

# Building an Effective Management Team

ESA Investment Readiness Programme

Toulouse 27<sup>th</sup> September 2011

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# Setting the Scene

According to Khosla, too many companies who want to think big are doomed to remain small because they pick the wrong investors, as he says, “Any investor who looks at exit strategies, or multiples of investment or even does an IRR calculation, a rate of return calculation, probably is the wrong partner for you.”

“I think the single, most important fact about doing a start-up is being clear about your vision and not let it get distorted by what pundits and experts tell you. But the second most important thing is finding the right team, and that’s really, really hard, because people tend to look for people around them...You know, I was relentless... really spent well over 50% of my time recruiting, and I encourage all entrepreneurs to try and do that.”

**Vinod Khosla** 1<sup>st</sup> October 2010

- Founder & Managing Partner, Khosla Ventures
- General Partner, Kleiner Perkins Caufield & Byers
- Founder, CEO & Chairman, Sun Microsystems

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## Who is Aggio?

- Building high performing management teams in healthcare that continually deliver superior ROI
- Strategic resourcing, executive advisory and due diligence
- Established 2005
- Operations in UK, global reach, from West Coast to India and beyond
- Focused, exclusive from a platform of 30+ years experience
- Network of advisors and associates
- Industry, investment community, from start-ups to Fortune 50

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## Some Fundamentals

- Business objective is to make money
- Confusion with the “greater good”
- Science and technology-based companies - add value to assets and exit
- There are only a handful that make it
- Difference between success and failure is the people (include investors)
- 40% of senior executives fail in their first year
- In any economic climate, building your dream team is tough



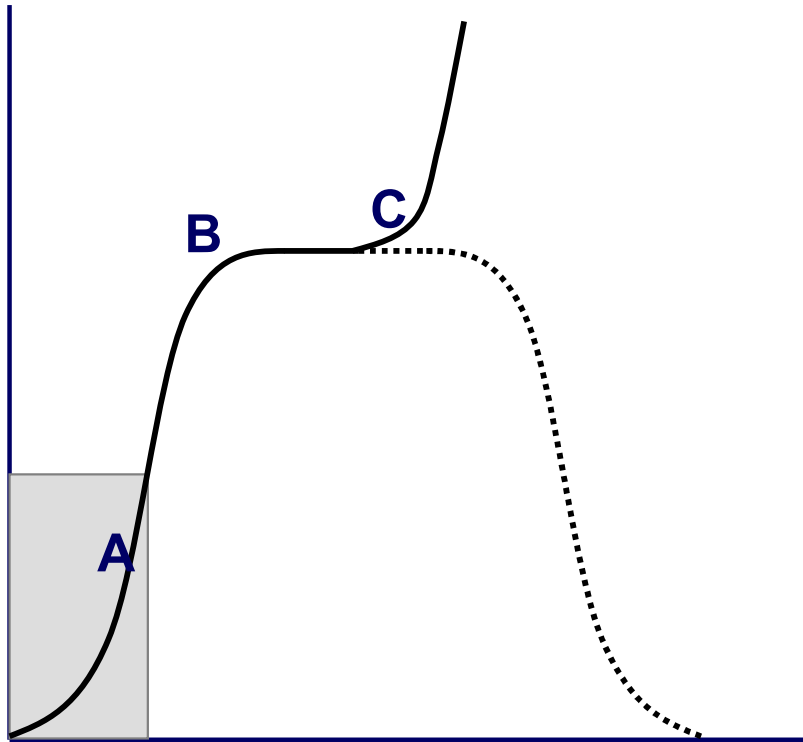
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# The People Continuum

<b>Planning</b>	Understanding, strategising, profiling (includes all elements below)
<b>Identifying</b>	Networks, competition, market research, lateral thinking
<b>Attracting</b>	Focused, targeted strategy, creativity
<b>Profiling</b>	Instincts, interviewing, referencing, benchmarking, team dynamics
<b>Negotiating</b>	Understanding your financial parameters, creative
<b>Securing</b>	Contract, post-sell, counter-offer
<b>Starting</b>	Communicate, hand-holding, inform
<b>On-boarding</b>	Integration, relationships
<b>Succeeding</b>	Manage, coach, mentor, support, direct, stretch, challenge
<b>Retaining</b>	Traditional, non-traditional benefits

## The Full Picture



- Right people at the right place at the right time
- Huge amounts of luck
- Luck = preparation meeting opportunity
- Preparation = understanding / planning
- Early stages - science and technology (S&T)
- S&T on its own will not work
- Timing of transition to commercial critical
- Know where you are on the curve

# The Transition

- At start-up:
  - plan for success with clear vision
  - a small board, part-time CEO/CSO/CTO
  - complete proof-of-concept
- Planning from day one
  - skills and competencies needed for each value-driving stage
  - continuity is paramount (board member with experience)
  - attracting and choosing the right management
  - use (advisory) board, support network
  - current team may need to go (recycle)
  - “top-down” or “bottom-up” strategy
  - timing and integration

## The Ideal Team

- Strong, committed, supportive board prepared to roll up its sleeves
- Track record of success and drive to make money and create real tangible value
- Combination of seasoned professionals and entrepreneurial flair, proactive in managing risk
- Experience of managing in tough, uncertain and changing times
- Belief in the science/technology
- Shared vision
- Complementary skills and capabilities with a balance of technical and commercial

# Typical Team Characteristics

<b>Board</b>	<u>Commercial</u> , committed, active, supportive, balanced
<b>CEO</b>	<u>Commercial</u> , opportunistic, networked, energetic
<b>COO</b>	<u>Commercial</u> , good all-rounder, doer, “completer, finisher”
<b>CFO</b>	<u>Commercial</u> , negotiator, communicator, financial prudence, networked
<b>CCO</b>	<u>Commercial</u> , negotiator, communicator, networked
<b>CSO</b>	<u>Commercial</u> , creative, focussed, “completer, finisher”, qualified

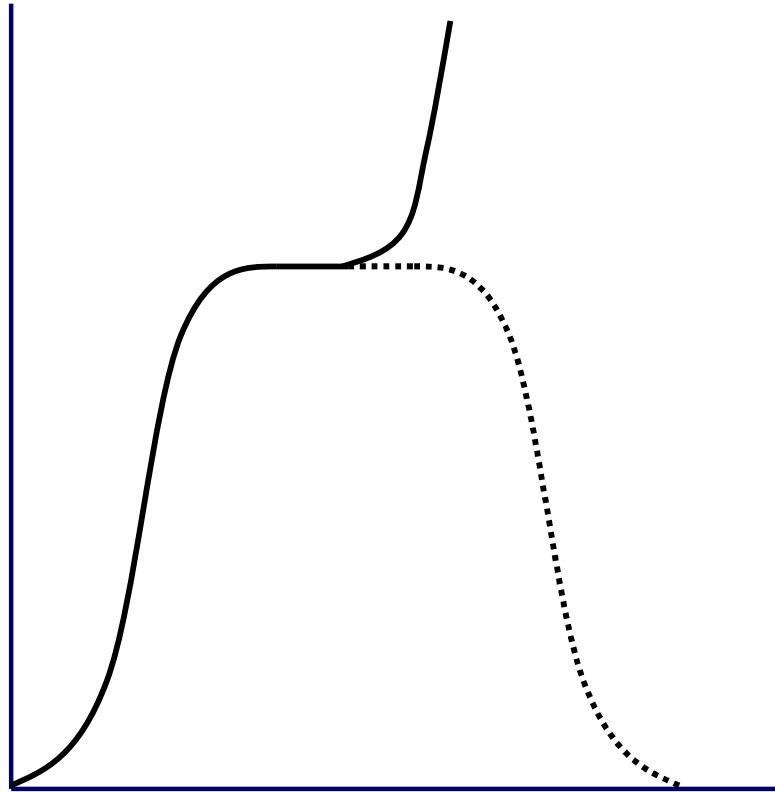
# Profiling

- Establish motivations and credentials - different for each position
- Belief and commitment
- Caution with big company executives
- 360° profiles: interviewing; benchmarking; referencing; qualifications
- Focus on behaviours and habits
- Hired for skills, fired for fit
- Listen to your instincts

# Funding

- Funding the board / advisory board
- Funding the management
- Funding the recruitment
- Be prepared to sacrifice equity

## Wrapping-Up



- Success v failure = people
- Right people right place right time
- Luck
- Ideal team includes a balanced board
- Own networks first
- Make the right decision on people
- Use your gut instinct

Thank You

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