

Q1: Thank you for taking the time to share your thoughts with our HIT*IQ readers.

You have a terrific background in human capital management. Often in the daily challenge of running a business, it's easy to forget the people. What should investors keep at the forefront of their minds when it comes to the people aspect of the business?

Talented leaders and teams are fuel in the engine of every business. Absent “talent fuel”, the engine cannot run in the way its designers intended.

The most important thing to remember is that Day 1 in a business is not Day 1 in the life of the people that work there. Every dreamer, founder, employee or engineer is a human who is the sum total of all that has happened in his or her life before he or she arrived at your door. Overinvest in figuring out how each of these humans is wired.

As a hiring manager, pay attention to the “who”. Do your homework on people – patiently, diligently and thoroughly. Think mindfully about fit. Is your finalist candidate wired in a way that is suited for the challenge you are handing him or her? Are your candidate and the job suited for each other?

As a prospective or current investor, elements that you want to keep at the forefront of your mind as you diligence an investment from a talent perspective include ensuring that you have the right team, that they get along, that they are purpose-fit to the challenge at hand, and that they have in abundance the intrinsic traits, potential and experiences that you are looking for. You want to not only know find out what the team has done, but who they are – how do they learn and grow? How do they get along and how will they anticipate and head off challenges, both good and bad?

Q2: What are some top traits to look for?

Personal security, motivation, collaboration, curiosity, a love of learning, self-awareness and introspection. The thing with traits like these is that they are intrinsic to who we are at our core, to our identity and how we are wired. Experiences can be acquired, competencies can be built and strengthened, behaviors can be modified, but our traits tell their own story. No human can be reduced down to a recipe of any kind, but each of these traits is significant - especially in small, growing companies and start-ups.

Let's talk first about personal security. Insecure people bring a coefficient of drag to any business and team that a start-up cannot afford. They see shadows in corners, they mask insecurity with arrogance and take oxygen out of a room. You want people who know who they are, and who they are not. Secure people bring oxygen into rooms, they know what they don't know, and they are open enough to admit it and to learn.

Motivation is another thing that teams often overlook – why this and why now? Experience is of course important – how long have you done something? How good are you in your field of expertise? But over-indexing on experience can mean you overlook something even more important – evaluating candidates for their potential. What are they likely to be able to do? Most entrepreneurs who build

amazing companies are doing so for the first time – so one must always evaluate people for what they can do, not just what they have done.

Collaboration is key too. Collaboration is all about how people act, not what they say – and this goes right back to personal security. Insecure people are always frightened to truly collaborate.

Next up is curiosity and a love of learning. Teams that learn together stay together. Every leader must ideally first and foremost be a student – of life, of everything and everyone around them, but most especially of him/herself.

Finally, self-awareness and introspection are great qualities, because then you know or can learn over time what your strengths are and also where your blind spots are likely to be.

Q3: VCs often say they invest in the top leadership, more than the technology or the idea. What are your thoughts about this? How should the rest of the team be considered?

In every business I've ever built, led or been a part of, one thing is true - leaders make or break the place. When you are first investing – be really honest with yourself and listen not just to your mind and ambition and aspirations for the deal, but also to your heart and your gut and to your concerns about the deal.

You might be blown away with the team - who they are, or what they have built, but you need to force yourself to pay fanatical attention to how they got here, why they have taken the decisions they have taken throughout their lives. How are they wired, at their core? How have they conducted their lives to date? Why did they build their business? Why do they wake up each day and choose to do what they do?

You can invest in what people have done, but you will later fight with them or fire them for who they are - or are not. So pay lots of attention to how and why, not just what.

Q4: I know one of your areas of expertise relates to advising founders on their businesses. How are these different?

Founders are an interesting species. In the early days, and for a long time after that, the founder is the tent pole in the tent. In fact, he or she defines the center of the tent. Without the founder, you have a lot of canvas and tarp on the floor.

Find people whose jagged edges fit the jagged edges of the founder. Don't bring in people who think they can fix the founder. Instead, find people who are wise beyond their years and who can support him or her, and eventually grow to have tremendous influence. Founders will chew up and spit out people who seek to compete with them in the short term. So play the long game, hire people who can earn followership and respect from everyone over time, including the founder. Hire those who understand that they have to meet the founder where he or she is at first, and only as their influence grows and as they truly argue every point by sitting beside, and not across from the founder, that there will be the day when he or she comes to them for advice.

Q5: You have a passion for leadership development. Why? What does leadership development look like today? What do you often see missing?

The answer to why is simple – I’ve been a passionate student of people and history for as long as I can remember.

I feel mastery in leadership development today is in being a consummate student of people, of knowing how to be the mirror in the room that they use to talk to themselves, of knowing how to help people in grappling with their dreams and their demons.

Although the discussions are very tangible and complex and focused on business and organizations, the underlying focus must always start with your identity. How do you become more self-aware? How do you become a better listener (to what goes on in your own head, and in the heads of others)? How do you dig yourself out of a ditch?

There is often too much focus put on actions you can take, classes you can go to, things you can learn, new organizational systems you can use, methods you can adopt, and books you can read. But at the end of the day, none of this will work unless you know who you are, how you are wired, and how you can change and grow.

In other words, developing leaders is like growing trees by focusing on the soil, like building buildings by working hardest on the foundation. All that stuff, under the ground that you can’t see – that is where the strength is, that is where growth comes from. Otherwise you will, as surely as anything revert to your old ways in times of stress.

Q6: What are the top things investors should look for in a company when conducting due diligence?

There is no single checklist as this is so situational, but aside from the obvious value drivers – the business idea, the competitive landscape, the team, the business model – one of the most important aspects of the due diligence is ensuring that there is a good fit between the team, the strategy and the investors.

So many businesses have the right strategy, but a team that can’t deliver against it. Or they have a great team but a strategy that sets them up to fail. Or the investors are not in sync with what the team and business are capable of delivering.

You also want to ascribe tremendous value to entrepreneurs and teams who think differently, who see patterns that are not obvious to others, who can size situations up like everyone else, but who come to conclusions that are differentiated, more insightful and deeper. In a nutshell, to me, how people think and learn is just as important, at times even more so, than what they think or what they know.

Q7: Startups are incredibly busy places. Human capital management can often get pushed aside. What should startup leaders keep in mind at all costs?

- Do your homework, focus on who and what, but also on how and why.
- Be fanatical about fit. Some people grow faster than others.

- Don't give away titles you can't take back – let people know that growth means we sometimes give our jobs away to others if they are more suited to the challenge at hand.
- Don't expect behavior from others that you can't be bothered to exhibit yourself. Culture is real, it is built on how you behave, not just what you say.
- Do not create a superclass of “bros” or royals who are exempt from the rules you are setting up for everyone else.
- Remember you hire people for what they have done, but fire them for who they are or who they are not.
- Don't over hire, and remember how expensive it is to undo poor hiring decisions. Doing the wrong thing faster is much worse than taking the time to do the right thing more slowly.
- And own up to your mistakes – people don't always fail all on their own, you have to learn what you might have done to help them succeed.

Q8: Many of the HIT*IQ readers will be attending the annual HIMSS North American Conference in Las Vegas in a few months. You have attended many of these. Any tips for investors and startups as they have their matchmaking conversations?

I can't wait – HIMSS is an amazing movement and truly placing itself more and more at the center of the conversation between investors and start-ups. I would offer attendees the same advice I give myself.

- Make every minute and conversation count.
- Spend time planning ahead. Allocate time to follow-up
- Try to be truly present in every discussion you have, however short it is.
- Give yourself unstructured time even if it seems impossible - a serendipitous collision with someone you never planned to meet might be the most important discussion you have at the event.
- Be hyper-focused on your agenda, but always make time to learn and discover ideas or facts or people you may not know.