

## Chapter 1 Homework: Pizza Party Prep Exercises and Decision Matrices

### Pizza Party 1

#### Prep Exercise 1

#### Company Visions and Goals

Ask each person invited to the Founders' Table to share their vision, goals, and fears about the new Company.

<b>Go around the table and answer these questions. Work on your listening skills. Designate someone to take notes.</b>	
What is the purpose of this Company?	
What market niche does it fill?	
Why are we here?	
What do I think I contribute?	
What do I think others contribute?	
Who is missing from this group - what skill sets do we need but don't have?	
What is the "end game" for the Company from my perspective?	

What is my timeline for participation?	
What is the Company's longest imaginable timeline to success?	

<b>Come up with consensus answers around these questions.</b>	
What is the purpose of this Company?	
What market niche does it fill?	
Why are we here?	
What does each person at the table contribute (you will refine this later)?	
Who is missing from this group—what skill sets do we need but don't have?	
What is the "end game" for the Company from my perspective?	
What is our longest imaginable timeline to success?	

What is my timeline for participation?	
What is the Company's longest imaginable timeline to success?	

**Good Work! You have begun to build your Goals and 90-Day Timeline as well as starting to understand the Human Factors.**

**Circulate the consensus answers schedule the next Pizza Party.**

**Pizza Party 2**  
**Prep Exercise 1**  
**Founders' Homework: Who Am I?**

<b>Basics</b>	
Name:	
Hometown:	
Key personal relationships:	
Important personal obligations:	
Current job:	
Favorite ice cream flavor:	
How do you know the Founder?	
Key passions outside of work:	
Who or what are your personal safety nets outside of this group?	
Why are you here?	
What do you think you could/would sacrifice to join this team?	
Why is the sacrifice worth it?	

Could you imagine success?	
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<b>Personal Limiting Factors &amp; Role Definition</b>	
When will you run out of patience?	
When will you run out of time?	
When will you run out of behind-the-scenes support?	
What is your hidden baggage?	
Do you have any fear going into this project?	
What do you think you bring to the mix?	

What do you think the group is missing in terms of talents or skills or personalities?	
What role would you be willing to do even if it stretched you personally?	

## Pizza Party 2

### Prep Exercise 2

#### What are the Founders' Roles?

After listening hard to the answers shared in Prep Exercise 1, for each identified Founder, answer the following questions. Discuss as a group. Revise answers then move to the additional Prep Exercises.

<b>Name:</b>	
Primary Skill/Value Added:	
Role in Leadership:	
How long can you commit?	
What are your outside commitments?	
Who do you report to in the Founder group?	
Who reports to you?	
Do you trust each member?	
What do you need to tell the Founders that might be hidden baggage?	
What do you need to know from the Founders that might be hidden baggage?	

Do you have a significant other who is supporting or resisting in this venture?

## Pizza Party 2

### Prep Exercise 3

#### Who Are We as a Group?

<b>Personalities &amp; Talents – Balance in Leadership</b>	
Is there a good balance of vision and execution?	
Do you have at least one peacemaker?	
Does everyone have a support system outside the group?	
Are there any toxic behaviors or personalities?	
Are there any people who have limitations?	

Do you understand everyone's motivations and expectations?	
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## **Prep Exercise 4**

### **Wearing the Right Hats**

#### **Do We Have the Right Roles Identified?**

Remember that each person at the table likely is already wearing the hats of equity owner, visionary, and leader in some way or another.

Now you need to drill deeper into the concrete roles required to get the job done – to execute on your Business Plan, raise capital, market, build, and operate the business. This is another collection of “hats” or roles.

At a minimum, each Company needs a solid leadership player who understands:

- Finance
- People dynamics
- Vision and direction
- Technology
- Operations
- Marketing

Tech companies need specialized leaders who understand development, privacy, hardware, software, and the legal landscape.

A construction company will require someone who clearly understands permitting and planning.

A bakery needs a BAKER.

## Do We Have the Right Players Wearing the Right Hats?

Role:	Player(s):
Finance	
People dynamics	
Vision and direction	
Technology	
Operations	
Marketing	

### Do Two or More People Fill the Same Roles?

### Are There Any Vacancies or Missing Skill Sets?

What additional roles need to be filled by Founders or by others?

Role:	Player(s):
Investor Relations	
Asset Management	
Logistics	
Regulatory Compliance	

Legal	
Other:	
Other:	
Other:	

<b>BONUS POINTS: OTHER HUMAN FACTORS</b>	
Who is not at the table and should be?	
Who is not at the table but seems to be whispering in?	
Have we considered everyone's past failures and what they learned?	

Do we have any outsized egos that might shift balances of power?	
Does our Leadership Paradigm and Business Plan take into account personal, behind the scenes issues identified in the Founders' Homework?	

**Pizza Party 3**  
**Identify Your Leadership Paradigm**

Now that you have identified the Founders, you need to identify which Leadership Paradigm fits your group. Refer to the descriptions below and choose what seems to suit the existing dynamics of the group most. Keep in mind that this will likely change over time – and it should change over time. But it is valuable to choose a model to start your journey and create governance rules consistent with the Founders' expectations in the context of the model.

Review the following models and decide which fits your vision right now, in 12 months, and in 24 months.

<b>Enlightened Dictatorship</b>	This is most common when there is a strong personality at the helm who has come up with the <i>great idea</i> , done some of the funding, assembled the team, and been the primary driving force to this point. The author of a book is its enlightened dictator. What other examples come to mind? This can be a very stable and successful initial leadership model if all Founders and others consent to it and if the boundaries are clearly stated from the outset. Some companies exist
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	as Enlightened Dictatorships all the way to an exit or to a generational change.
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<b>Oligarchy</b>	A SMALL GROUP OF EQUAL LEADERS. This model is less stable over the long-term than an Enlightened Dictatorship simply because it depends on a small group (3 - 5 people at most) aligning their interests, energy, economics, and passions for an extended period of time. Service companies such as accounting firms, doctors' offices, law firms, architects, etc. often start as Oligarchies. So do younger founders who are launching businesses at a period in their lives when all members of the group have discretionary time and energy to commit to the new deal. To make this work, the Oligarchy will need to build a great deal of trust and will need to focus carefully on the <i>decision matrix</i> in the next Chapter.
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<b>Democracy</b>	This is the default model if there is not a single strong leader and there are more people in the Founders Group than can reasonably function as an Oligarchy. It is rarely stable for companies or countries over long periods of stressful and unpredictable growth. Service companies often start this way but slip quickly but informally into dictatorships or oligarchies without thinking through minority protection rights.
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<b>Representative Democracy</b>	This is the classic corporate model and is most common and most stable for mature enterprises with fiscal and directional stability. A corporation consists of shareholders/investors who are generally passive, reserving the right to vote by selling their interests or by electing directors. The directors represent the investor/money interest and provide big picture and directional guidance (hence the word "director"). Directors, in turn, elect officers to run the day-to-day business. It is rare for this model to work in classic corporate form for start-up or evolving companies. But variations on the theme are endless – and a good lawyer can help you work through how to balance interests and talents in this format.
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<b>50 / 50</b>	WARNING: This is the least stable and most dangerous leadership model. Two, four, or even six individuals rarely see eye to eye for extended periods through growth, stress, change, and evolution in the business and personal lives. Deadlock is common and very difficult. There are some short-term ways to create a bridge between the 50 / 50 structure and a more stable model. But beware that the devil of deadlock looms in the background at all times.
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Now that you have learned about the five leadership paradigms, answer the following questions:

What type of leadership paradigm does the Company currently have?	
What type of leadership paradigm do you prefer for the Company?	
What type of leadership paradigm do your investors prefer for the Company?	
Can the Company start with one leadership paradigm and evolve into another?	





## Chapter 1 Decision Matrix Examples

### Decision Matrix 1 Real Estate Development 50/50 Owners

Decision	Owner 1	Owner 2	Both	Tie-Break Option
Select Property for Development			X	Don't do the deal
Negotiate Financing	X			
Select Architect and Approve Plans		X		
Manage GC and Project Flow		X		
Insurance, Accounting, Legal Services		X		
Develop Marketing Plan	X			
Approve & Negotiate Sales	X			
Tax Compliance	X			
Capital Calls	X	X	X	Usually, one partner will have the right to buy out the other if one won't or can't fund



**Decision Matrix 2**  
**Accounting, Law, Architecture, Designer other Services 50/50 OWNERS**

Decision	Owner 1	Owner 2	Both	Tie-Break Option
Select Name			X	Don't do the deal
Negotiate Lease	X			
Manage Legal Formation		X		
Establish House Rules for Client Engagements			X	Bring in an advisor
Insurance, Accounting, Legal Services		X		
Develop Marketing Plan	X			
Hiring and Firing other Professionals		X		Don't take action
Hiring and Firing Support Staff	X	X		
Admitting New Partners			X	Don't take action
Tax Compliance	X			
Capital Calls	X	X	X	May need to "divorce" if the venture needs funds and the parties can't agree



**Decision Matrix 3**  
**Software Company – Enlightened Dictatorship**

Decision	Lead Founder/ Manager	Board Majority	Owner Majority	Notes
Original Business Plan	X	X	X	Don't do the deal
Negotiate Financing or Equity Raise	X	X		
Capital Calls	X	X		
Design Decision	X			
Manage Project Flow	X			
Insurance, Accounting, Legal Services		X		
Develop Marketing Plan	X			
Approve & Negotiate Sales	X			
Tax Compliance	X			
Hiring & Firing	X			
Budget	X			
Approve Big Contracts	X			
Sign a Lease	X			
Approve Software Development Team and Process	X			
Approve Strategic Alliances	X	X		
Approve Sale of Company	X	X	X	

Remove the Enlightened Dictator		X	X	Probably have to show "CAUSE" or negotiate a painful buy-out
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**Decision Matrix 4**  
**Consumer Business – Representative Democracy**

Decision	President	Board Majority	Members by Majority	Tie-Break Option
Original Business Plan	X	X	X	Don't do the deal
Negotiate Financing or Equity Raise	X	X	X	
Capital Calls	X	X	X	
Final Design Decision	X	X		
Manage Project Flow	X			
Insurance, Accounting, Legal Services	X			
Oversee Accounting	X			
Approve Marketing Plan	X	X		
Approve & Negotiate Sales	X			
Tax Compliance	X			
Appoint Officers & define duties	X	X		
Hiring & Firing	X			
Budget	X	X		
Approve Big Contracts	X	X		

Approve Strategic Alliances	X	X		
Approve a Sale of Company	X	X	X	

**Decision Matrix 5**

**Your Turn! Company Leadership Paradigm: \_\_\_\_\_**

Decision				Notes
