

**15.394**

**Designing and Leading the  
Entrepreneurial Organization**



**MIT Sloan School of Management**

# Agenda



- ✦ Vermeer
  - ✦ Building the organization
  - ✦ Hiring the CEO
    - ✦ Defining the job
    - ✦ Evaluating candidates

# Charles Ferguson: Background



“I’d primarily been an academic, policy wonk, and consultant before becoming an entrepreneur. After getting a B.A. in mathematics at Berkeley, I focused on international trade and high technology policy for my Ph.D. and post-doctoral research at MIT.”

# Charles Ferguson: On Entrepreneurship



“Starting a company, raising money, and making deals was a constant battle against sharks and suits – some of the ruthless and dishonest, others equally dangerous because they were simply incompetent...

...it’s not a place where the good guys, or the best ideas, always win, and one finds little evidence that the meek shall inherit the earth. A wide array of powerful incumbents, ruthless people, and old-boy networks make life difficult.”

# **Charles Ferguson:**

## **Describing someone he respects...**



“Andy Marcuvitz is a heavysset guy who wears badly fitting suits. He has no discernible personality, sense of humor, or compassion – ideal traits for a venture capitalist. During eighteen months of extremely intense interaction, we never had a personal conversation, I never heard him make a joke, and he rarely smiled... In arguments, and we had many, he’s relentless; his voice remains even, he never loses his temper, and he can dig in for hours... And yet, he was good for me, and in a slightly twisted way, I respect him a great deal.” (p.69)

# Vermeer CEO Candidates



- ✧ **Candidate 1:** VP of marketing of a reputable west coast database company, in his late 30's, he has strong marketing skills, and relevant experience in client/server technology. In his current position, he manages 25 people. Prior to joining the database company in its startup phase, he was the proprietor of a small advertising business.
- ✧ **Candidate 2:** VP of systems management products with a large east coast-based software company, in his early 30s, he has the reputation for being extraordinary team builder and earning the loyalty of employees at all levels. In his current position as the manager of a business unit, he has increased revenue from \$1 million to \$50 million in 30 months. He's been the vice president of engineering for the company's subsidiary. Yet he has limited experience in sales and marketing.
- - ✧ **Candidate 3:** President for five years of an east coast based software company, in his early 40s, he took the company from startup to IPO. The company produces a high-end graphic user interface, programming language, and client/server tools. It sells directly to customers, often entering into long-term relationships with them. The IPO led to a management change and, as a result, he hasn't been active in software for approximately a year. He is interested in reentering the industry.

# Candidate 1



“He projects tremendous enthusiasm about Vermeer’s future and has offered numerous ideas about leveraging the company’s lead in the marketplace through strategic partnerships. The VCs have really liked him as a magnetic, gregarious, smart, and down to earth person. But Randy is ...afraid this person may be a little too slick...[T]he candidate doesn’t possess a deep understanding of the technology. I am somewhat concerned that he has never held profit and loss responsibility in the past. Also, he doesn’t seem terribly enthusiastic about relocating from the west coast.”

# Candidate 2



“He is a trustworthy consensus-builder and has a low-stress demeanor. He is very smart, thoughtful, and careful, but does not exhibit the forceful demeanor of someone who will get up and rouse the troops. He has a very good understanding of the product, but doesn’t have much experience in marketing shrink-wrapped software.”

# Candidate 3



“He has a strong, polished style. References are universally of the opinion that he is someone who can do the job, and he has the track record to prove it. In his previous organization, he had created a flat structure, and encouraged purposeful competition among subordinates. However, some of his ex-employees feel that he was a bit aloof with others, which led to lack of clarity in the organization about management agenda. He has an extensive marketing background, but not in shrink-wrapped software. Although he has a fairly good knowledge about Vermeer and its product, some of us are concerned about the depth of his technical ability.”

# Next Class



- ✦ Cambridge Incubator: People Street and Mark Pitts