of this report)⁶⁹. Culture will always form, so it pays for the founders and leadership team to spend time defining their culture and actively managing its evolution.

Ideas to explore in your team



- Articulate your culture. *What culture are you building? How does it align with your startup's values? How does it show up in the behaviours of your people? How do you measure, recognise and reward these behaviours?*
 - Tools to help you define your culture: **Strategyzer Tool** or **Culture Design Canvas**,
 - List of culture decks from other companies to get you inspired (e.g. Netflix): **Culture Decks**,
 - HubSpot's culture code and free template: **HubSpot's Culture Code** and **Company Culture Template**,
 - Check out Adam Grant's work on openness and curiosity: **Think Again**.
- Take time to understand better who is in the team and how you can best work together. This is particularly helpful to know how the team operates in times of stress and obstacles. Some helpful research-backed tools are below to explore with your teams:
 - Strengths: **Gallup Clifton Strengths**,
 - Personality: **Free DISC Assessment** or **Comprehensive Paid Disc Assessment**,
 - Style under stress: **Style Under Stress Assessment**.

⁶⁹ Hubspot. (2020). The HubSpot Culture Code. Retrieved from: <https://network.hubspot.com/slides/the-hubspot-culture-code>

Portfolio of companies that focus on building the ventures of tomorrow.

Journey to date

Svelte started as a digital brand agency in Adelaide over ten years ago (Svelte Studios). They now have multiple companies in their portfolio under 'Svelte Ventures' including:

- Svelte Studios: Digital brand agency,
- Frank: Wellbeing app,
- Gathr: Crypto trading,
- Ticker TV: Digital TV entertainment,
- SML: Machine learning.

The co-founders are now planning to transition their focus from Svelte Studios to ramp up Svelte Ventures to explore high-growth models and projects, including crypto.

Founding team

Joseph and Danny founded Svelte. Joseph has a background in industrial design and UX. Danny has a background in design and branding. Both co-founders are good at dealing with ambiguity, are compassionate and great communicators.

Dave has supported the co-founders for the last 2.5 years, initially being brought in to help Frank. He is now helping the co-founders transition from a traditional model into a more entrepreneurial one. Dave has a background in cognitive science and tech, having worked in various startups and industries in both Australia and overseas (in between travelling). He does not have an official 'role title'. His broad experiences and skill set means that he can apply his skills to fill gaps, add value, adapt, and "help the co-founders get to where they want to go". For example, there was a project within Frank looking at understanding if emotion detection on Twitter could be used to find a leading indicator of the price of Bitcoin. During the project, the Team Leader left, requiring Dave to take over and bring his broad skill set to lead a machine learning team.

"I can do a lot of things a little bit well."

Svelte Ventures was something the co-founders always wanted to do, so Dave helped to get it started.

Employee number two

The latest focus has been on shifting the co-founders' focus to Svelte Ventures, so the team has been building up the capability in Svelte Studios. This will allow the co-founders to focus more on Ventures. The latest three hires in Studios consist of the following:

- Head of Digital,
- Creative Director,
- Design/ Branding.

The three new hires are generally focused on Svelte Studios. However, they may be shared across the portfolio of businesses as required. The 'shared resources' model can create challenges due to a lack of clarity on accountabilities. However, there are also upsides.

The next hires are likely to focus on leaders in tech, ML/ data science, crypto, and security.

7.2.4. Surround yourself with experts in their 'zone of genius'

Another emerging theme was the focus for founders to surround themselves with core team members who were 'smarter than them'. One founder recognised that these critical hires needed to be empowered with the expectation that they were the experts in their domains. As Branka Injac Misic (GigSuper) aptly put it, "We look for people who are experts at what they do. This is their 'zone of genius'... we don't want to tell them how to suck eggs, we want them to lead".

Being 'in the zone' has been linked to the work of positive psychologist Mihály Csikszentmihályi, who describes this as experiencing 'flow'. Flow is an optimal psychological state "in which people are so involved in an activity that nothing else seems to matter; the experience is so enjoyable that people will continue to do it even at great cost, for the sheer sake of doing it"⁷⁰. It is a balance between challenge and skills, and interestingly, flow proneness has been associated with personality, positively correlating with the Big Five personality trait 'conscientiousness' while negatively correlating with 'neuroticism'. This is an interesting piece of research as it links to our theme above, where founders preferred conscientiousness and industrious personality traits. Further exploration is required to understand this link and determine practical ways to assess traits and flow proneness in a startup environment.

Another founder targeted those who could bring great ideas to the table, while others specifically looked for experienced leaders they could trust to lead teams. As Ben Smit shared, "I have found that when building new teams (at Teamgage), I want experience if they are leading the team". Moreover, another founder reflected that those with greater experience in their team helped navigate challenges and curveballs. As Matt Mills (BOULEVARD) discussed, "Having a few years of experience means people know what the expectations are... this helps with productivity".

Ideas to explore in your team

- Structure the interviews to create opportunities to assess relevant role and leadership skills during the recruitment process. For example:
 - Real-life case studies or presentations,
 - Exploring experience with leading teams.
- Provide clear expectations of candidates.
- Take opportunities to work with potential talent before they permanently join your startup. For example, hire individuals for a short project, collaborate on a specific task, etc.
- Identify and observe when you are in flow (**8 Ways To Create Flow**).



70 Csikszentmihályi, M. (1990). Flow: The Psychology of Optimal Experience. NY: Harper and Row.

7.2.5. Align purpose and values for performance

Some founders emphasised the importance of their startup's core values aligning with their people, particularly those that are explicitly purpose-driven organisations. As Simon Sinek said, "Customers will never love a company until the employees love it first."⁷¹ For those that have developed values, these are also increasingly becoming part of the recruitment process when assessing candidates. As Ben Smit (Teamgage) stated, "If an individual didn't align to the core values, we wouldn't hire them".

These founders are not alone, and research has shown that a positive correlation exists between the purposefulness of employees (i.e. whether an individual's purpose aligns with their work) and an organisation's performance⁷². As individuals gain more meaning from their roles, they are typically more productive, resilient⁷³, and report higher levels of wellbeing⁷⁴. This is important to consider in the startup context for two reasons. Firstly, millennial talent considers purpose twice as important as compensation or career development, and secondly, company purpose is part of an investor's decision-making criteria⁷⁵.

Ideas to explore in your team



- Define your core values and purpose (some helpful advice and examples: **Defining Values**).
- Include specific value-based questions as part of your structured interview process.
- Reflect on how your startup's values influence your work, product, culture, and behaviours.
- Tips for bringing alive your values and purpose in your startup:
 - Role model and live it,
 - Educate your people,
 - Reinforce in all your communications,
 - Incorporate into all your people processes – e.g. hiring, reward, recognition, performance (including OKRs/ KPIs), and so on.

71 Sinek, S. (2014). *Leaders Eat Last: Why Some Teams Pull Together and Others Don't*. New York: Penguin.

72 Chingra, N., Emmett, J., Sama, A., & Schoringer, B. (2020). Igniting Individual Purpose in Times Of Crisis, *McKinsey Quarterly* August.

73 Schaefer, S. (2013). Purpose in life predicts better emotional recovery from negative stimuli. *PLoS One*, Vol. 8.

74 Emmett, J., Schosh, G., Schrimper, M., & Wood, A. (2020). COVID-19 and the employee experience: How leaders can seize the moment, *McKinsey Insights* June.

75 Malnight, T.W., Buche, I., & Dhonraj, C. (2018). Put purpose at the core of your strategy. *Harvard Business Review*, Vol. 97, pp.70-78.

Team engagement platform.

Journey to date

The co-founders began tinkering with Teamgage in 2012/ 2013, launching commercially in 2016, then officially launching under a new name and structure in 2017.

Founding team

The founding team is made up of a husband and wife, Ben and Noelle Smit. Ben has a background in IT and security with KPMG, and became a developer through necessity. Ben now focuses on the product side of the business. Noelle has taken on the business's operations, initially looking after finance, sales and account management (although account management now has a dedicated team). They both look at the strategy together.

They previously had a startup called Code 360, which was a SaaS product for universities.

Employee number two

The first hire was a sales role.

The co-founders have typically hired in batches, three to four individuals at a time, as the startup grows. The first hire was followed by the first batch including:

- Designer: Hired from Code 360 and looked after UX, UI and graphics,
- Project Manager: Focused on operations, onboarding new customers, organising events and other project management activities,
- Engineering team: two developers and a QA Engineer.

The subsequent batch was hired in 2017-2018 and consisted of five technical roles, two customer success roles, and a dedicated support person.

At the start of Teamgage, a few contractors also supplemented the team. The team has now grown to 21 people.

7.2.6. Understand the role of empathy

Some founders identified the role empathy played in their teams. Empathy can be defined as “the ability to perceive a situation from the other person’s perspective – to see, hear, and feel the unique world of the other”⁷⁶. Cultivating empathy in teams fuels connection, collaboration, morale and resilience⁷⁷, and as Satya Nadella, CEO of Microsoft famously stated, “Empathy is a muscle that needs to be exercised”⁷⁸.

Some of the founders interviewed felt empathy helped build a better understanding of the customer’s needs. Further, other founders identified that growing diverse teams and looking for people with alternate interests increased the opportunity to build empathy and improve how the team operates together. Mike Carden and the team at Joyous “tend to hire for empathy” and “look for people who have interests outside of themselves”.

Finally, empathy plays a role in performance. The Centre for Creative Leadership identified that empathy was connected to better performance and could be learnt through interventions such as coaching, training, developmental opportunities, and initiatives (e.g. learning active listening skills)⁷⁹.

Ideas to explore in your team



- Identify what role empathy plays in your team and with your customers.
- Test for empathy in your structured interviews. An interesting perspective was shared on Glassdoor a few years ago: **Glassdoor Blog**.
- Identify if there are opportunities to build empathy in your teams. Hive shared their top tips: **Hive’s Top Tips** (read the ‘user manual’ idea for new hires).
- Practical exercise! Build empathy by reflecting on your candidate experience in the hiring process. Read this interesting perspective from a rejected hire which also validates the importance of structured interviews: **Rachel Pacheco’s Perspective**.
- Check out Microsoft’s article on building empathy in the new world of hybrid work: **Empathy To Unlock Hybrid Work**.

⁷⁶ Brown, B. (2004). Shame Resilience Theory: A Grounded Theory Study on Women and Shame. *Families in Society*. Vol. 87, pp. 43–52.

⁷⁷ Zaki, J. (2019) Making Empathy Central to Your Company Culture. Retrieved from: <https://hbr.org/2019/05/making-empathy-central-to-your-company-culture>

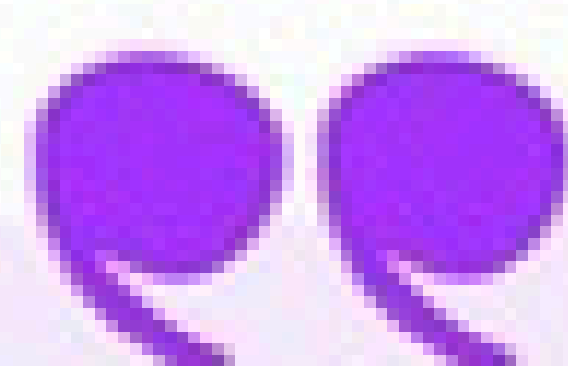
⁷⁸ Tana, A. (2020). Why Empathy is One of the Most Overlooked Skills in Business. Retrieved from: <https://www.entrepreneur.com/article/352548>

⁷⁹ Gentry, W., Weber, T., & Sadi, G. (2007). Center for Creative Leadership: Empathy in the Workplace. Retrieved from: <https://ccinnovation.org/wp-content/uploads/2020/03/empathyintheworkplace.pdf>

Topics worth noting

During our discussions with founders, there were two interesting issues identified: diversity and global talent supply. Although this report does not cover these issues in-depth, it is worth noting that further exploration is needed to better understand the problem area and its root causes.

Firstly, some founders identified the importance of diversity in their core team. Research has shown the importance of diversity in unlocking innovation, driving growth, and building high-performing teams, as “enriching your employee pool with representatives of different genders, races, and nationalities is key for boosting your company’s joint intellectual potential⁸⁰”. Organisational psychologist Dr. Adam Grant shared the importance of proactively seeking ‘Originals’, nonconformists with a diversity of thought, to help grow early-stage startups⁸¹. Further, CB Insights found through its research that diverse teams with different skill sets were critical to the success of a startup⁸².



Organisational psychologist Dr. Adam Grant shared the importance of proactively seeking ‘Originals’, nonconformists with a diversity of thought, to help grow early-stage startups.⁸⁴

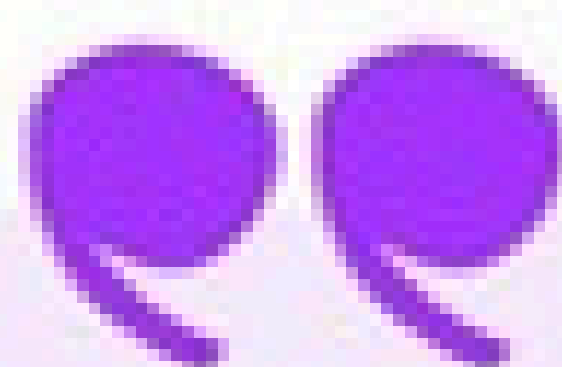
⁸⁰ Rock, D., & Grant, H. (2016). Why Diverse Teams Are Smarter. Retrieved from: <https://hbr.org/2016/11/why-diverse-teams-are-smarter>

⁸¹ Fastcompany. (2016). The Ultimate Guide To Hiring Original Thinkers. Retrieved from: <https://www.fastcompany.com/3061702/the-ultimate-guide-to-hiring-original-thinkers>

⁸² CB Insights. (2019). The Top 20 Reasons Startups Fail. Retrieved from: <https://www.cbinsights.com/research/startup-failure-reasons-top/>

However, the founders shared their frustration as a lack of diversity exists within certain talent pools. As Jaco Veldsman (Paytron) reflected on gender diversity, “We haven’t had one application from a female developer in a year. To flip it, marketing roles had hundreds of applications from women”. Mike Carden (Joyous) has intentionally built diverse teams with his co-founder but also recognised the challenges, particularly in the engineering space, “The biggest issue with engineering teams is that they are very homogenous”. This is not a unique issue and is a broader societal challenge to be further understood and tackled at its root cause. However, one action founders can take to avoid creating homogenous teams is to review their recruitment process and check it, particularly for biases that can stifle diversity⁸³.

Secondly, the increase in remote working during COVID has highlighted the ability for virtual collaboration and access to global talent at a reduced cost, particularly technology-related skills. Although there is a recognised skill shortage in the Australian tech market today⁸⁴, this is an interesting area to monitor; some founders expressed concern over the future of local talent competing on a global scale. As identified in the recent BCG report, the post-pandemic era will provide new sources of talent for founders as the “higher prevalence of remote working will allow companies to access international and more fluid talent pools that are outside the companies’ main markets⁸⁵.”



Higher prevalence of remote working will allow companies to access international and more fluid talent pools that are outside the companies’ main markets.⁸⁷

⁸³ Harvard Business Review. (2017). Teams Solve Problems Faster When They’re More Cognitively Diverse. Retrieved from: <https://hbr.org/2017/03/teams-solve-problems-faster-when-theyre-more-cognitively-diverse>

⁸⁴ Redrup, Y. (2021). Tech talent crunch hits home amid border closures. Retrieved from: <https://www.abc.com/technology/tech-talent-crunch-hits-home-amid-border-closures-20210422-p5718>

⁸⁵ Boston Consulting Group. (2021). The Future of Jobs in the Era of AI. Retrieved from: <https://www.bcg.com/en-au/publications/2021/impact-of-new-technologies-on-jobs>

8. Data limitations

This report intends to start a conversation and share learnings with the startup ecosystem. It is a collection of knowledge, ideas, and opportunities, utilising insights gained from in-depth founder interviews and core team member surveys. However, because it is derived from a small sample of qualitative data, further research, exploration, and experimentation are required to validate and substantiate the identified key themes.



9. Conclusion & next steps

We have begun to build a research base into what characteristics make someone successful in a startup environment. We are excited to kick off this research-led conversation and can't wait to continue exploring and refining our findings so that founders know who they need to hire to accelerate their startups' growth.

Like all studies of people, there is no 'one size fits all' answer to hiring for a startup. Many variables need to be considered, including context, founding team, growth ambitions, and funding. Nevertheless, some themes have emerged from our preliminary study. Employees who appear to adapt best to the environment of unknowns have generalist skills, a growth mindset, and display conscientious, trustworthy, and straightforward behaviours – giving them the agility, flexibility, and resilience to perform.

Our literature review explored a broader entrepreneurial perspective because research on startup core teams is limited. When comparing our findings to existing research, we did find some alignment. However, given the fragmented nature of the results, more rigorous evidence is required to draw relevant direct conclusions.

This preliminary study has opened up two next steps the startup community can take.

Firstly, there are opportunities to expand the sample size and explore themes to build a comprehensive body of research and evidence. Specific research into personality, job, and competency fit in a startup context would help gain a greater understanding of personalities that will flourish in an early-stage context. Additionally, further research could be conducted with employees of the core team to understand their perspectives.

Secondly, themes should be worked through with the startup community to identify and experiment with practical ways and tools to bring the findings to life. We have already used the initial personality trait findings to commence our first experiment – the **Startup Ready Questionnaire** – available as part of Stone & Chalk's **Pivott Careers** program. This experiment will be released, tested, and tracked to understand more about personality types that thrive in early-stage startups.

We are excited to see how this growing body of evidence helps startups grow, attract talent and create a better future together.

10. Appendix

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2. Interview questions

The table below outlines the questions that were used as a starting point during the interviews with each founder/ founding team.

Interview Questions

- Describe your journey to date.
- Describe your founding team.
- What role did you hire first? Why?
- What subsequent hires were made?
- Describe your first and subsequent hires. What were you looking for? Why?
- What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business? Why were these important?
- What personality characteristics* did they possess that positively impacted your business? Why were these important?
- Are there any competencies or personality characteristics* you don't feel flourish in a startup environment? Why?
- Are there any factors in the environment that might impact how your people have performed?
- Does prior startup experience have an impact on future startup performance? Why/ why not?
- How did you hire your core team?

* A list of personality traits was shared during the in-depth interviews to provide a consistent reference point for interviewees. The personality traits were based on the Big Five factor model and detailed sub-traits as outlined in Judge et al. (2003).

1 Judge, T.A., Klinger, L. R., Bodei, B. J., Simon, S. L., & Crawford, R. E. (2003). Hierarchical Representations of the Five-Factor Model of Personality in Predicting Job Performance: Integrating Three Organizing Frameworks With Two Theoretical Perspectives, *Journal of Applied Psychology*, Vol. 88, pp. 875-925.

3. Interview participants

We interviewed 16 founders in total, as summarised in the table below:

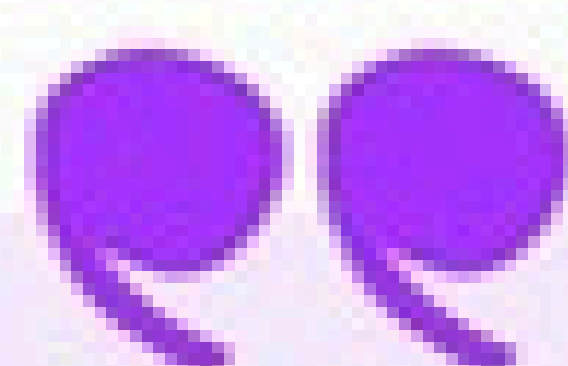
#	Startup	Interviewee/s	Industry
1	Beforepay	Co-founders: Tarek Ayoub & Dean Guo Mao	FinTech
2	BOULEVARD	Founder: Matt Mills	FinTech
3	Conversr	Founder: Luke Bridges	MarTech
4	Erin Living	Co-founders: Thomas Walkley & Anthony Mazzei	PropTech
5	GigSuper	Co-founder: Branka Injac Misic	FinTech
6	i2i Logic	Co-founder: Tim Maddock	FinTech
7	Joyous	Co-founder: Mike Carden	HRTech
8	Lateral Vision	Co-founder: Alex Tolson	Emerging Tech
9	Paytron	Co-founder: Jaco Veldsman (JV)	FinTech
10	Serenade	CTO: Craig Myles	Entertainment/ Music
11	Svelte Ventures	Co-founder: Dave Chetcuti	Digital Agency
12	Teamgoge	Co-founder: Ben Smit	HRTech
13	Anonymous	Founder	FinTech
14	Anonymous	Founder	FinTech
15	Anonymous	Founder	FinTech
16	Anonymous	Founder	MarTech

4. Interview summaries

4.1. Beforepay

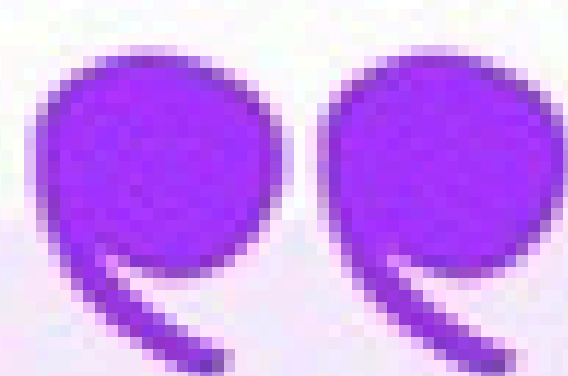
Question	Answer
Describe your core team.	<p>The co-founders reflected that their first few hires were much harder to bring into Beforepay. They had to 'wine and dine' them to convince them to come, given the risk trade-off to join. The co-founders likened the initial recruitment process with candidates to selling the vision in a VC meeting.</p> <p><i>"It was so much harder to hire the first lot."</i></p> <p>Alongside the first two hires, the rest of the core team comprised:</p> <ul style="list-style-type: none">• Marketing Manager,• Customer Support Manager,• Product Manager,• UX/ UI Designer,• Engineers (x2). <p>Later in the life cycle of the business, the co-founders hired their C-suite, who were generally sourced from corporate and management consulting backgrounds.</p> <p>In two years, the team has grown to 43 employees (as of April 2021), approximately 30 in Australia and 13 globally.</p>

Question	Answer
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>The co-founders identified several competencies individuals needed to possess to be successful at Beforepay. This included:</p> <ul style="list-style-type: none"> • Ability to deal with pressure and resilience, <p><i>"We have noticed that pressure to each person is different. We make sure we reiterate the pressure of the environment. It's extremely fast-paced, and individuals need to be able to cope with it."</i></p> <ul style="list-style-type: none"> • Ability to work on multiple projects at once, • Teamwork, • Communication, • Problem-solving skills. <p><i>"We started to look for people who could problem solve, not just do a tech task."</i></p> <p>They have realised that a balance needs to be struck between the right level of competence and the right attitude that will fit culturally at Beforepay.</p> <p><i>"We found the smartest people don't necessarily have the best attitude, and individuals with great attitudes don't necessarily have the level of skills. We had to find the right balance."</i></p>



They have realised that a balance needs to be struck between the right level of competence and the right attitude that will fit culturally at Beforepay.

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Tarek and Dean chose the following:</p> <ul style="list-style-type: none"> • Competence, • Trust, • Straightforwardness, <p><i>"Don't beat around the bush. If you don't know the answer, just say it."</i></p> <ul style="list-style-type: none"> • Warmth: They want people to love and take pride in what they do, <p><i>"We want people to care and love what they do! We want people to take pride in what they do – it's not just a job. This is a big playground of smart people."</i></p> <ul style="list-style-type: none"> • Actions, <p><i>"Actions speak louder than words."</i></p> <ul style="list-style-type: none"> • Ideas: They want to hire people smarter than them, <p><i>"Bring great ideas to the table."</i></p> <ul style="list-style-type: none"> • Values: Beforepay just developed its values in the last few months. They are now part of the interview process, <p><i>"Now all interviews have values assigned and rank people against them."</i></p> <ul style="list-style-type: none"> • Positive. <p><i>"It has to be a positive person – not a pessimist."</i></p> <p>Tarek particularly focused on competence, trust, and straightforwardness when he was hiring the C-Suite.</p>



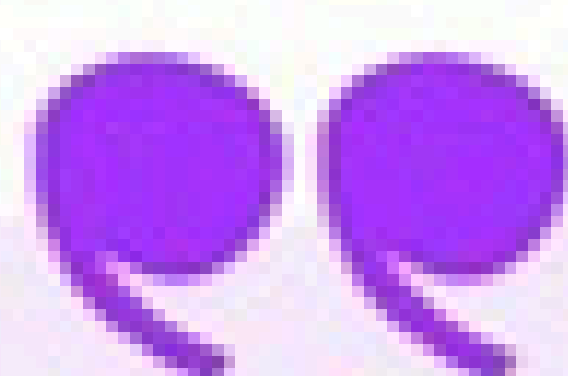
Don't beat around the bush. If you don't know the answer, just say it.

Question	Answer
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>From the personality traits/ facets list, Tarek and Dean chose the following:</p> <ul style="list-style-type: none"> • Anxiety, • Pessimism, • Self-consciousness, • Impulsive, • Vulnerability. <p>The co-founders stated that the individual needs to be positive.</p>
Are there any factors in the environment that might impact how your people have performed?	<p>The co-founders shared the challenges in recruitment, particularly in the engineering space, given the increased demand for this skill set in the market. They have also learnt that different groups are motivated by different things when considering a role at Beforepay. For example, operational roles were more likely to be motivated by career development and opportunity.</p>
Does prior startup experience have an impact on future startup performance?	<p>The co-founders discussed that, from their experience, just coming from a reputable employer in the past doesn't necessarily reflect an individual's abilities. In some cases, the bigger companies can make it harder to train new hires.</p> <p>They have typically hired from startups versus traditional backgrounds. However, the C-Suite are not from the startup ecosystem, and many are former management consultants.</p>

Question	Answer
How did you hire your core team?	<p>In the past, the co-founders have used a range of channels to recruit candidates. These include personal networks, meetups/ networking events and recruiters. Personal networks have proven useful for the team.</p> <p><i>"Using our network is a big thing for us."</i></p> <p>Meetups and networking events have typically resulted in awareness and exposure over potential leads. The team continue to use recruiters given the capital and time constraints. However, there was an acknowledgement by the co-founders that this has been a challenging area given the cost and subsequent churn experienced, particularly in the engineering space.</p> <p>Hiring is now a structured process and differs slightly between engineering and non-engineering teams. The process can include numerical testing, attitude and cultural fit assessments, case studies and problem-solving skill tests.</p> <p>The co-founders feel they have a good 'BS metre' when it comes to the hiring process, which helps them make quick decisions. Other key tips they utilise include showing the candidate the business plans and being transparent.</p> <p><i>"People who join us know the first thing they do is go to the Mac Store and buy their laptop."</i></p> <p><i>"We don't have time to waste on bad hires."</i></p> <p>The co-founders feel that people want to join Beforepay because they "walk the walk". They present people with the facts of what they have achieved and the vision of where they are planning to go.</p>

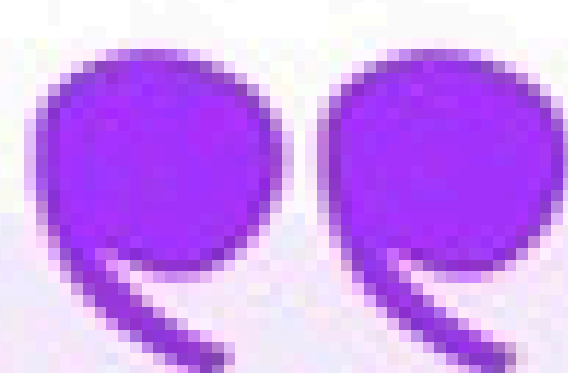
4.2. BOULEVARD

Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>When Matt started building out the team again in 2020, many high-quality and experienced people were entering the market. His first few hires were based on:</p> <ul style="list-style-type: none">• Identifying what was needed and assessing the gaps: For example, BOULEVARD didn't have anyone with cybersecurity skills, <p><i>"What can't we cover with our existing skill sets? What is cheaper to have in-house?"</i></p> <ul style="list-style-type: none">• Identifying the capabilities to take the BOULEVARD forward: For example, the decision to hire a Customer Support role was to ensure they were listening to customer feedback which would, in turn, reduce the sales cycle, reduce churn, etc. <p>The purpose of hiring an interim CEO (not a founder) was to help free up Matt's time to focus on innovation.</p> <p><i>"The CEO is a safe pair of hands to free up my time to focus on innovation."</i></p> <p>The next focus is to build out the internal developer and customer success team.</p>
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>There are several things Matt looks for in new candidates:</p> <ul style="list-style-type: none">• Exposure to previous startups: Individuals understand the expectations and the environment they are getting into, <p><i>"Exposure to previous startups is a plus as they already know what they're getting into. If they haven't had direct exposure, then some awareness is helpful."</i></p> <ul style="list-style-type: none">• Awareness and desire to work in an entrepreneurial environment: For example, if an individual also has a side hustle,• Motivation and ambition: Individuals are keen to get stuck into it,• Inquisitive: Individuals who are curious and ask lots of questions,• Openness and transparency.



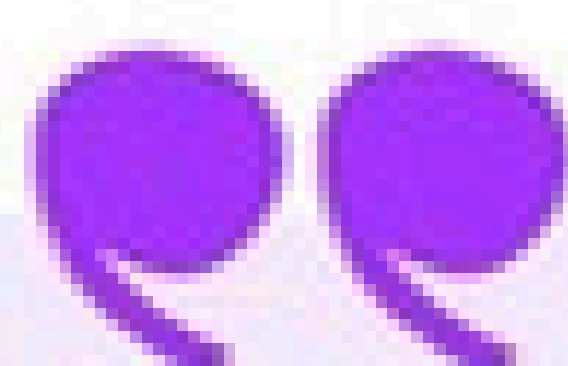
Not being able to own up to mistakes or shortcomings has a huge impact and also impacts your trust.

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Matt chose the following:</p> <ul style="list-style-type: none"> • Trust: People need to trust each other and know they are there for the right reason, • Straightforwardness: The team is small, and the structure is flat with no room for politics. Individuals need to feel they can speak up, <p><i>"Everyone has their role and is there to better the company."</i></p> <ul style="list-style-type: none"> • Self-discipline: There is no onboarding process, and the working environment is flexible, so individuals need to stay focused and not get distracted.
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>From the personality traits/ facets list, Matt chose the following:</p> <ul style="list-style-type: none"> • Angry/ hostility <p>Matt also mentioned that defensiveness and insecurity are also damaging for a startup as there is not enough time in the day to deal with these behaviours. He shared that these actions can have a compound impact and need to be addressed quickly. Otherwise, they can have a snowball effect. On the flip side, trust is vital as it allows individuals to own up to their mistakes and shortcomings and take feedback.</p> <p><i>"They are two sides of the same coin. People are defensive because they are insecure."</i></p> <p><i>"Not being able to own up to mistakes or shortcomings has a huge impact and also impacts your trust."</i></p>
Are there any factors in the environment that might impact how your people have performed?	<p>The default working environment is face-to-face as Matt prefers this option for the team dynamics and collaboration.</p>



The team have a mixture of corporate and startup experience. Matt has not seen a difference in performance either way.

Question	Answer
Does prior startup experience have an impact on future startup performance?	<p>The team have a mixture of corporate and startup experience. Matt has not seen a difference in performance either way.</p> <p>One thing Matt has noticed is that performance tends to differ from an experience perspective. For example, part-timers straight from university who get their first jobs at BOULEVARD are still working out how to manage expectations with their employer, the lack of structure, support and oversight in a startup, etc. This can have an impact on their productivity.</p> <p><i>"Having a few years of experience means people know what the expectations are... this helps with productivity."</i></p> <p>Hiring those with greater experience and openness has helped with navigating challenges and curveballs. Matt shared that everyone is keen to be there and pitch in to help fix an issue.</p> <p><i>"When things go wrong, the team responds well and are open to feedback. Everyone is keen to be there."</i></p>

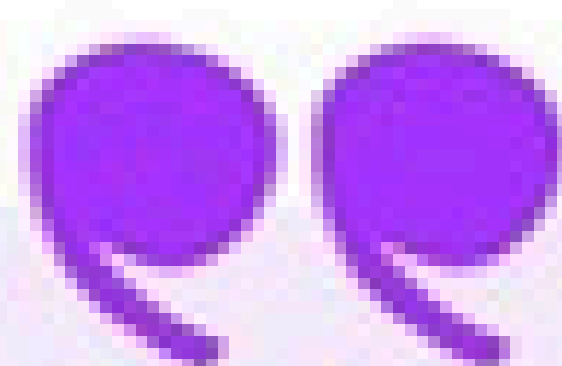


I ask the tough questions upfront and am clear about the reality in a startup – there is lack of assurance and instability.

Question	Answer
How did you hire your core team?	<p>Matt found most of the initial hires through a recruiter. He found his recruiter through trial and error and decided to include them in the hiring process as they:</p> <ul style="list-style-type: none"> • Provide a filtering layer before which saves Matt and the team time, • Are specialised in finding tech talent, • Provide a good deal for Matt, and there is no monetary loss if he uses them. Matt also identified that although there is a cost for a recruiter, the cost of getting a hire wrong is even higher. <p><i>"If they are technical, they know what's good and what's not, which helps to filter the applications."</i></p> <p><i>"In essence, the recruiter becomes a part-time human capital person."</i></p> <p><i>"Although the cost of a recruiter is high, the cost of not getting it right is even higher."</i></p> <p>Matt continues to be involved in the hiring process in some way alongside his whole team. The team is still small, and so everyone has an opportunity to meet a new hire; through a meeting or interview. This allows the team to have a sense of who is coming, while the candidate can also test the other way. During the interview process, Matt is keen to understand what the individual values, what they care about and ensures they are clear on the reality of working in a startup.</p> <p><i>"It's a privilege we can do as a small team. We know we won't be able to do it long term. However, it works well now."</i></p> <p><i>"I ask the tough questions upfront and am clear about the reality in a startup – there is lack of assurance and instability."</i></p> <p>BOULEVARD follows a range of informal and formal steps in its recruitment process. These include:</p> <ul style="list-style-type: none"> • Structured interviews, • Psychometric testing (e.g. numeracy, logic), • Skills assessment: <ul style="list-style-type: none"> – Technical: If technical skills-based, they can use a technical assessment tool (e.g. HackerRank) to establish a level of competency, – Customer: If customer-based, they give them scenarios to respond to (e.g. sales process). • Informal coffee catchups with team members.

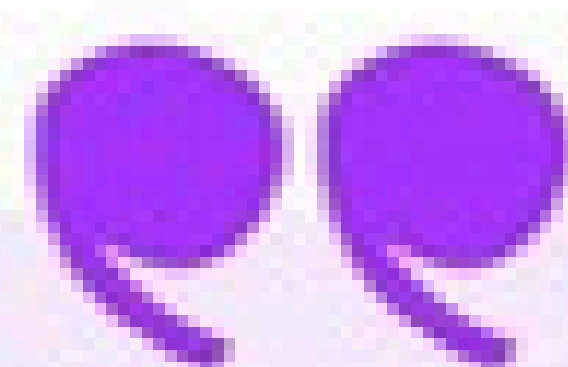
4.3. Conversr

Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>The focus of the first hire was on engineering capability to develop the platform. As this is not Luke's realm of expertise, he required Mike (his co-founder) to identify what he needed.</p> <p>The first hire was strong on product and could bridge the gap between commerciality and customer need. Essentially, they bridged the gap between the two co-founders.</p> <p>Subsequent hires needed to help deliver and execute.</p>
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p><i>"Our first hire could conceptually grasp the vision and what we wanted to achieve."</i></p> <p>Conversr's first hire could conceptually understand the vision, what the founders wanted to achieve and the company's overall purpose. They had to be able to problem-solve, and Luke needed more than just "making the widget".</p> <p><i>"I (Luke) look for something beyond just making the widget and ticking the boxes."</i></p> <p>Given the nature of startups, Luke identified that new hires need to be fluid and take the opportunity to define their role. They also need to have direct, open and honest conversations/ communication. His most recent hire understands what he needs, is fantastic at executing, is organised, and has deep industry relationships and experience.</p> <p><i>"I need a safe pair of hands to deliver and love my clients as much as I do."</i></p>



Our first hire could conceptually grasp the vision and what we wanted to achieve.

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Luke chose the following:</p> <ol style="list-style-type: none"> 1. Competence, 2. Straightforward, 3. Assertiveness, 4. Altruism , 5. Trust, 6. Self-discipline. <p>Luke also prefers people who will commit and build his vision. He doesn't want individuals who can't commit and always look for the 'next thing'.</p>
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	Individuals who don't have the humility to learn won't flourish in a startup.

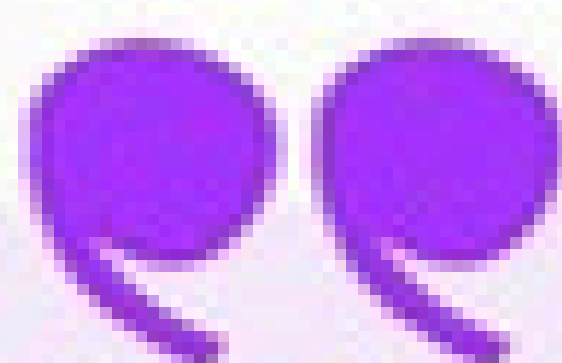


Individuals who don't have the humility to learn won't flourish in a startup.

Question	Answer
Are there any factors in the environment that might impact how your people have performed?	<p>A few things are happening at Conversr that have impacted performance and will do so in the future.</p> <p>Conversr has now merged with Burst SMS (in 2021). There are differences in the products as Conversr is an automation product, while Burst SMS is a utility product. They will start to draw more now on the same resources. However, not all skill sets will work across both products.</p> <p>COVID also brought its challenges as everyone started working from home. As the team transitions back into the office there is recognition that some teams work a lot better face-to-face.</p> <p>Conversr has an excellent reputation as they have built deep relationships and a reputation in the NFP world. Luke is known within the sector and often speaks at events.</p> <p>They are also within a growing "tech" sector which helps to attract quality talent.</p>
Does prior startup experience have an impact on future startup performance?	<p>Conversr's first employee did have startup experience, which was helpful as they had the initiative to do their own thing and understood the environment.</p> <p>The recent hire is from an 80-person call centre, and Luke likes the fact she is not from a typical startup as she brings a level of structure and organisation to the way they are doing things.</p>
How did you hire your core team?	<p>The first hire was through a recruitment agency, and Luke had not worked with this individual before. The recent hire was a contact that Luke worked with already in one of the partnerships. Through his strong network, Luke feels that he can target potential talent and attract them with the 'startup equity' and a solid future vision.</p> <p><i>"It's so important to have good people – I can't place more emphasis on this."</i></p> <p><i>"Once you have good people on the bus, you can do anything."</i></p> <p>Luke now uses the recruitment team within Burst SMS to carry out the remaining hiring steps.</p>

4.4. Erin Living

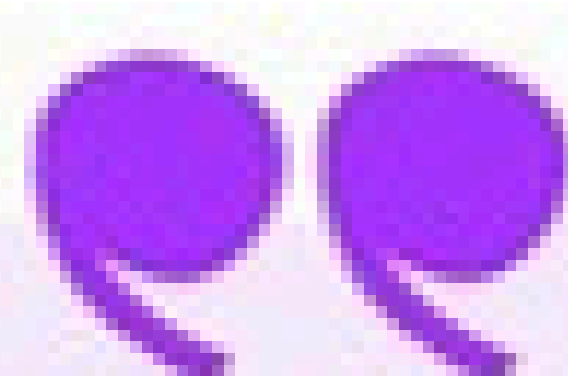
Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>The co-founders targeted their first hire to help build the pipeline and sell. The Sales Director (Sales Guru) was found through their networks and has a tech sales background. They typically bring in new hires as they find them, even if the role is not ready just yet. In the case of their first hire, a product was not ready until nine months after, so the Sales Director used this time to collect contacts, build relationships, perform market analysis and build a database and pipeline. The Sales Director was also living in the apartment block of Erin Living's first building, so they could have a 'lived experience' and see the value that was being added.</p> <p>Subsequent hires have included:</p> <ul style="list-style-type: none">• COO: The co-founders received advice to find someone with deep experience for this role. The individual they hired had worked in a mixture of startup and corporate environments. Their depth of experience was important as they needed someone to focus on the product delivery. <p><i>"Find someone with lots of experience."</i></p> <ul style="list-style-type: none">• Account Manager (Sales Team): With a background in government advisory, this individual was found through the Sales Director and lives in the first building Erin Living went live in. This individual started to work with Erin Living on an ad hoc basis before coming on full-time.• Sustainability & Communities: Another individual targeted through the co-founders networks. This role is currently part-time as they work to bring a greater sustainability focus into their platform. The co-founders recognise the importance of making proactive investments in talent.



We are making investments in talent now, even when we might not be ready.

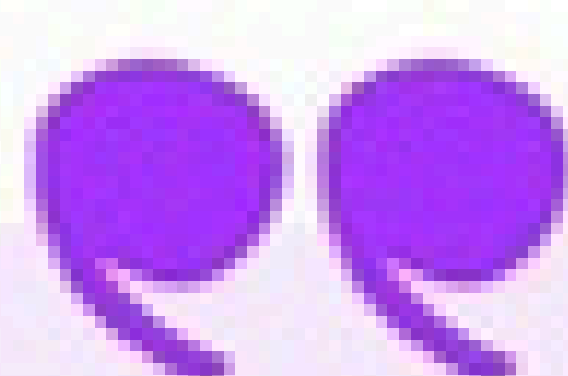
Question	Answer
Describe your first and subsequent hires. What were you looking for? continued	<p><i>"We are making investments in talent now, even when we might not be ready."</i></p> <ul style="list-style-type: none"> • Product Designer (UI/ UX): Hired over zoom; this individual was also found through a referral, • Product/ Tech Engineers (x3): The original MVP was outsourced, and now Erin Living is building up its internal product and tech team by hiring a CTO, data analyst and senior engineer: <ul style="list-style-type: none"> – CTO: Found through Start-Up Vic's Slack channel, – Senior Engineer: Found through a recruiter, – Data Analyst: Found through their networks and referred into Erin Living.
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>Alongside the functional expertise described above (e.g. sales, operations, sustainability), the following were identified by the co-founders:</p> <ul style="list-style-type: none"> • Passion for what they do, • Deep experience in the industry, • Relationships, networks and connections in the industry, • A growth mindset to help them fit into the startup world, bring ideas to the table and have the agility and adaptability to work in the unknown, <p><i>"You can tell quickly these things, and your gut tells you if they will work or not."</i></p> <p><i>"Can they bring ideas to the table? Do they have a growth mindset? Are they agile? Can they adapt in the unknown?"</i></p> <ul style="list-style-type: none"> • Ability to adapt your role to a growing business, • Ability to work well in a team, <p>Specific to the Sales Director:</p> <ul style="list-style-type: none"> • Tenacity, • Analytics. <p>The co-founders stated that they are more interested in overall what people can bring and their growth mindset, preferring soft skills to hard-technical skills.</p> <p><i>"Technical skills are cheap to learn."</i></p> <p><i>"We look for the package, not the specifics."</i></p>

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Anthony and Thomas chose Competence.</p> <p>However, the co-founders felt that personality traits are dependent on the type of role. For example, they would hire people into Sales who display gregarious and warm personality traits, rather than modest and self-conscious traits. To get a good feel for individuals and their personality, they start the recruitment process early.</p>
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>Individuals with high anxiety, pessimism, and vulnerability (as described on the traits list) may struggle due to the lack of structure and many unknowns in the startup environment.</p> <p><i>"People need to be OK with a lot of unknowns."</i></p> <p>Given the pace of startups, individuals need to be able to adapt as the business grows quickly and their roles evolve.</p> <p><i>"The pace is fast-moving, and we're trying to break new ground. Not everyone will be cut out for that. If you like set lunchtimes, you will work better in the corporate world."</i></p>
Are there any factors in the environment that might impact how your people have performed?	<p>Given the nature of an early startup, they look for generalists rather than specialists who can be thrown in the deep end. However, they do say this may change as they grow and require more specialists in the future.</p> <p><i>"We want someone to be 80% proficient in 100 things, rather than 100% proficient in one area."</i></p> <p><i>"Being ok with being thrown into the deep end is important."</i></p>



A growth mindset was identified as something that was required to help someone fit into the startup world, bring ideas to the table and have the agility and adaptability to work in the unknown.

Question	Answer
Does prior startup experience have an impact on future startup performance?	<p>Employees have come from a mixture of startup, corporate, and government backgrounds. They have not found any differences in performance.</p> <p><i>"If the personality is right, what they learn in a corporate environment is good for the startup space" (e.g. process and legislation).</i></p>
How did you hire your core team?	<p>Broadly, Erin Living's approach to recruitment has been to go with their gut instincts and look for passionate people. The co-founders won't necessarily be looking to fill roles but will come across talent, start the conversation, and bring them into the team. For example, one of the co-founders went to school with the Sales Director and then hired him off his Instagram page. Another example is the CTO, where they met on Vic Startup's Slack channel and initially went for a coffee and brought them into the team a year later when the CTO role firmed up.</p> <p>They describe using their known networks to target talent and using their intuition when making decisions. They also recognised the long lead times to often get talent. Reviewing CV's and conducting reference checks is typically not performed.</p> <p><i>"We weren't looking for someone... when we find talent – we grab it."</i></p> <p>They have only used an advertisement for one of the roles. Everyone else has typically been through networks and referrals (aside from one role through a recruiter).</p> <p>The co-founders take a broad approach during the interviews, starting a conversation about what it is like to work at Erin Living and delving into the aspirations of the individual (e.g. What is it like working at Erin Living? What are they about?).</p> <p><i>"We take a broad approach to the first and second meeting."</i></p>

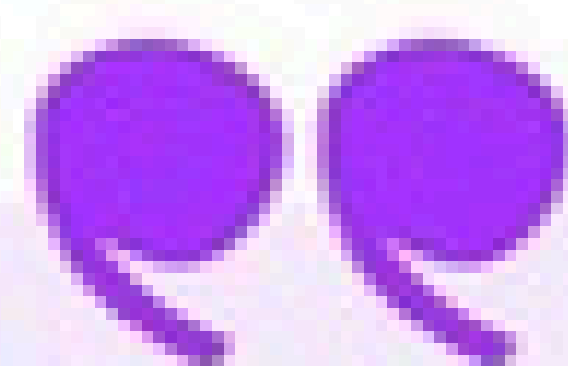


Given the nature of an early startup, they look for generalists rather than specialists who can be thrown in the deep end.

4.5. GigSuper

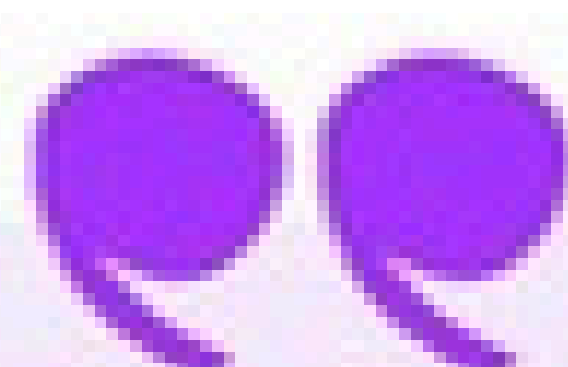
Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>Once the co-founders identified what capabilities they were hiring for, they went to market for six roles concurrently.</p> <ul style="list-style-type: none">• Digital Marketing Coordinator: This role also acted as a Project Manager to improve GigSuper's operations.• Partnerships Manager: This role focused on understanding the 'customer' and developing campaign ideas to partner and engage with the sole-trader community.• Community Manager: This role requires high empathy.• Content Writers (x2): These roles focus on writing blog posts, eBooks, advertising, and funnels.• Super Guide: This role acts as an Account Manager and requires depth in financial planning and superannuation. It is a front-facing role with customers and includes running events (e.g. webinars). <p>Where gaps exist, or individuals have left the business, contractors and a Digital Agency are used while the co-founders determine the next hire.</p>
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>Alongside digital marketing, partnerships, community, content writing, and superannuation/ financial planning skills present in the first hires, the following competencies have positively impacted the business:</p> <ul style="list-style-type: none">• Agility: Individuals with agility can extend beyond a structured role and tap into other skill sets. For example, the Digital Marketing Coordinator also acted as a Project Manager, making sure GigSuper's operations and processes were working well. Agility also fosters greater resilience to perform in chaotic environments.• Growth mindset: Having a growth mindset will improve how resilient an individual is in the startup environment. An example of how a growth mindset shows up is the ability to identify, learn from, and move on from a mistake that is made.• Empathy: understand who the "customer" is and the needs of the sole-trader community.• Learner: Has humility and a willingness to learn and improve.

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Branka chose the following:</p> <ul style="list-style-type: none"> Competence: New hires and team members are hired for their expertise. They are empowered and need to know more about their area of expertise than the rest of the team. <p><i>"We look for people who are experts at what they do. This is their "zone of genius."</i></p> <p><i>"We don't want to tell you how to suck eggs. We want you to lead."</i></p> <ul style="list-style-type: none"> Altruism: Focusing on the bigger purpose so people are aligned and help each other to get the job done (rather than focusing on what isn't done). <p>Vulnerability is also something Branka mentioned that positively impacts team dynamics.</p>
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>From the personality traits/ facets list, Branka chose</p> <p>Anger/ hostility.</p> <p>Passive aggressiveness is also another unhelpful trait as it can shake and slow down teams. Low self-awareness and a lack of empathy for the customer will also present challenges.</p>



Individuals with agility can extend beyond a structured role and tap into other skill sets.

Question	Answer
Does prior startup experience have an impact on future startup performance?	The team are from a mixed background, including self-employed (some were hired directly from the sole-trader community)/ freelancing, agency, and corporate. There was recognition that the transition from corporations into startups does require time to adapt to a new dynamic environment and way of working.
How did you hire your core team?	<p>The co-founders use a mixture of their networks, Seek/ LinkedIn advertising, and hiring from the community they've built (i.e. self-employed/ sole-trader community). Practical exercises are used during the interview process to understand competence.</p> <p>No recruiters are currently used in the hiring process as they have not been needed up to this point.</p>

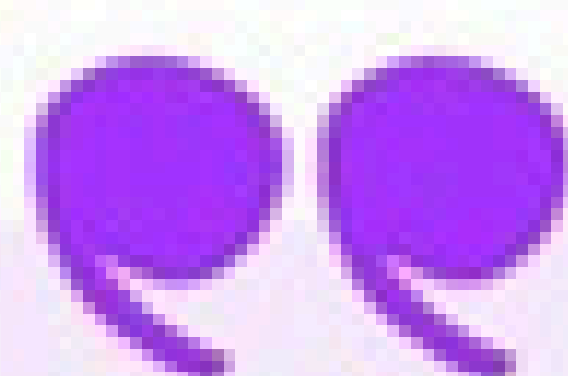


Focusing on the bigger purpose so people are aligned and help each other to get the job done (rather than focusing on what isn't done).

4.6. i2i Logic

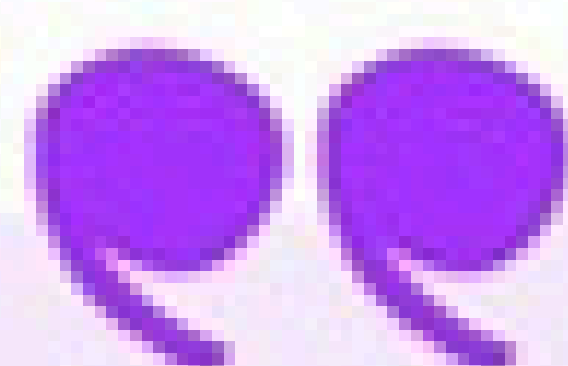
Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>The co-founders have hired to fill a need, serviced their needs through third parties, and then increasingly insourced and moved capabilities onshore to build teams as the capital became available and the company matured.</p> <p><i>"We have never received external capital, so recruiting is quite different here."</i></p> <p><i>"We have only been able to hire when we have had cash flow. This hones and refines your people resources very quickly."</i></p> <p>The team now consists of about twelve employees, built initially with the tech development team in Melbourne. Tim then moved to Switzerland to build out Europe, and on leaving Europe, placed their first Business Development team member. Another Business Development team member has also been hired in Zurich. A CFO is also working on the business one day a week.</p> <p>The breakdown is below:</p> <ul style="list-style-type: none">• Melbourne: Seven predominantly tech-focused employees include Tim, Corporate Financier (ex. Banker), two data, two dev ops, one CTO,• Zurich: Two BD roles,• Hong Kong: One role,• London: Two part-time roles consisting of an intern (from London Business School); and a BD role (ex. Banker). These individuals act more like consultants than employees and provide an opportunity to 'try before you buy',• Auckland: One part-time role,• India: One full-time developer. <p>i2i Logic has been able to tap into interns (e.g. from Insead and London Business School) and utilise partnership models to supplement their teams and grow their customer reach. The ability to source global talent, coupled with increasingly remote teams due to COVID, creates a competitive environment for our local talent – something for the Government to consider.</p>

Question	Answer
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>The co-founders' experience in outsourcing to India in previous corporate roles helped them outsource the initial tech development.</p> <p>As they began to hire their first few employees, they looked for people who could spread themselves widely, so the focus was on generalists. However, they were hard to find in the market. For example, when hiring into the tech team, individuals needed to develop and prepare and write tech policies, engage clients, etc.</p> <p><i>"Our early hires were generalists that could spread themselves widely..I (Tim) had overestimated this (profile) in the market."</i></p> <p>Key competencies Tim was looking for in the first few hires include:</p> <ol style="list-style-type: none"> 1. Breadth of capability, 2. Willingness to grow and go beyond what the role they were hired for was, <p><i>"We need to respond to a client on a Saturday night."</i></p> <ol style="list-style-type: none"> 3. Genuine curiosity about the business and what they do (e.g. What are they delivering to clients? How do you measure success?). <p><i>"You want every hire to ask, 'what is your measure of success and how can I help deliver that if I'm hired?'"</i></p>
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Tim chose the following:</p> <ul style="list-style-type: none"> • Competence, • Achievement/ Striving, • Self-discipline, • Trust and integrity, • Ideas, • Assertiveness, • Positive emotions, • Activeness. <p>Other personality traits will be role-dependent. For example, in front of house, BD warmth and gregariousness are more important for relationship building. In contrast, these traits are less required for the back-end data roles.</p>



Tim identified that individuals who don't perform as well in the startup environment have limited curiosity and don't have a desire to go beyond their roles.

Question	Answer
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>Tim identified that individuals who don't perform as well in the startup environment have limited curiosity and don't have a desire to go beyond their roles. Given the company's size, there is no place for individuals who are not interested in growing the company. Otherwise, the role may as well be outsourced (if the relationship is transactional). Tim also notes the impact a bad hire can have on the rest of the team.</p> <p>Tim judges curiosity and willingness to go above and beyond through conversations with the candidate and reference checks.</p> <p>From the personality traits/ facets list, Tim also identified the following:</p> <ul style="list-style-type: none"> • Anxiety, • Anger/ Hostility, • Pessimism. <p>Tim noted that in small startup teams, there is limited bandwidth to manage more challenging personality traits, given the challenges in a startup.</p> <p><i>"It's never going to be that easy here."</i></p>
Are there any factors in the environment that might impact how your people have performed?	i2i Logic has never raised capital to fund its operations. Team members have been paid out of revenue. Their team is global and also made up of partnerships.
Does prior startup experience have an impact on future startup performance?	Most hires are from the corporate environment.

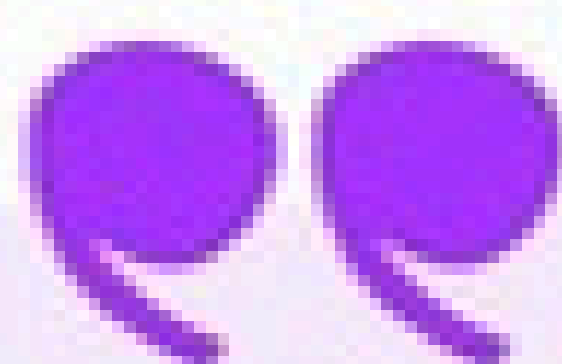


Tim noted that in small startup teams, there is limited bandwidth to manage more challenging personality traits, given the challenges in a startup.

Question	Answer
How did you hire your core team?	<p>i2i Logic has typically used private networks during the hiring process. Traditional online advertising has delivered mixed results; however, the two most recent hires have been successful and were found through LinkedIn. External recruiters have not been used to date, but this is more a cost issue.</p> <p>The hiring process consists of:</p> <ul style="list-style-type: none"> • Screening candidates, • Testing their experience in a specific vertical, • Actively exploring their knowledge in other verticals within the business and the wider ecosystem through open-ended questions. The purpose of this is to understand their thought processes, not to seek the right answers. For example, "What do you think about the banks moving onto the cloud?", • Reference checks. <p>Tim also checks broader sources when recruiting. For example, LinkedIn and Community and Data ecosystems.</p>

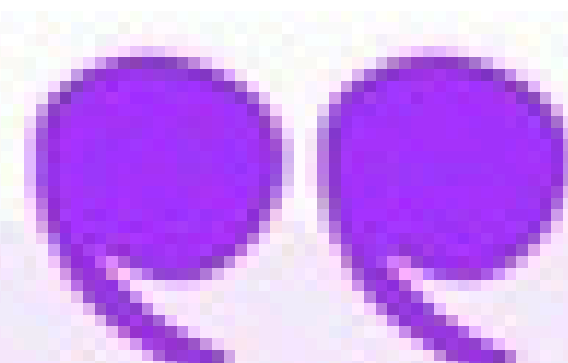
4.7. Joyous

Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>The objective of the first two hires was to build out the engineering team. The co-founders were very particular about these hires, as they knew they would contribute to how the culture was set up in the company.</p> <p><i>"You continue the way you start..."</i></p> <p>Mike reflected on the ego-driven "bro culture" that can exist in engineering culture, where each individual is "trying to outcode each other". The co-founders focused on building a learning culture from the start, where people would teach and grow.</p> <p><i>"Everyone talks about a learning culture, but we know you also need people to teach the code and grow."</i></p> <p>Once they had confirmed the profile they were looking for, Mike and Phil would attend meetups and "target the person who had other people around them".</p> <p>Through attending meetups, they were successful in finding their Senior Engineer.</p> <p>From the initial hires, they used their seed funding to focus on three things in the first two years:</p> <ol style="list-style-type: none">1. Building out the engineering team,2. Building the product and getting customers onto the beta platform,3. Building the engineering culture.



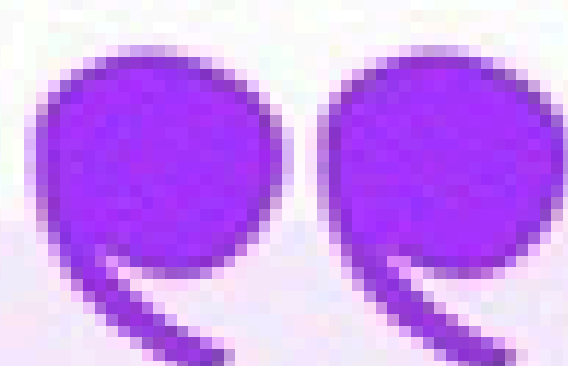
Mike reflected on the ego-driven "bro culture" that can exist in engineering culture, where each individual is "trying to outcode each other". The co-founders focused on building a learning culture from the start, where people would teach and grow.

Question	Answer
Describe your first and subsequent hires. What were you looking for? continued	<p>Following this, they added an operational role, a part-time marketing and content role, and a part-time science role to understand the state of the science.</p> <p>As the team was being built out, the co-founders focused on creating a culture from the ground up that was diverse, purpose-aligned and the best possible to work in. This meant that when employing people, they gave them the autonomy to implement and distributed decision making. They have since built a strong foundation. The culture is now formalised and embedded, and created to scale as the organisation grows.</p> <p><i>"The biggest issue with engineering teams is that they are very homogenous."</i></p> <p><i>"Our purpose is to make life better for working people, so as such, we wanted our office to look like that as well."</i></p>



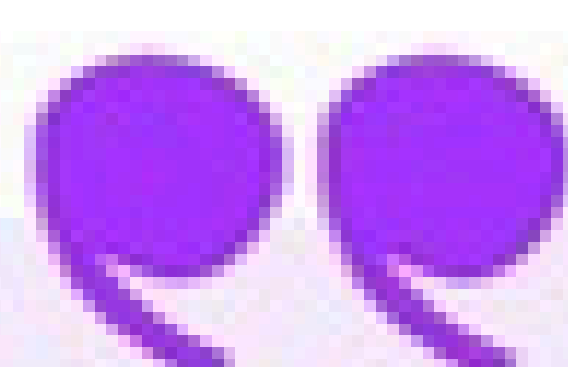
Our purpose is to make life better for working people, so as such, we wanted our office to look like that as well.

Question	Answer
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>The co-founders seek to build a purpose-driven organisation, so they look for people to join the team who have empathy and interests outside of themselves. Having a growth mindset is key, as they want people to come to Joyous with the intention of learning, growing and developing (and the belief that they are capable of growing).</p> <p><i>"We look for people who have interests outside of themselves."</i></p> <p><i>"We tend to hire to empathy."</i></p> <p>Phil looks for people with different kinds of intelligence, for example, strong emotional intelligence or lateral thinking. The team currently have a very diverse range of specialists and broad science-based capabilities.</p> <p>The co-founders feel that they have gotten good at identifying intelligence through applying more rigour in their dialogue during the recruitment process. For example, if an individual talks about themselves a lot or has an ego, it can risk the psychologically safe environment they have built at Joyous.</p> <p><i>"We feel we have got good at identifying special intelligence."</i></p> <p><i>"We are trying to build a psychologically safe environment, so people fundamentally have to feel that they can speak their mind."</i></p>



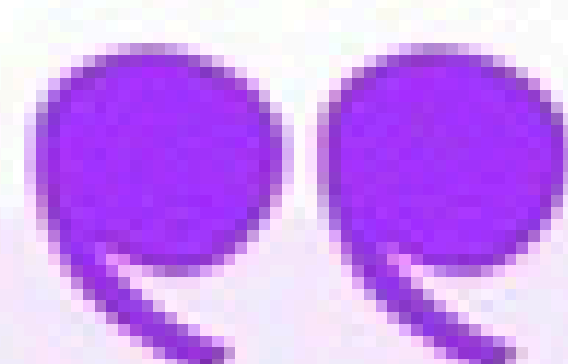
We look for people who have interests outside of themselves.

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Mike chose the following:</p> <ul style="list-style-type: none"> • All of the 'agreeableness' quadrant includes trust, modesty, straightforwardness, altruism, compliance, and tender-mindedness. • Trust: Trust runs two ways. The co-founders want to trust people, and in turn, want people to trust them. • Modesty: The co-founders look for modesty. • Straightforwardness: The co-founders want people to feel that they can speak their mind without fear that it will hurt someone else. They recognise that some behaviours (e.g. egotistical) could risk this within a team. <p>Mike reflected on the organisation as "one great big experiment" where the objective is to make life better for working people. Complete autonomy for the team is part of that experiment. Another experiment is the rotating CEO role, which they treat as a function and rotate every three months. As a result, Joyous has built a strong employer brand in the market.</p>
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>Mike reflected on previous hiring decisions and feels "you have to own your mistakes". He discussed that there is a responsibility to an underperforming employee which you have to balance with the rest of your employees. Some individuals transitioning into a new company don't perform as well. However, they just need an opportunity to adjust and grow. On the other spectrum, some individuals who are not performing or being disruptive (e.g. bullying) can kill your business.</p> <p><i>"In an organisation, you need to balance your responsibility of the employee with the rest of the employees. It's a big challenge for an early-stage business."</i></p>



Trust runs two ways. The co-founders want to trust people, and in turn, want people to trust them.

Question	Answer
Are there any factors in the environment that might impact how your people have performed?	<p>The co-founders have decided to take on functional responsibility, not product responsibility. They feel there is good evidence to support stepping away from the product function and letting the Head of Product run with this. They made this decision to create autonomy in the team. Mike expressed that since growing the team from ten to 30 employees, he has had to find the disciplines that are in the business and separate these from him and his co-founder.</p> <p><i>"If you are serious about creating autonomy, you should push it out."</i></p>
Does prior startup experience have an impact on future startup performance?	<p>The first hire (Senior Engineer) came from an incubator in a large corporation, while the second hire (Junior Developer) came from university. The rest of the team are from a mixture of corporate and startup backgrounds.</p> <p><i>"If they are the right fit – we don't care."</i></p> <p>Mike also identified that people have joined Joyous with early-stage startup experience, but their previous startup has since scaled and they are bored, so they have come to Joyous for a new challenge.</p>
How did you hire your core team?	<p>Joyous uses a mixed approach to recruitment, including targeting individuals, going to meetups and using traditional channels, such as LinkedIn and Seek advertising.</p> <p>Hiring follows a structured process, which Mike likens to a "funnel building process". Candidates are run through a variety of assessments, including:</p> <ul style="list-style-type: none"> • Code test: This is used to quickly cull candidates who don't have the technical skills, • Short interview: Focused on culture, • In-depth interview: Structured interview with a senior group, • Demo: This is the final hurdle and allows an opportunity for the candidate to show what they can do



Mike expressed that since growing the team from ten to 30 employees, he has had to find the disciplines that are in the business and separate these from him and his co-founder.

4.8. Lateral Vision

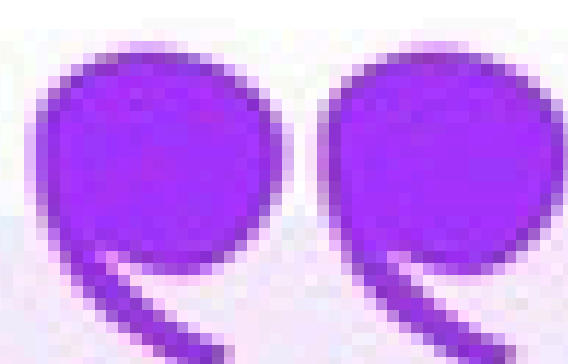
Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>The first full-time hire occurred in April 2021 and replaces a contractor who focused on web development. This role is both externally and internally focused as they deliver client projects while building the internal SaaS product.</p> <p>Casuals and contractors supplement the team, deployed on projects as they are required.</p>
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>Lateral Vision often looks for team members with deep technical capability, given they work in an emerging tech space – for example, 3D modelling, interactive virtual environments, game development, etc.</p> <p>Alongside this, they also look for people who are personable and fit in well with the team. Communication is important. During the hiring process, Alex discerns whether the interviewee could work with him and the team.</p> <p>As they have grown, gaps in capabilities have emerged which need to be addressed and hired for – graphic design and UI.</p> <p>There are no roles in the core team that focus on marketing or advertising activities.</p>
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Alex chose the following:</p> <ul style="list-style-type: none">• Achievement/ Striving: The individual Alex just hired displayed drive and had clear goals and a picture of where they wanted to be in five years.• Self-discipline: People need to be able to work by themselves and be self-sufficient, given they operate remotely.• Straightforwardness: This fits in with a small team. Being upfront with capabilities and gaps is also important as this helps define the work and where they may need to get additional support from contractors.• Competence.
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>As Lateral Vision is involved in emerging tech, they typically hire straight from the universities and colleges. These individuals need to be able to have depth in their technical capabilities and manage the ambiguity and unknowns of commercialising and implementing new technology.</p>

Question	Answer
Are there any factors in the environment that might impact how your people have performed?	<p>Lateral Vision has strong partnerships with local universities and colleges, where they run projects together to commercialise and implement emerging tech. This means that the individuals who work with Lateral Vision are of a younger cohort and typically have less work experience, but very willing to learn.</p> <p><i>"Casuals are a lot younger. This is their first job out of Maccas."</i></p>
Does prior startup experience have an impact on future startup performance?	<p>Lateral Vision has typically hired directly from universities (e.g. AIE), particularly for casual roles. As a result, prior startup experience has been limited.</p> <p>The individual who joined full-time this year has 15 years' experience in web development and has worked prior in a fintech.</p>
How did you hire your core team?	<p>The recent permanent full-time hire was advertised through LinkedIn and Seek. The co-founders followed a standard process of shortlisting, first-round interviews to explore team fit, followed by a second interview focused on technical capabilities. The second interview often includes a technical assessment, for example, using coderbyte. Using a standard assessment makes it very clear to the co-founders which candidates have the level of technical capability required to perform the role.</p> <p>The co-founders are responsible for the hiring decisions (and bring Dad into the decision-making process when required!).</p> <p>Casuals are generally hired through the universities and colleges, having connected with Lateral Vision through emerging tech projects. This is important as the hiring needs have focused on heavy technical skills.</p>

4.9. Paytron

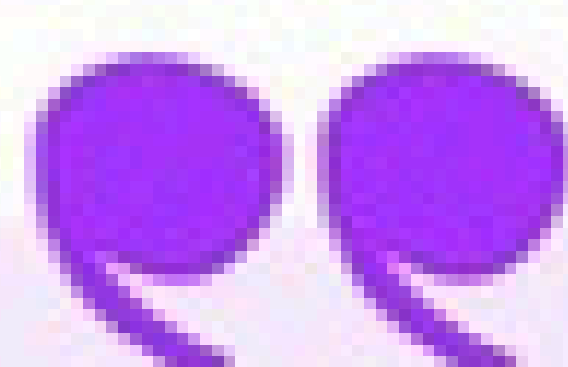
Question	Answer
Describe your first and subsequent hires. What were you looking for?	<p>The co-founders used their networks to source their first hires. As a result, they have hired the following roles since commencing in August 2020:</p> <ul style="list-style-type: none">• Front End Designer: Sourced via family/ friend networks,• Account Manager: An expert in understanding how the payment scene works in Australia who had previously cross paths with JV,• Developers (x3): Via both referrals and recruitment consultants.
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>JV looks for individuals of high calibre, who want to make a difference, and can take risks. Once individuals have passed a technical assessment, he then focuses on ensuring they have the right attitude. JV mentioned he assesses the gaps and wants to find people "smarter than me".</p> <p><i>"It's all about attitude."</i></p> <p><i>"No a**hole policy. We don't want to work with difficult people."</i></p> <p>When they hire, they are looking for individuals who:</p> <ul style="list-style-type: none">• Have a growth mindset,• Have a 'can do' attitude,• Care about the customer,• Show empathy.• Are diverse, as this also helps to build empathy. <p>JV described a growth mindset as being open and willing to learn and try new things. He reflected on a situation where a group they approached didn't want to entertain a conversation with Paytron even though they professed to have a growth mindset. JV identified the need to not be intimidated by success and to treat everyone the same, with the same level of respect.</p> <p><i>"People remember not what you said, but how you made them feel."</i></p>

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, JV chose the following:</p> <ul style="list-style-type: none"> • Trust, • Positive emotions, • Activity, • Ideas, • Competence, • Achievement, • Straightforwardness: When trust and good intent are established, straightforwardness helps gain cut-through to move quickly.
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>There are several personality traits (from the list) that can create challenges in the startup environment:</p> <ul style="list-style-type: none"> • Angry/ hostility, • Anxiety, • Pessimism. <p>JV stated that he is fine with working with stress, but it can be difficult to manage and work with people who exhibit hostility, anxiety, and negativity.</p> <p><i>"We don't have the time to walk on eggshells."</i></p> <p>Additionally, individuals who don't like trying new things are not helpful to the team.</p>



JV stated that he is fine with working with stress, but it can be difficult to manage and work with people who exhibit hostility, anxiety, and negativity.

Question	Answer
Are there any factors in the environment that might impact how your people have performed?	<p>JV discussed the lack of gender diversity in both engineering and marketing. In engineering, they have not had one female developer apply for an open role. On the flip side, they had predominantly received marketing applications from women.</p> <p><i>"We haven't had one application from a female developer in a year."</i></p> <p><i>"To flip it, marketing roles had hundreds of applications from women."</i></p> <p>JV also identified the impacts of remote working. JV felt that days of remote working are ending for developers, and he prefers developer, designer, and building roles collaborating in the same location. JV felt that since Paytron is moving so fast, it helps to be able to have a conversation there and then without it impacting productivity. JV noted that if developers prefer to work remotely, employers may choose to outsource or source talent from across the globe which are often cheaper and have a larger supply.</p> <p>On the other hand, JV does not mind generalist roles working remotely.</p>
Does prior startup experience have an impact on future startup performance?	<p>The team come from a mixture of corporate and startup/ entrepreneurial roles. There are benefits and risks with both approaches. Those from fintech backgrounds typically move quickly, like to take risks, and are more open-minded. Traditional backgrounds move slower, are more careful, can be resistant to change, and are risk-averse. JV noted the importance of both backgrounds; to have a mix and find the right balance.</p> <p><i>"You need to have a good mix to get the balance right."</i></p>

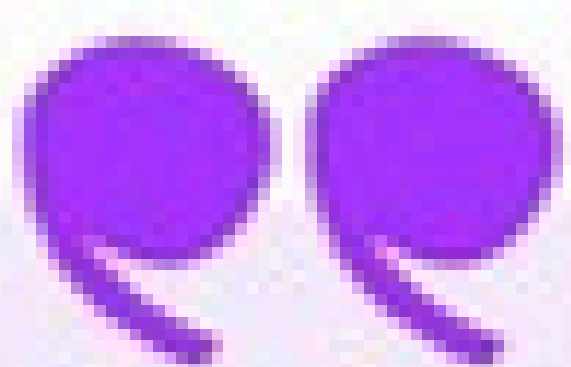


Those from fintech backgrounds typically move quickly, like to take risks and are more open-minded. Traditional backgrounds move slower, are more careful, can be resistant to change, and are risk-averse.

Question	Answer
How did you hire your core team?	<p>JV and François do the hiring. Networking was the most important activity they did to attract their first hire. They also reach into their friends/ family networks.</p> <p><i>"Networking is the most important thing... if it works well."</i></p> <p>The co-founders are also connected with several recruiter agents.</p> <p>During the interview process, they use a roadmap to check if they are on the same page. They also make sure the candidate is introduced to team members.</p> <p>If they found a great developer on the same day, they would hire them straight away. They do, however, like to conduct a second meeting to get the applicant excited.</p> <p><i>"We would still have the second meeting to create scarcity and get them more excited about the role."</i></p> <p>If the role is relatively junior, JV will send them for a technical test. If the candidate does well, they will send them to the developer team to see if they can work together.</p> <p>The co-founders' philosophy is that they are always looking for smarter people than themselves. Brands also mean something but don't always equate to competence.</p>

4.10. Serenade

Question	Answer
Describe your hires. What were you looking for?	<p>The team comprises four permanent employees who are all capable, personable, and driven to get the job done – always learning on the job. All four get along well, with positive attitudes and great sense of humour.</p> <p><i>"Everyone is a little quirky..."</i></p> <p><i>"Having a positive attitude helps. Max is very positive."</i></p>
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>Most of the team are generalists who can pivot quickly (demonstrated in our recent pivot). Craig is the most specialised individual in the team, given the requirement for technical and development capability. Max doesn't just hire for skills and looks at the whole person, including the attitude, to get the job done. People need to be flexible, less structured and not fixated on working a '9-5'.</p> <p><i>"There are only four of us in the team, so we have a lot of ground to cover with not a lot of people. So we need to be able to do anything."</i></p> <p>Craig also touched on fixed versus growth mindsets.</p> <p>The two BD roles needed to tap into their music industry contacts/ relationships (particularly the experienced individual) as well as being capable and hardworking. They needed to support the development of presentation decks; help with selling the idea to artists and record labels, and assist in contractual structure and negotiations (e.g. revenue split).</p> <p>Other individuals who support the team are typically fresh from university, and although they have limited industry experience, they have lots of drive and a willingness to learn.</p>



There are only four of us in the team, so we have a lot of ground to cover with not a lot of people. So we need to be able to do anything.

Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Craig chose the following:</p> <ul style="list-style-type: none"> • Competence, • Dutifulness, • Trust: There is a high level of trust in the team, including in the part-timers (junior developers) who contract and charge for their time, • Straightforwardness: Focus on the facts, no BS. <p><i>"We want to be told straight – the facts, not fluffiness."</i></p>
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>From the personality traits/ facets list, Craig chose impulsiveness:</p> <p>Individuals need to be able to focus on the job, not get distracted, listen to requirements, and avoid going into rabbit holes.</p> <p>Alongside this trait, Craig identified the importance of being self-directed, so if an individual needs handholding and lots of direction, they will struggle in the environment.</p>
Are there any factors in the environment that might impact how your people have performed?	<p>There is always a trade-off when getting new talent, given the financial constraints of a startup. They are currently looking for more funding to hire and build out the team.</p> <p>The Serenade team are also exploring their energy consumption as artists want environmentally conscious options and places to work.</p>
Does prior startup experience have an impact on future startup performance?	Individuals in the team have come from a mixed background and set of experience.

Question**Answer**

How did you hire your core team?

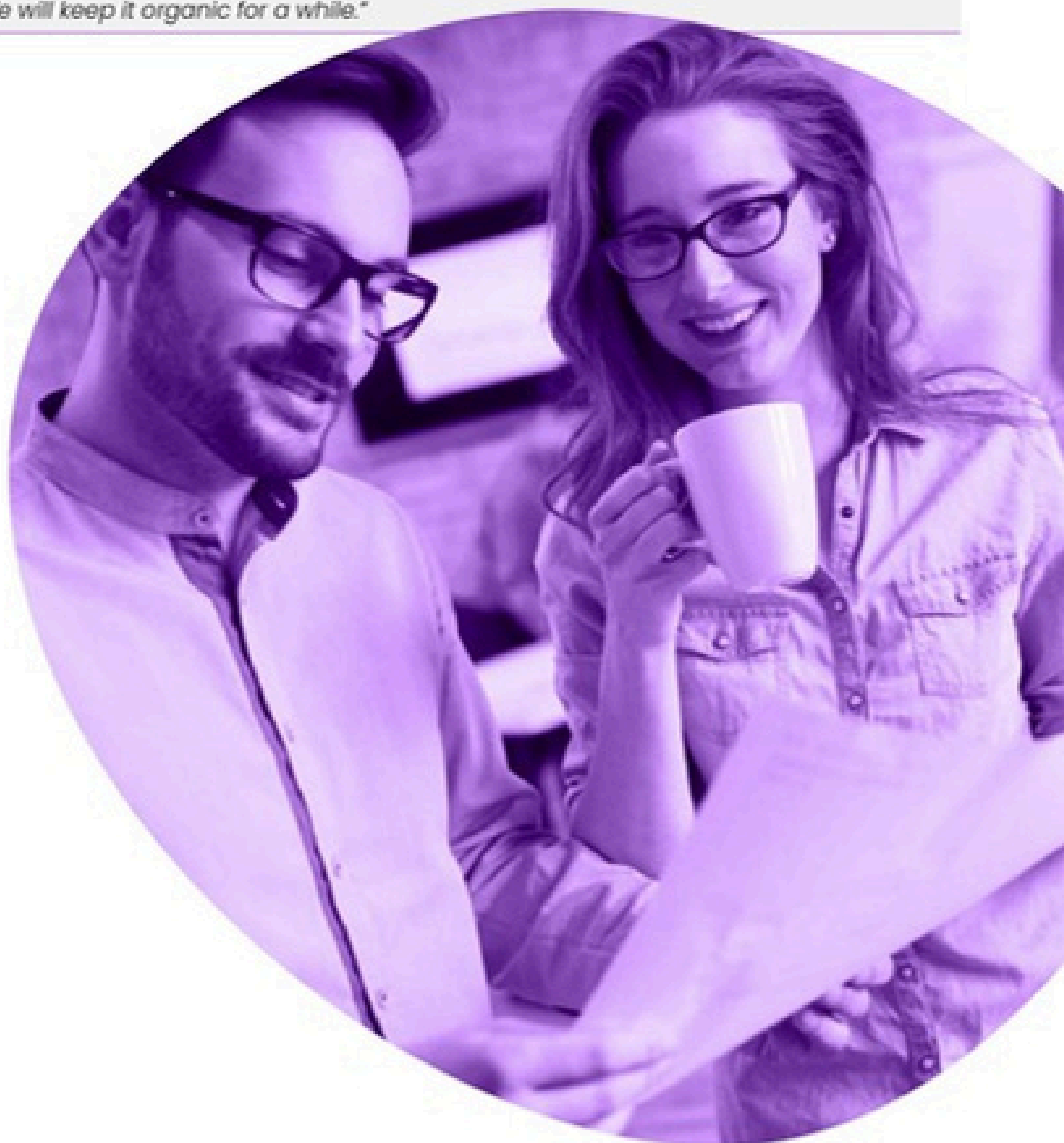
There is not much structure in the hiring process today as the team have utilised their networks to date. As an example, Craig's interview process consisted of:

- Several formal and informal calls with Max,
- Two discussions with CTOs from music technology companies Max has previously invested in,
- Live exercise working with an external developer.

Max also sends an investor update once a month. It includes a list of skills and capabilities they are currently recruiting for referrals from their investor network.

Given the size, it is likely to stay via network referrals for now.

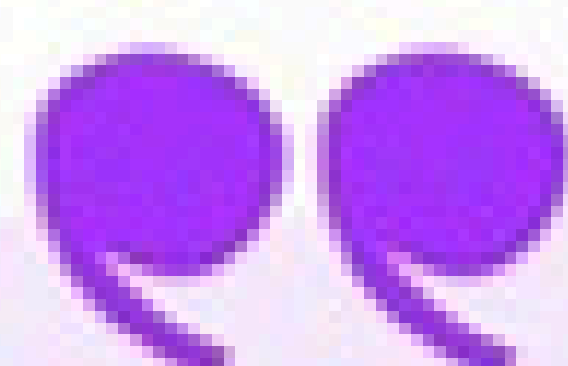
"We will keep it organic for a while."



4.11. Svelte Ventures

Question	Answer
Describe your recent hires. What were you looking for?	<p>Given the shifting focus to Ventures for the co-founders, they needed to find the talent they felt could manage components of the Studios business. The three new hires were all advertised, however, the successful candidates are all connected somehow or worked together before, making the team dynamics better.</p> <p>For the senior roles, the co-founders were also looking for individuals with management and people leadership potential.</p>
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>Alongside the digital, design, and branding skills, several competencies were identified by Dave as he reflected on the recent hires. This included empathy, people leadership (particularly for the senior roles), honesty, easy-going, and being a team player.</p> <p>One senior leader is confident, extroverted, direct, humorous, and a deep thinker. The other senior leader has strong soft skills, including people leadership.</p>
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Dave chose the following:</p> <ul style="list-style-type: none">• Competence,• Order,• Dutifulness,• Achievement/ Striving,• Self-discipline,• Trust: This is key!,• Deliberation,• Straightforwardness,• Values,• Assertiveness,• Altruism,• Excitement seeking: Dave identified that they would need more of this trait as the team transitions into Svelte Ventures, given the riskier projects/ business models that will be pursued.

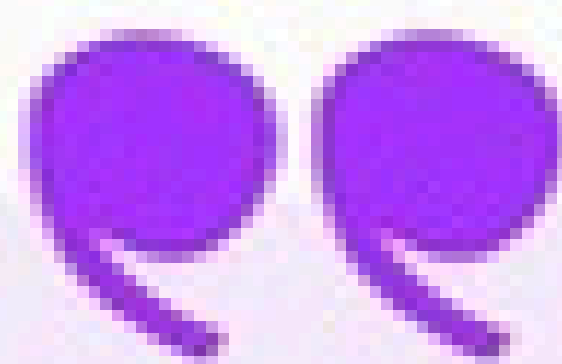
Question	Answer
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>Dave outlined some of the traits that can be challenging in the startup environment. These include:</p> <ul style="list-style-type: none"> • Stubbornness: There is a childish element to being stubborn which is not helpful to the team or a startup. • Single-mindedness: This can impact team cohesion and unity.
Are there any factors in the environment that might impact how your people have performed?	There are about 15-16 employees across the entire portfolio, and a shared resource model is in play across the various companies.
Does prior startup experience have an impact on future startup performance?	Most hires come from traditional backgrounds, with experience in corporations, agencies, and design studios before coming to Svelte.
How did you hire your core team?	<p>The majority of hires are advertised through traditional channels (Seek/ LinkedIn). Some are also hired through networks or university students that collaborate with Svelte on projects. For the latest three hires, they were all advertised on LinkedIn/ Seek, however, one is Dave's cousin and the other had worked with Dave before. Two of the hires had worked together in the past as well, which meant they already got on well and supported each other when starting at Svelte.</p> <p>Dave did identify an opportunity in the onboarding process as it is not well documented or structured and could be improved to help the individual settle in better. New hires with less experience tend to be more fluid, as those from more traditional backgrounds are used to a lot more structure.</p> <p><i>"Onboarding is haphazard... we are currently working through how this could be improved and customised for each individual's background."</i></p>



New hires with less experience tend to be more fluid, as those from more traditional backgrounds are used to a lot more structure.

4.12. Teamgage

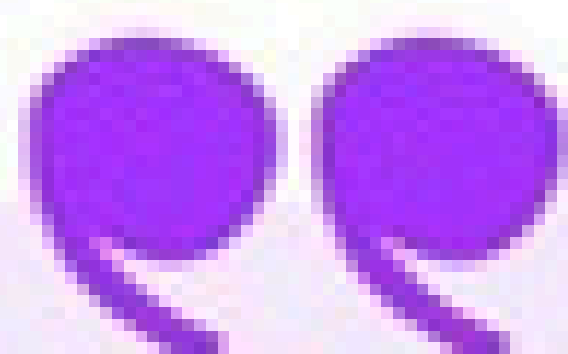
Question	Answer
Describe your first and subsequent hires. What were you looking for?	Some of the initial hires came through the co-founders' previous startup, Code 360. The business has been bootstrapped the whole time, until last year when they sought financing.
What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business?	<p>There are several key attributes and skills the co-founders were looking for when they hired into the team.</p> <p>Alignment and fit with the core values of Teamgage are important. New hires need to bring diversity and help and improve how the team works together, particularly given this is also the remit of the business with their customers.</p> <p><i>"If an individual didn't align to the core values, we wouldn't hire them."</i></p> <p>Ben reflected on his first startup where he focused on building a core team of juniors who were not tarnished yet by big corporations. For Teamgage, his approach changed as he focused on targeting experienced people who were "better than him". His general philosophy when building new teams is to:</p> <ul style="list-style-type: none">• Hire experienced individuals if they are leading the team. Team Leaders need to be flexible, have the ability to step back, pivot and do anything to achieve the strategy and get the job done. The Leader can then hire more junior resources, and Ben is more open to the level of experience.



New hires need to bring diversity and help and improve how the team works together, particularly given this is also the remit of the business with their customers.

Question	Answer
<p>What competencies (skills, behaviours, knowledge) did the core team possess that positively impacted your business? continued</p>	<p><i>"I have found that when building new teams, I want experience if they are leading the team."</i></p> <p><i>"Team Leads need the ability to be able to do... anything!"</i></p> <ul style="list-style-type: none"> • Hire individuals with greater flexibility and generalist skills if they make up the first ten employees. This core team needs to do a bit of everything from strategy through to execution. <p><i>"We are always looking for generalist roles, not specific... never just exact skills."</i></p> <ul style="list-style-type: none"> • The following ten employees then need to become more specialised. However, even within this, Ben mentioned that they need to have generalist skills even within specialist areas. <p>Team members also need the ability to communicate and collaborate.</p> <p>Ben also shared that the team are now doing strengths profiles which helps them understand the dynamics across the team and how the team is combined. They do tease out strengths in the interview process, but it is informally done and used to understand an individual further, not rule them out.</p> <p><i>"The makeup of a team as a whole is important."</i></p>

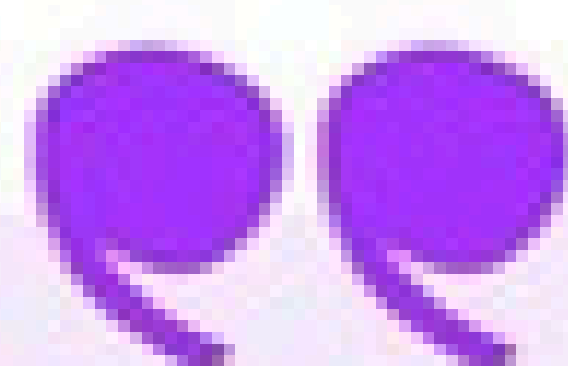
Question	Answer
What personality characteristics did they possess that positively impacted your business?	<p>From the personality traits/ facets list, Ben chose the following:</p> <ul style="list-style-type: none"> • Competence, • Dutifulness: Diligent and dependent, • Order, • Achievement/ Striving, • Self-discipline, • Trust: The co-founders and leaders in the business need to trust new team members and avoid micromanaging, • Values. <p><i>"We cannot micromanage new team members. It's demoralising for that person and time-wasting for you. As a leader, we must be able to trust and hand over work to achieve growth in the business."</i></p> <p>Alongside the above, Ben also identified the need to be flexible and always improving. More recently, they have also focused on bringing people into the business who bring energy and clarity. Clarity has been increasingly important for Teamgage as they are growing and scaling. So they need people who can communicate and articulate what they are doing.</p> <p><i>"If you bring people on that cannot get to the point or provide clarity, it can be time-wasting and isn't valuable."</i></p>



We cannot micromanage new team members. It's demoralising for that person and time-wasting for you. As a leader, we must be able to trust and hand over work to achieve growth in the business.

Question	Answer
Are there any competencies or personality characteristics you feel don't flourish in a startup environment?	<p>The co-founders have been lucky with the hires they have done in the past and have adjusted their recruitment process along the way. The main reflection they had was the requirement for new hires to have the skills and competence to fulfill the roles.</p> <p>From the personality traits/ facets list, Ben chose the following:</p> <ul style="list-style-type: none"> • The bottom left quadrant (neuroticism quadrant), including: <ul style="list-style-type: none"> – Vulnerability: Susceptibility to stress, – Anxiety, – Pessimism, – Self-consciousness, – Impulsiveness, – Anger/ hostility. <p>Interestingly, Ben reflected on a problem they had in the past with 'hyper engagement'. Everyone cares so much about the outcomes they are unwilling to relent. Extremes can lead to poor results. For example, being over assertive and railroading people to get the job done – in reality, you hinder the team, preventing them from achieving the outcome; or being over compliant bog you down in the process – you forget the outcome.</p> <p><i>"Ironically, we've had a problem in the past with hyper engagement – everyone cares so much about the outcome they are unwilling to relent."</i></p> <p>Finally, Ben identified that individuals need to be flexible. They can't be too structured or rigid, or they will spin their wheels and never get anything done.</p> <p><i>"We can't have a lack of flexibility and too much structure. This includes people who spin their wheels too much and never get things done."</i></p>
Are there any factors in the environment that might impact how your people have performed?	<p>Teamgage has received debt financing in the last 12 months which has helped them hire new roles.</p>

Question	Answer
Does prior startup experience have an impact on future startup performance?	<p>Ben jokingly says Teamgage is a "corporate rehabilitation centre". Now 20% come from smaller companies and 80% come from corporations. During the transition, Ben makes it clear that they need to "unbox" themselves.</p> <p>Ben identified the benefits of hiring people from a corporate background. Since they are selling to corporations, hires with a corporate background can provide insight into particular frustration. He also identified the process rigour that is brought into Teamgage. For example, the Customer Success individual was from Oracle and brought process structure.</p> <p><i>"We like to have people with corporate backgrounds. We're selling to corporations, so they provide insight into what corporate frustration exists."</i></p> <p>One hire who worked at Teamgage left for a corporate role, then came back two years later as they preferred working in the startup.</p>



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Question	Answer
How did you hire your core team?	<p>The co-founders hired the core team through a mixture of networks, recruiters, and LinkedIn/ Seek advertisements. For example:</p> <ul style="list-style-type: none"> • Networks: The Sales role was found via their network and expressed interest in working at Teamgaze. One individual was found through an OD consultancy they had partnered with. • Recruiters: Developers were originally sourced through their networks, but now Teamgaze use a boutique recruiter as they can tap into talent who aren't necessarily actively looking for a role. They found their recruiters through a user group and their networks. They now use a recruiter for every developer hire unless they have someone in mind. The pricing is also reasonable. <p><i>"(The recruiter relationship) is really valuable."</i></p> <ul style="list-style-type: none"> • Seek/ LinkedIn advertisements: The Project Manager and Designers were hired through ads. <p>The co-founders have invested in the recruitment process, and it is now extensive, always involving a co-founder or leader. They emphasise their intuition and 'gut' in the process. They want to be excited about the person they are hiring, so they don't make the offer if they don't feel it.</p> <p><i>"If you aren't giddy about the person the day after, don't offer them the role."</i></p> <p>They have adjusted their recruitment process along the way, and they now have a three-stage process:</p> <ol style="list-style-type: none"> 1. Position description review: To understand their skills and background, 2. Behavioural assessment: To understand their behaviours in previous roles and assess their core values, 3. Practical exercise: This is a new addition included as a safeguard. <p><i>"We are starting to trust our recruitment process more now."</i></p>

5. Core team member survey

Five surveys were captured from the core team member perspective. The questions included in the survey have been detailed below.

Survey Questions

- We asked a range of demographic questions.
- Is this your first position at a startup?
- What year did you join your current startup?
- How long have you worked in the startup ecosystem (including all your roles)?
- Reflecting on your role, what are some of the key challenges you encounter being part of the core startup team?
- Reflecting on your role, what are some of the key opportunities you encounter being part of the startup team?
- What top competencies (technical skills, soft skills, behaviours or knowledge) do you feel have helped you perform in your role/ at your startup? Why were these important?
- On reflection, are there any competencies (skills, behaviours, knowledge) you have demonstrated that may have hindered your performance in your role? Why do you feel this was the case?
- What top personality traits do you feel have helped you perform in your role/ at your startup? Why do you feel these personality traits are important?
- On reflection, are there any personality traits you demonstrated that may have hindered your performance in your role? Why do you feel these personality traits weren't helpful?
- What attracted you to join the startup?
- If you had prior startup experience, do you feel your previous startup experience helped you perform in your current role? Why/ why not?

Given the sample size, further exploration should be conducted to validate the insights gained from the core team member survey.



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