Job Scope in Early-Stage Companies

By Bob Norton

Helping You Break Through Barriers You Can't See

This is a Sample Chapter From a Book In the Secrets of a Serial Entrepreneur™ Series

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Job Scope in Early Stage Companies

In any startup company, EACH employee MUST wear many hats. In a large company, job specialization is more the rule. However, job specialization does not make for a successful startup, as it requires too many people, increasing both costs and risks with the added people and need for much more communication. It is a well-known fact that there are diminishing returns with each added layer and additional employee on any project. This is even more pronounced in knowledge-intensive areas and professional services like software engineering and other knowledge and design-intensive functions. (Read The Mythical Man-Month). In early-stage and smaller companies, each employee <u>must</u> provide a broad range of value-added responsibilities that might encompass several jobs at a large company. When I start a new company I'll probably wear at least five different hats. That is not to say I do an excellent job at all of these things, but I do five different jobs reducing costs and the need for discussions, selling, documenting and meetings by a huge amount.

Therefore, employee selection in early-stage companies is not only more critical because there are so few people, but also more fraught with danger because each person's "scope", ability and attitudes, must be exceptionally broad. Job scope is sometimes used to describe the number of direct reports under a manager and I am not using the term in that context, though it is related. What I mean is the breadth of responsibilities that a single person takes on, and effectively are a required function of his/her position.

This all means in a startup that each employee must ideally be someone who is always improving and pushing the

> **"I set as the goal the maximum capacity that people have. I settle for no less. I make myself a relentless architect of the possibilities of human beings."**
>
> **—Benjamin Zander**

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envelope of his/her own abilities. Intelligence and flexibility are far more critical at this early stage than they are for an employee at a big company because additional experts can be called in to fill gaps. Additional people with specific narrow skill-sets can be called on, or consultants can be hired to fill a position or gap in expertise. This is not a good option at early-stage companies because of cost and time. Large companies are much less demanding of their employees because the same type of thing is repeated over and over again and there is more redundancy in the people. In addition a larger customer-base justifies larger costs so this is practical. In a startup, there are new surprises every week and everyone must be ready, willing and able to accept and tackle new problems that they may have never seen before. These might be considered "someone else's problem" in a larger company, but they can be life or death, do or die situations for a startup that cannot draw on other resources and afford to extend dates because they need to meet a payroll with that product delivery.

> **"The art of management has been defined as knowing exactly what you want men to do and then seeing that they do it in the best and cheapest way."**
>
> **—Frederick Winslow**

The chart below tries to show this concept graphically. The six job function levels (the horizontal rows) and six disciplines (the vertical columns) are typical in a large company, but are, of course, impractical in a smaller company environment where there might be only five or ten people to cover these thirty-six potential jobs. So how do small companies also accomplish all these necessary functions? There are fewer levels for sure, but also fewer functional jobs as well. This means, that the scope of any single employee must be several times greater than that in a big company, which, by a wide margin, makes the job harder in terms of expected professional knowledge.

Diagram - Job Scope

Job Scope In A Small Company
Large Company: 1 cell = 1 person
Startup: 1 person = 3 to 9 cells

	Mkting	Product Dev.	Ops.	Finance	G & A	Sales
VP						
Dir						
Mgr						
Super		i.e. 1 Programmer must be: Software Engineer,				
Group Leader		HI Designer, Project Manager, Product Manager,				
IC		QA & Support/App. Eng				
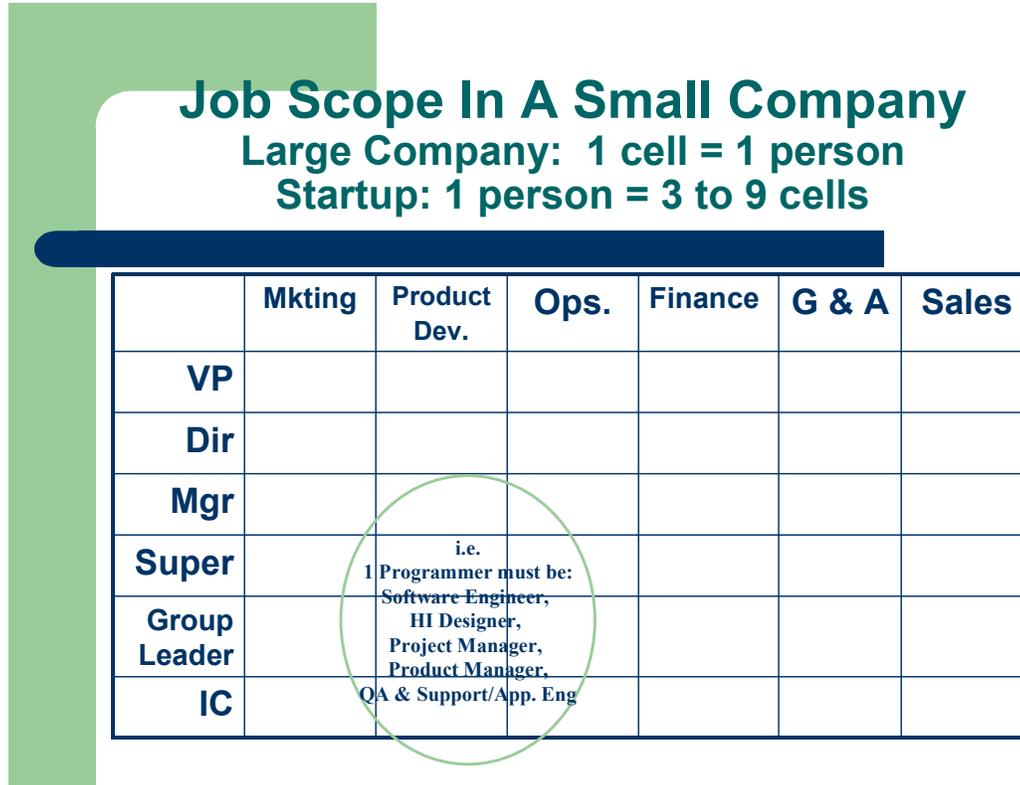
Notes: "IC" stands for individual contributor; a person who typically has a narrow responsibility and/or skill set.

With each management-level person having six direct reports (or a scope of six = 6^6), the six levels of management allows for a company with over 46,000 employees. Companies with more layers than this are significantly less effective and competitive today. Older companies have traditionally had as many as 14 levels, but these are being squeezed out by competition with better management and information systems that reduce overhead dramatically and allow significant cost and time advantages. Other factors also make these extra levels very wasteful and unacceptable in today's marketplace.

This broad scope does not mean that, for instance, an engineer is doing the operations and marketing functions, though that can happen. It means this fictional engineer must accept responsibilities that might belong not only to another person in a larger company, but also to another department. For example, many early-stage companies will not have a "Product Manager" with specific domain expertise of the target customer and also project management skills. Instead, this function will be done in a virtual way with several people providing elements of this title's traditional functions. In this example, the engineers are more likely to conduct direct customer research and interaction with customers throughout the development cycle, customer installation, and might even be working much more closely with sales and marketing to help them understand and develop collateral materials. This means you need an engineer, or possibly several, who can also display good communication and people skills and a willingness, and ability, to understand customer workflow problems and processes. This can be a pretty tall order and makes solving the puzzle of a startup staff much more of a challenge than filling such a role at larger companies.

> **So when hiring for an early-stage company take your time and wait for the right individual. Don't fill the job with the first warm body that meets the minimum requirements. You need exceptional people in every function. You cannot afford to succumb to the law of averages. In the long run repeating the process again will be MUCH more expensive.**

This philosophy must not only be understood by everyone hired into an early-stage company, but really must be a natural thing for them – part of their natural mode of operation really. This is real Startup DNA! People who are used to saying "not my job" or trying to route every piece of work to someone else can destroy a young company. Each person must not only roll up their sleeves and do a job, but must do multiple jobs reasonably well.

I have seen managers coming from larger company environments that literally do <u>NO</u> work – They simply try to pass it off on everyone else below them or bring in an outside person. This might be because they think they are "managers" and above doing real work, but this is really a totally unacceptable method of operation in early-stage companies, and these people have to change or go immediately. A startup is no place for lazy deadwood, or people that cannot add value; they will just place the company at risk and prevent everyone else from having a lasting job. This should not even happen in a large company really, but people can often get away operating like that for many years in a larger organization due to too many levels and poor accountability.

Appendix - Other Products For CEOs, Entrepreneurs and C-Level Executives To Help Grow Your Business More Rapidly

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Mr. Norton has appeared on CNBC, Good Morning America and many other regional and national media like Inc. magazine. He provides advice to entrepreneurs and CEOs through consulting, speaking, writing and seminars. He frequently speaks at corporations, associations, and universities on business topics.

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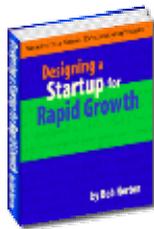
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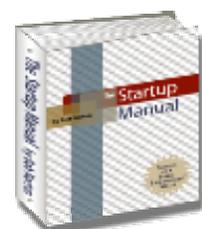
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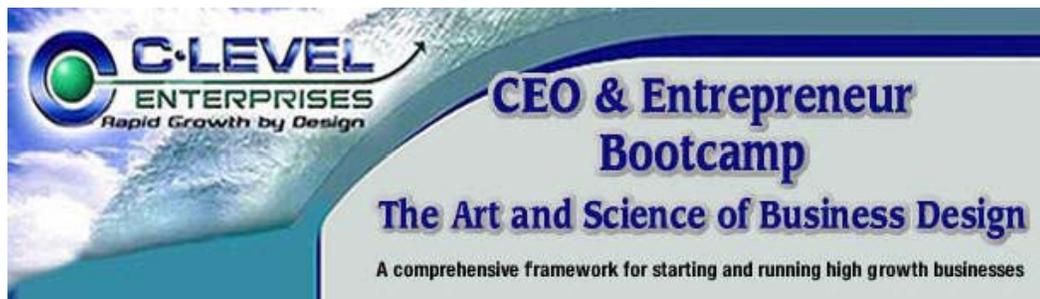
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