



RESUME RALPH

HE LOOKED SO GOOD ON PAPER

“Building a company for scale is a balance. Eventually, founder-CEOs need to add leaders who have larger company experience (building steady processes and defined procedures)—but who are also comfortable building in the steady-state “chaos” of a startup. As such, founders should identify experienced leaders who can thrive in an ever-changing environment and bring order to chaos.”

– **Paul Hedrick**, Founder & CEO, Tecovas

Entrepreneurial companies are exciting, demanding, chaotic, rewarding, and frenetic—in short, a thing of beauty. But they’re not for everyone. Along your journey, you’ll encounter key inflection points where you get to make decisions about maintaining status quo or investing in [fill-in-the-blank] to put your company over the top.

One of those decisions will involve moving from generalists to specialists on your team. Instead of the all-hands-on-deck approach that got you to this point, it’s time to build out departments and make key hires to lead them. If you want to scale your company, you’re going to

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have to make some changes: strategic moves that, as you might expect, can be a jolt to the system.

As for you, you're doing your best to juggle all the balls in the air, but you're struggling to keep up, as well. And while you love to roll up your sleeves, get your hands dirty, and make things happen, you're very aware that you need to be “working ON your business and not IN your business,” as the saying goes. You know you should be thinking about how to grow your company from \$5 million to \$20 million, not who's going to take out the trash today! Easier said than done.

You're tired. You've been at this a long time, and you just want a silver bullet. Someone who can run this for you. Maybe it's a VP or chief revenue officer to run sales. Maybe you want to hand over product development or operations. Many of you will aim even higher—a chief operating officer, EOS Integrator, or even president or CEO.⁴ The title doesn't really matter—you just want a proven, professional, experienced leader to shoulder the heavy load and free you up to focus on things you're good at, and that you enjoy!

This is where I've seen many of my entrepreneurial clients, and friends—including myself—make key, unlocking moves. And it's also where I've seen a number of them make critical mistakes. Oftentimes, we fall in love with the resume of a potential key hire and project our hopes and dreams on them as our white knight. We definitely put on our rose-colored glasses.

Enter Resume Ralph, whose background seemed too good to be true—and it was.

Ralph looked GREAT on paper. In his twenty-five-

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year career, he had done it all! Twenty years with a big-name Fortune 500 company and five years with businesses closer to yours in size—most in your industry and all apparently successful. You can't believe your luck; this guy is amazing! You bring him in without doing much due diligence, because it seems like such a no-brainer.

Turns out Ralph is full of shit. He's ridden coattails since he left the big company, and any success was in spite of him rather than because of him. Ralph talks a good game and puts together a mean PowerPoint, but the only chance he'll be successful is if he can hire great people who do his job for him—in addition to their own. Alas, you can't afford someone in an ivory tower just directing traffic, so Ralph fails miserably. Any of this sound familiar? If so, keep reading about Resume Ralph.

The Entrepreneur

When entrepreneurs begin looking for help at the top, we often think big: “I need someone who can help me run the show . . . but ideally someone who can sell too!” You might be thinking about the need to raise capital, business development needs, or relationships you don't have or simply haven't had the time or energy to build.

One mistake I've seen entrepreneurs make time and again is the quest for a unicorn: the Rockstar leader, a builder of teams who has key industry contacts and amazing BizDev skills, is a subject-matter expert, a sought-after speaker, a lover of the arts, and on and on. Oh, and is willing to work for peanuts. My friends, unicorns don't exist!

The other common mistake is getting wooed by that

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mythical person. In the darkness, you see someone who can be that game-changer, who can turn things around overnight! You say something like, “We’ve been trying to sell software to HP for years, and this guy’s an HP vet. Maybe he’s our next sales leader!” or “We need someone who knows how things work at Conagra. I think they’ll buy us!” or “I just want someone to hand the keys to. I’m tired and I want to focus on the product.” But the truth is, there’s no shortcut to building the right team to set you up for rocket ship growth.

While wanting qualities like these in a new leader is perfectly natural, they’re not the be-all, end-all. Getting tunnel vision about a hypothetical relationship, a future deal, or yes, a unicorn, is a GREAT way to get burned. That’s how you end up with Resume Ralph.

Who Is Resume Ralph?

Whether you put out feelers to your network, work with a recruiter, or advertise the job far and wide, you’ll likely end up with a few candidates that look great on paper. But one definitely stands out. Ralph went to the right school, he had a long and storied career at a name brand Fortune 500 company, and he’s spent the last five years in your industry. He’s perfect, right?

You can’t believe your luck. Ralph will open so many doors just by walking into the office! He’ll bring key relationships and oodles of experience. His resume is a siren song. It lays out everything you think you want and more—more than you even dreamed of.

You bring Ralph in for an “interview,” which basi-

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cally turns into a love fest. And the siren song gets louder and louder. His resume already had you salivating, but he proceeds to tell you stories about how his team led the acquisitions of companies just like yours. He talks about Jim, who leads the corporate development group at the “big gorilla” company in your space. He regales you with college stories of Jim or how he plays golf with him on the third Tuesday of every month. Ralph is the answer to many a late-night prayer!

Not only does Ralph know the right people, he impresses you with his industry knowledge. His role at that industry titan means he worked with the teams that set the gold standard for the industry. And it means he knows the right people when it comes time to sell your company! Bringing Ralph on board seems like an absolute no-brainer.

You’re Not Dell or PepsiCo . . . And That’s a Good Thing

Not so fast. There’s a key problem here that many entrepreneurs fail to see until it’s too late: entrepreneurial, middle-market, high-growth companies are COMPLETELY different animals than Fortune 500 companies. Ralph may have what it takes to run a \$500 million department at PepsiCo, but that doesn’t mean he’s cut out to lead your tiny startup! He may have connections, but it sure is easier to get people to take calls from Ralph at PepsiCo, than Ralph at PissAntCo! That big-company experience got you salivating, but it doesn’t necessarily translate.

People who are successful at entrepreneurial companies have one thing in common, regardless of their

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educational background, employment history, or industry experience: they are all, well, entrepreneurial. They roll up their sleeves, get their hands dirty, and make things happen. They live for this shit. They work long hours because they can't help it—their minds are on, 24/7.

Don't get me wrong; being an executive vice president at a large company is a challenge in so many ways, but it's different than being employee No. 4 at a \$1 million company hoping to grow to \$10 million ASAP. At the enterprise level, Ralph had resources that are unimaginable for entrepreneurs. He probably had an assistant, ten people who reported to him, project managers, and all the resources he needed to tackle any problem. That just ain't how we roll down here in startup world!

But most entrepreneurs simply can't resist the quick fix that the idea of Resume Ralph brings to the table. And, if I'm being honest, I can't blame them. Every entrepreneur who has been at it for more than a hot minute wants a silver-bullet fix to make their sleepless nights go away.

"Here's What We Did at _____"

When you hire a new leader—any type of leader—we encourage an onboarding period to allow them some runway to get to know the business, the industry, and your team, inside and out. We cover onboarding at length in Intermission IV, beginning on page 215—but what we DON'T want is for the new leader to come in guns blazing, making major changes before they even know where the breakroom is! These expectations should be

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laid out in the interview process, so you're aligned with each other. We've seen a number of paths that Resume Ralph takes in the first few months that provide hints that he might not be the right long-term fit. Here are a few of the most common:

Jumping to Conclusions

Since Ralph is a seasoned veteran, he might come in HOT! Without getting to know the business, the team, and the lay of the land, he starts changing everything. He already has all the answers. He saw what worked at his Fortune 500 company or whatever hot-shit startup he worked at—saying things like, “Here’s what we did at Facebook.” Maybe he’s thinking, *I don’t need to waste time asking questions; I know what we need to do.* He may even want to make big personnel moves before he settles in. All red flags. Look, I’m not saying that shaking things up is necessarily a bad idea, but Ralph needs to get to know the company before he starts going crazy.

Let’s assume you made it through the initial onboarding period with Ralph. Even if you haven’t noticed cracks forming in the dam yet—if you’ve hired a true Resume Ralph, the leaks will soon begin to appear.

Big Company Stuff

Fast-forward to the meeting where Ralph starts making suggestions. You’re excited to hear what he has to say. You did bring him in because of his industry experience, after all. But you feel like his suggestions completely miss the mark, especially if he comes from a large company with

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endless resources. Instead of suggesting ways to build out the infrastructure you need to meet increasing demand, he tells you he knows the perfect consultant to do just that. Instead of working on ways to drive sales, he suggests a complete overhaul of the brand by a Madison Avenue advertising agency, along with a million-dollar marketing campaign.

In short, he just doesn't get it. He's not in his comfort zone anymore, where high-dollar ad campaigns are the norm and throwing money at consultants to "figure it out" is commonplace. He's going to have to get his hands dirty, and most Resume Ralphs simply can't or won't do that.

The Kickass PowerPoint

A telltale sign I've seen over the years will seem weird and not exactly scientific, but it's crazy how often it's been true. If Ralph prepares a bells-and-whistles PowerPoint that looks professionally prepared, be careful. It seems to be a big company way to baffle you with bullshit and even mask his deficiencies. Spending tons of time preparing a slick presentation is cool and all, but it takes more than that to build a successful entrepreneurial company. Don't get distracted by how pretty the information is, focus on what Ralph is saying. Does it make sense for a growth-minded startup? Or is this a dog and pony show designed to get you to spend money for someone else to do his job?

This Just Isn't Going to Work

The final straw for a lot of my friends and clients who end up with a Resume Ralph develops over time. As I said

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above, the “roll up your sleeves and get your hands dirty” mentality is a requirement for growing companies. While I certainly don’t advocate for overworking yourself and your team, there is merit to the idea that hard work and long hours are necessary when you’re building an entrepreneurial company and taking it to the promised land.

You’d do whatever it takes to make your company successful, and at the end of the day, you need a partner in the foxhole with you. Your mind is working all the time, not because it has to, but because that’s who you are! You’re always thinking about your product or service and how to drive the company’s success!

But Resume Ralph isn’t interested in hard work. Maybe he feels that he’s already “made it” because of his big-time experience. Maybe he thought working in a “small time” company would be easier than managing a team of 300 people. Or maybe he wanted the perks of being on the ground floor of a rocket ship company, but he didn’t realize the level of effort that would be required!

Ultimately, when Ralph leaves the office at 3:00 every day and doesn’t check his email after hours, he’s not in the right world. Golf dates with muckity-mucks from his former company are great if they lead to relationships for your company. But it sure seems like Ralph uses them as an excuse to take an afternoon off.

At the end of the day, Resume Ralph just isn’t the right fit for an entrepreneurial company. He either doesn’t get what it takes to succeed, or doesn’t want to do what it takes.

Real-World Example

Collin's a friend of mine who founded a consumer-packaged goods (CPG) company that specializes in a snack food found in convenience stores across the country. Collin did a decent job breaking into convenience stores and some grocery stores, including a very well-known national chain. But neither Collin nor his investor group believed he had the experience to grow the company from \$1 million in annual revenues to \$10 million—much less their ultimate goal of \$25 million.

Collin's a product guy. He developed an innovative product and he was good at marketing. But he wasn't a "run the company" kind of guy. And without bringing in someone to help, he was getting burned out and his investors were concerned about whether the company could scale. That's when Collin met his Resume Ralph.

Ralph had twenty years of experience at the major player in his industry who gobbles up successful CPG companies like Collin's. The promise of connections to a future acquirer was attractive for Collin. Equally as important, Ralph left there three years ago and had stints at two other early-stage CPG companies. On paper, he had a perfect blend of big company and entrepreneurial experience.

In their first meeting, Collin was blown away by Ralph, who talked a lot about his experience at the big company, making sure to name-drop all the right people. What really got Collin's attention was that Ralph seemed to understand the types of moves Collin's company needed to make, saying things like, "You need to meet Shawn at 7-Eleven. We get into 7-Eleven, and our credibility and

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revenue will skyrocket.” Collin was smitten.

After hiring Ralph, Collin was able to attract additional investors. While they may not have believed in Collin’s ability to scale the company, they loved the potential that Ralph brought to the table with his industry experience and big-time connections. And they loved his PowerPoints in investor presentations. Collin’s decision to hire Ralph made him look like a genius—at first.

The first sign for Collin was just a few days in, when Ralph started pushing to hire a buddy of his at a New York advertising agency to overhaul the branding and marketing for the Texas-based company. We’re not talking minor tweak or small price tag; we’re talking about a several-hundred-thousand-dollar endeavor. While the rebrand may have been needed, there are scrappier ways to do it than giving a blank check to a mega-agency that happens to be run by Ralph’s good friend. And this was well before Ralph had an opportunity to get to know the brand or their customers!

The real problem for the company at that time was a production issue at their co-packing facility. They weren’t producing in a timely manner, so the company was behind on product deliveries. Ralph took point on solving the issue and immediately hired a consultant friend to get to the bottom of it. After sixty days and LOTS of consulting dollars spent, the suggestion was that they—a relatively tiny \$1 million company that was losing money—simply find someone to loan them \$5 million to build a brand-new production facility so they could produce their own products in-house. What?

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But aside from the fact that Ralph just didn't seem to get it, Collin started recognizing other challenges over the first few months. Specifically, around Ralph's work ethic. He had been a successful executive previously and was more interested in hanging out with his adult kids and his grandkids than he was working hard for Collin's company. He left the office nearly every day at 3:00 to work out and refused to answer his phone or emails until 9:00 the next morning. That's simply not how startups work!

In a less-than-ten-person company, Ralph just wasn't putting in the work necessary to grow the business. Collin called me several times to complain, "Kurt, this dude doesn't work very hard! He's treating this like a lifestyle business." I'll be honest, I really wanted Ralph to be the solution, so I'd calm Collin down with advice like, "He's just getting to know the business, be patient!"

But I was wrong. It turned out that Ralph just wasn't the right fit. And the longer he stayed, the deeper the hole Collin had to dig out of. So, Collin made the scary-but-right move to let Ralph go. He then put on his big-boy pants and faced his investors and board to explain the situation, along with his plan to replace Ralph with the right operating partner to scale the company.

Do You Think You Have a Resume Ralph?

First and foremost, let's pause for a second to say that the resume isn't the only thing that matters here. There are many great, hardworking, capable minds who work at large companies. While the transition from Fortune 500 to startup isn't easy, it's one that some have indeed success-

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fully made. So don't automatically think you have a Resume Ralph just because he has a brand name on his bio.

But if you think you have a Ralph, cruise over to Intermission II for some tips on what to do, as well as some ideas on how to keep Ralph out of your company in the first place. I've seen a number of these guys and gals in my career, including my own businesses and several I've invested in! Anybody can make this mistake, but we want to reduce your risk—or at least minimize the damage.