

[Transcript] My First Million / One Question Friday: Hiring Your First Employee

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers.

And each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find another bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

What's up, y'all?

Sean here.

I'm going to be doing the question of the week where we give you just the tips on what you need to be more successful entrepreneurs.

So it's just me alone because I'm in Hawaii right now, and Sam's going to be traveling too, and I'm in a hallway of my hotel, so hopefully nobody walks out here while I'm doing this.

Otherwise, I might get a little noisy, but let's go ahead and listen to the question and then I'll answer.

All right.

Here it goes.

Hey, it's Rupi from the UK, obsessed with the My First Million podcast.

So my question is, I'm a non-technical founder for an app, The Doctor's Kitchen is sort of like a headspace for healthy eating.

My question is, I'm about to make my first major hire in a product manager.

I was just wondering if you have any tips for how you hire for those big roles to sort of protect yourself.

Do you put them on like a monthly running contract, like for a couple of months, fill them out before you give them like a full-time role with like vesting shares and equity and all that good stuff, or do you just have to just go with your gut feeling and intuition and get as many advices to sort of vet them for you?

So I wonder what your thoughts on that are.

Anyway, keep up with the great work, love the podcast, and thanks a lot.

Okay.

So that's, I think his name was Rupi.

Rupi from the UK.

He's asking about making his first major hire.

Great question because people are obviously the most important thing when it comes to building our company, especially at the early days because they're the ones who build the product.

I'm going to bring up a couple of things here.

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I'm going to do this rapid fire because I think that's a pretty easy answer here.

First things first, you said your first hire is a PM.

That's not usually the case.

So I got a little bit of a red flag there for you.

You said you're the non-technical founder, so I think you should be the one essentially figuring out what the customers want, writing the spec and having your technical co-founder build the thing.

So typically you don't hire a PM as your first major hire because you as the CEO or as the head of product or whatever, you're the one doing it.

Product managers are meant to manage larger fleets of engineers and it sounds like you're at a pretty early stage.

So I'm going to assume for a second that you have less than 10 engineers.

If you have less than 10 engineers, I personally do not believe you should be hiring a PM because you're basically delegating the most important thing, which is figuring out what customers want, building it, testing it with those customers and then that feedback loop and no one's going to care and no one's going to be as good at that as you are as the founder at the early stages.

That's my personal belief.

In Ray Dalio's book, Principles, he talks about this.

He says, imagine a company has like a big box with a little box sitting on top.

Okay, what's the big box?

The big box is where it's like the machine that makes the product.

It makes the thing that goes out to customers.

And so in that machine, you have engineering, you have customer support, you have sales, you have all these different functions.

And you might be working in one of those.

So as the CEO, you might be the head of sales because you're the one picking up the phone trying to go get customers.

So you're working in the big box, but then there's this little box sitting on top and that that he calls out, I think, like a level two person, a level two player in your company is not making the thing for the customers.

It's making the big box.

It's basically making the machine that makes the thing.

What does that mean?

That means a level two is like what you typically imagine as a CEO or an executive or somebody like that, where they're not day to day actually making their product, but they're hiring and firing and promoting and incentivizing and structuring the company in a way where it will produce things that customers want.

And so the way to think about this at an early stage is that by day, you're going to be working at level one in the big box, you're actually going to be doing something.

Maybe it's writing code, maybe it's talking to customers, maybe it's selling, maybe it's customer support.

Whatever you got to do, you're doing it and then at night, you move up into the little box and you say, hmm, how can we make this machine more efficient?

Maybe we should hire some customer support reps because I think I've figured out the customers kind of always have these same five issues and we just need somebody on the front lines answering them at this point.

That would let me go do these other three really important things.

And usually, and so basically your job as the CEO of a startup is to first figure out how to make a product that customers want and then fire yourself out of the process of making that thing.

So you eventually fire, you're at level two, fire yourself at level one.

You the exec fires you the salesman.

So that's usually how this goes.

It sounds like you're trying to do that, where you the exec are trying to fire you the product manager.

But my warning to you is this, at an early stage, before you have product market fit, that's usually the wrong move.

And I'm assuming you don't have product refit because I've never heard of your product.

But I could be wrong.

And so we will answer what to do if you're at post product market fit.

And if you keep hearing me say this phrase, product market fit, product market fit, what the fuck does that mean?

What is the definition of that?

Well, there's no easy definition.

People have tried, but honestly, there's no easy way to measure it.

Some great quotes on this are, there's a tactical one, the Sean Ellis question.

The Sean Ellis question is, you survey all your users and you say, if you could no longer use this product, would you feel not disappointed, somewhat disappointed, or very disappointed?

And he says, if 40% of people say very disappointed, bang, you got product market fit.

Well, it's a good indicator, but it's not foolproof.

Mark Andreessen has a quote, something like product market fit is like having sex.

If you don't know, if you have it, you're not having it as something like that.

I love that one.

But the real one, the real feeling that you get, the best, the one that best describes it to me is, as a founder, you often feel like you're pushing a boulder up a hill.

You're pushing your product into the market.

You're trying to find people that want it.

You're trying to convince them to give it a try and it really feels like you're pushing a boulder up a hill, a high effort.

Then at some point, when you actually, when things click and you actually hit product market fit, it no longer feels like you're pushing it uphill.

But in fact, it feels like the boulder is now going downhill.

It's going faster and faster and you're just running, trying to keep up.

That's usually when you have a lot of customer demand and now you need to hire more people just to fill it, just to not disappoint them.

Just to give, fulfill the promise you've made to them.

That idea of chasing the boulder downhill, that's when you want to start hiring PMs because

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you figured out what people want and now you're scaling up.

That's my general advice.

Now, let's say you did, let's say you were there, you're chasing the boulder down the hill.

You do want to hire a PM.

How do you know it's the right hire?

How do you go about hiring them?

Well, all right, a quick message from our sponsor.

You know, I was thinking about the shortest day of the year earlier and while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our work days, the same length as always, but before you know it, we spent three hours just fixing something that was supposed to be automated.

Thankfully HubSpot's all-in-one CRM platform can serve as a single source of truth for managing your customer relationships across marketing, sales, service operations with multiple hubs and over a thousand integrations and an easy-to-use interface.

HubSpot lets you spend less time managing your software and more time connecting with your customers.

Learn how HubSpot can help you grow your business at [HubSpot.com](https://www.hubspot.com).

I love to say, this is my kind of personal belief is that interviews suck because interviews are like first dates, it's just two people looking at each other in the face and lying to each other.

You're both trying to pretend you're perfect and this is a great place to work and I'm a great worker and in reality we both know that that's not true, you're two imperfect people trying to make a match.

The best way to do that is actually to try to work together.

The best way to find out if you want to work together is to try working together and it's going on a date.

You actually want to go do an activity, not just sort of sit there at a table and ask each other questions.

The activity is usually a project.

I will often do a contract gig, a consulting gig, a trial period if I can to try to hire somebody and I'll let them know, hey look, here's what we're going to do, here's what success looks like and look, I would just say by default after two months let's consider this over unless we both, before we even get there, we're going to know, hey this is awesome, I'm loving working with you and you're doing a great job.

I will often bake in a by default three months in this is over unless it's so awesome that we both want to opt in and I found that that works better than the opposite where you hire somebody and the default is, oh this is great, I'm in forever and then when it's not so great you're like, well it's not bad enough for me to fire them and that's how you get stuck with kind of mediocrity inside your company.

So that's my preferred way of doing it, I don't always do that because it's kind of a case by case candidate by candidate situation but if you ask me in a perfect process that's

what I would do, I would set up a project on a trial basis usually between one and three months and I would let them know, hey I'm looking to find somebody full time but it's going to be really really hard for me to find somebody who I really trust because I think this is a big role and I have a high bar but I would love, I think I see that potential in you, I would love to give this a try and look at the end of this three months if it's going great, it's going to be a no brainer for us to make a full offer to you and if it's not, look, we're going to have three months where we learned a bunch, we got to know each other, you're going to make some money, it's fully paid and hey we'll pull the plug on something before without having committed long term to something and discipline each other, how does that sound?

And most people are pretty down for that, they actually are open to that and so that's my preferred way of doing things, I don't like you said ask advisors to interview them, I think that's a pretty big ask, so you got to get good at this, you want to develop great gut judgment on people and the only way to do that is to go hire and fire and promote and basically get a bunch of reps, make a bunch of mistakes, be really thoughtful each time you're hiring and each time you assess how it's going, be honest with yourself and if you do that, your feedback loop alone will help you get good at this thing because in the long run, it may not actually be this hire that's the important one, it's you getting good at hiring and so you want to develop that skill and you can't really delegate that out either, that's your primary job as an executive company.

So best of luck Rup, thanks for calling in with that and thanks for everybody for listening to One Question Friday.