



What Got You Here... Won't Get You There

Description

Start-ups that make it are magical. Just by surviving, you have defied the odds. Teams that make it through this crucible are forged by the fires of the challenges that start-ups face. Team bonds become strong, and young entrepreneurs transform into leaders and hardened veterans. Success in the early stages, however, does not always transfer forward into growth stages for either teams or their companies.

I recently asked a very successful venture capitalist the question: How many start-up CEOs are able to not only successfully found a start-up, but also lead the organization through all of the different stages of growth. His answer shocked me. Almost none, he said, without any hesitation. I had expected a number closer to 40% or 50%, so I did some research, and found that he was right. The topic has been well researched, and it turns out that only 25% of founding CEOs lead their companies all the way to later stage exits such as IPOs. [Link](#) While we all know the famous examples of leaders who are able to lead companies across all of those stages: Mark Zuckerberg, Jeff Bezos and others come to mind, they appear to be the exception and not the rule.

Upon reflection, I think the reason for this is pretty clear. The activities and skill sets needed to run a start-up are fundamentally different than the those needed to lead a Company through its growth stages, and yet again different from those needed to lead a larger enterprise. I like to characterize the journey as “scaling the growth mountain” for a reason. Like a mountain, it is an uphill climb, and like a mountain, there are different stages. What got you through the lower stages, will not necessarily get you through the peak stages. You will require different equipment, different training, and perhaps different team members to reach the summit. Similarly, different growth stages of your company will require different skills, leadership and approaches.

In my work with high growth technology companies I often see teams struggle with this transition in the areas of sales and marketing and technology. These challenges manifest themselves through comments like: “Man, I just can’t seem to find any sales people who are any good. I don’t know why they can’t close like my current team members.” Or, “Gosh I really need more velocity out of my engineering department, but the tech team says that hiring new guys right now will actually slow them down.”

What is going on here is that the teams and structure that created success up to this point, are just not equipped to scale to the next level, and in fact, efforts to do so by just adding more incremental resources almost universally fail. Of course, the new sales resource won’t be as successful as the founding team, she doesn’t have years of institutional knowledge about the industry problem and product solution, nor the credibility with customers all of which perhaps over-inflated the success of the founding team. Of course, your tech team that has been saving the day through team hack-a-thons over nights and weekends can’t get faster by hiring a few new engineers. How will these new recruits know what to work on? Who’s going to train them? Not the heroic team members who are pulling all-nighters to keep up with current demands.

For the CEO or Founder, these are challenging and frustrating transitions. The demands on the business are growing, and time and capital are almost always scarce. You don’t have the resources to build out large departments with tons of overhead that can manage and organize the new team members that need to be brought online. You may also not have the experience to know what your options are in these areas. Here are a few things to consider if you find yourself approaching one of these stage transitions:

- **Don’t be surprised:** Like most things in life, preparation can make up for all sorts of deficits. Always be looking forward towards what is coming next. Hire an advisor or cultivate a mentor who has been through these stages and can help you see around the corners.
- **Make the hard decisions:** The hardest part of leadership is that you are the one who has to make the hard decisions. Everyone is counting on you to do so. When growing, this means being very honest about the capabilities of your current team members and the needs of your organization. There will be gaps. It is your job to address them. Do not shirk from this responsibility. Be direct. Be kind. But do not avoid.
- **Work on the business, not in the business:** This is the primary switch that differentiates those who can make the stage transitions from those who cannot. As a leader, you need to transition from just “getting things done” to building an organization that can consistently get things done...without you.
- **Build culture:** Culture is a secret weapon. It is the invisible hand that guides your team members when they don’t have a manager to turn to, it is a recruiting force that generates free recruits and causes candidates to choose your company over the competition, and it is a motivating force that drives your team to succeed and to commit to one another and the organization. Figure it out. It is one of the best ROI tools in your drawer. And it is one that needs to be driven by the CEO.
- **Invest in your team:** So you need to upgrade your team. That doesn’t have to mean replacing everyone. But it does mean many need to change. Don’t assume even your best existing leaders can “just change”. Identify the ones with the best potential, and invest in them. Send them to courses and conferences. Hire trainers. Pair them with consultants. Rotate team

members to new roles, if that provides the air cover for explicit “training”. You’ll be amazed how people respond when you signal how important they are by investing in them.

- **Hire up with confidence:** We’ve all heard of the Peter Principle. Don’t succumb to it. Hire people that know things that you don’t and who have been there before. Your job is not to know everything...it is to hire a team that collectively does and to make sure they are successful. If you do that... you are leading the organization.
- **Be open to your role evolving:** The corollary to the previous point is that you cannot control everything. You have to have the confidence to both hire great people, and give them room to run. If you hire leaders, that means you need to let them lead. Figure out what you are most passionate about, and where you have unique insights and consider focusing your operational scope to those specific areas of the organization.
- **Remember your most important job:** As CEO, you lead the business, not engineering, not sales and marketing, not product. That means there are a number of jobs that only you can do. Write them down. Make sure you have them covered. Believe me, there will be more than enough to keep you busy on that list alone.

I am an Executive in Residence with Bessemer Venture Partners. I spend my time scouting exciting technology companies for our Cloud Software Team and coaching companies on how to best scale the Growth Mountain.

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