Founder and CEO: Do all the jobs and then none of them

One of the reasons people love founding companies is that it launches them into an incredibly fast paced period of personal development. That's partly personal development - building the resilience to ride the ups and downs - but it's mostly professional development. In the first months the founder(s) spend all their time on the low-level tasks that make business happen - customer research, design, building product, marketing, sales, delivery and a lot of low-level admin. Then as the company grows the role shifts until by the time you have 150 people (the magic Dunbar number) the role has shifted to management.

In this article, we'll be talking about the inflexion points on that journey and look in detail at the first period, up until the company has a team of around eight people.

Nic Brisbourne
Managing
Partner
at Forward
Partners

KEY TAKEAWAYS
• Management systems need to change when companies pass through three inflexion points: at 7, 50 and 150 people.
• At the beginning, the focus should be on testing assumptions not building processes that will scale.
• Early hires should be made to free up CEO time to focus on essential high-level tasks.
• An important part of the CEO's job is to enable everybody else to do theirs.

THE THREE INFLEXION POINTS
As experienced scale-up COO David Norris has written, startups change fundamentally when they pass through around 7 employees, then again at 50 employees, and finally at 150 employees.

When there are less than 7 people in a company everyone works together happily with minimal planning. Everybody knows pretty much everything that's going on and there's no hierarchy. The CEO mucks in with everybody else.

Then as headcount grows past around 8 people some structure becomes necessary. It's not too different from the first phase, but there's now too much going on for everybody to stay in touch all of the time and work starts to happen in teams. Each of these teams has a leader and a small amount of process is required to keep everybody co-ordinated. Companies often introduce OKRs as a management tool in this phase.

THEN, AS HEADCOUNT PASSES THROUGH 50 PEOPLE THINGS CHANGE DRAMATICALLY. AS DAVID WROTE:

You now have to work at it so that people bond. You need to start developing processes to get stuff done. You try and channel communications. You have to broadcast more information. You start having to channel requests and instructions via group leaders. You have a more formal decision-making leadership team. There is a light hierarchy.

Finally, as headcount passes through 150 employees people no longer know everyone in the company by name or know what everybody does. It's now essential to have a system (usually a hierarchy) to keep everyone pulling in the same direction and make sure that repeated and expected events are handled with predictability. By this point, the CEO's job is largely management.

DEEP DIVE ON THE FIRST YEAR: JOB ONE - MAKE SURE THERE IS A BUSINESS
The CEO's first job is to make sure there is a business rather than to build the business. The focus should be on building clarity around the value proposition and go to market plan, building a great product and testing the key assumptions by making sales. Once there is more than just the CEO, the first order division of labour is that everyone bar the CEO does what they're best at and the CEO sweeps up the rest. Most commonly that's finding customers, fundraising and many of the low-level tasks required to keep the business moving forward.

At our partner company Patch, a bespoke urban garden centre service, that meant the founder Freddie did the hard work of distributing flyers, dealing with suppliers and doing customer deliveries, amongst other things. During this period, which covers the Valid Idea and Valued Product phases in The Path Forward, headcount typically grows to around four people. The CEO has many many different tasks to do and it often feels like they don't have enough time to focus on higher level strategic issues.

DEEP DIVE ON THE FIRST YEAR: JOB TWO - GET THE BUSINESS READY TO SCALE
Then when the business is maybe 6-12 months old and there's customer traction and promising metrics it's time to get the CEO working on the business rather than in the business. Rather than sweeping up after everybody else the emphasis moves to building a structure that will allow the company to scale without the CEO being a bottleneck. That requires the first elements of process needed as the team goes through the seven-person inflexion point and necessitates hiring to enable the delegation of routine tasks.

During this phase, Patch hired interns, drivers and other staff to support their growth and free Freddie up to focus more on growth and achieving operational excellence across the different functions of the business.

CONCLUSION
In the early months of their startup's, Founders and CEOs should expect to take on many unglamorous and often mundane tasks. Only when the business is ready to scale should they start delegating and spend much time on the higher level strategic work that most people associate with the CEO title. Then as the business grows through 50 and then 150 people they should expect to spend little time at the coal-face as their role shifts from doing things to managing people.

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