



When is the Right Time for a Startup to Hire a Management Team?

by Dennis Hammer

In the early days, [finding product market fit](#) is your most important priority. Anyone you hire should serve this goal.

“Do whatever is required to get to product/market fit. Including changing out people, rewriting your product, moving into a different market, telling customers no when you don't want to, telling customers yes when you don't want to, raising that fourth round of highly dilutive venture capital—whatever is required.”

—[Marc Andreessen](#)

But at some point you'll find yourself spread too thin. There will be too many pieces to manage and problems to solve. Too many people will need your attention (and it doesn't actually have to be that many to be *too many*). On top of that, fundraising can feel like a full-time job that makes it harder for you to run the business day-to-day.

Eventually you'll need someone to take some responsibilities off your plate so you can focus on big-picture stuff like scaling and growth. You're probably not at that point yet, but it's important to think about your first management hire long before you need one. Hiring a manager can dramatically change your business—for good or bad—so you'll want to take your time finding the right person.

Unfortunately, we can't tell you *exactly* when to make your first management-level hire. But in this article we'll give you some general guidelines:

1. Hiring Too Early = Dangerous
2. Determine Which Role Needs Filling
3. Can You Hire from Within?
4. 8 Signs It's Time to Hire a Manager or Executive
5. Hire Slowly, Fire Fast

Hiring Too Early = Dangerous

First, a word of warning.

It's tempting to hire new team members early because a big team feels like growth. When you imagined yourself as a startup founder, you probably pictured a group of talented, driven people making big plans while sitting in a trendy office with free snacks and a foosball table.



Source: [Heisenberg Media / Flickr](#)

But too many people too soon can damage your startup. It's also expensive at a time when you probably need to be watching your cash flow. You need to be lean and fast. Layers of bureaucracy impede your progress and make it harder to communicate with one another.

"In those early days, you usually can't afford to have dedicated managers anyway," [says David Cancel](#), CEO of Drift. "You need player/coaches: People who can both do and lead."

And if you're thinking about offsetting that cost by hiring someone with loads of experience who can help you grow quickly—like a seasoned executive from a much larger company—that probably won't work. You'll likely run into issues where an executive who's used to managing thousands of employees and millions of dollars won't have the right skills for your small team.

As David Cancel says, "You need to find the right horse for the right course."

Determine Which Role Needs Filling

Organizational behavior is the study of the way people interact within groups, and Ranjay Gulati and Alicia DeSantola [combed through 75 years of research](#) on how companies organize themselves. They found that companies who grow successfully eventually prioritize hiring functional experts and adding management structures.

That doesn't mean successful companies hire quickly. It means they hire *smartly*. They build and organize teams of high-value people.

Before you hire a manager, make sure you know what role you expect them to play. What responsibilities will they be responsible for? Which metrics will they own? What does a "job well done" look like?

Those questions beg another one: Do you need a manager at all? Could you instead farm basic tasks out to cheaper workers, freeing up portions of your day to tackle bigger problems?

"Solve the problem of freeing up the startup's single most valuable resource—your time," [recommends Roy Bahat](#), venture capitalist and Head of Bloomberg Beta. "Many founders will look for a head of sales before they'll hire a virtual admin to handle minutia. That seems silly: Your time is more valuable to the company than anyone else's, so you should free it up in the least expensive way possible."

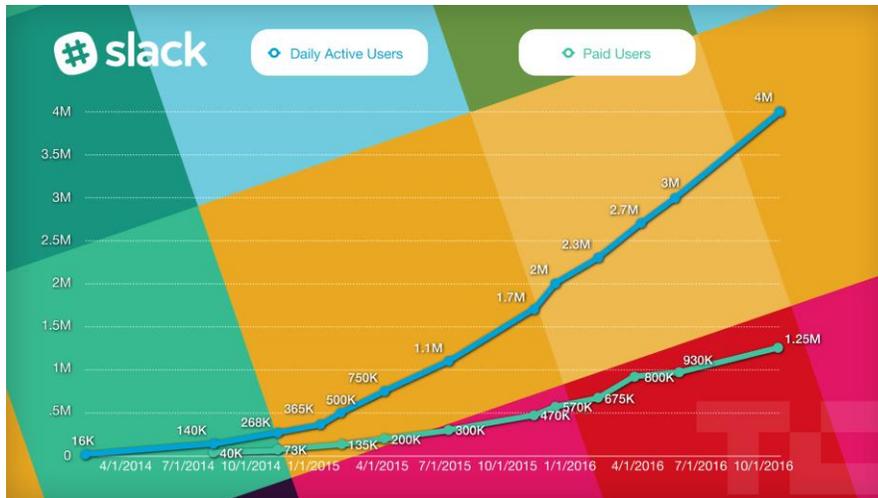
Can You Hire from Within?

Yes you have a small team, but it's generally smarter to hire from within whenever possible.

Wharton found that [external hires get paid 18-20% more](#), have higher exit rates, and receive poorer performance reviews during their first two years compared to internal hires. The Saratoga Institute found that [it's 1.7X more expensive to hire externally](#).

Hiring from outside is a big risk, but at some point you'll be *forced* to, especially if you grow quickly.

[Take Slack, for instance](#). The company began acquiring users in 2013. Now they make \$100 million per year. The role of their sales, marketing, customer success, product, and support teams (that's pretty much everyone) are *vastly* different now than they were four years ago. It's unlikely that everyone was able to evolve their skill sets at that pace, so they *had* to hire externally.



Source: techcrunch.com

8 Signs It's Time to Hire a Manager or Executive

Generally, it's time to hire a manager (or management team) when you experience any of these problems:

1. You're About to Start a New Phase

Let's say you have some cash in the bank that you're ready to spend on growing, but you don't know how to [build a growth process](#). Now may be the time to bring in someone who does.

2. You're Fixing, Not Building

As the founder, your job is to *create*. If you find yourself spending most of your time fixing small problems, chasing bugs, answering customer service questions, or repeating the same tasks, it's time to bring someone in to manage the day-to-day. You should manage your business; your business shouldn't manage you.

3. You Can't Keep Up With Your Employees

Your team is probably your most important—and most expensive—asset. If you're having trouble making enough time to follow along with your team's projects, sign off on their requests, solve their problems, and give them direction, it's time to hire a manager to make decisions in your absence.

"It is important to give each employee time, attention, and someone who can work with them and check on them periodically," [says Miles Jennings](#), founder of Recruiter.com. "Hiring a manager to do this will give you the ability to focus on running the business as a whole."

4. One Thing Consumes All Your Time

It's time to bring in a manager when one thing dominates all of your time. For instance, if you spend six hours a day onboarding customers, it's smart to put someone in charge of that responsibility so you can get back to the big picture.

5. You Know Someone Else Can Do It Better

You can't be good at everything. If you don't like cold calling, don't have the patience to organize a development schedule, or aren't handling other important tasks, you might get more done if you hire someone awesome.

Identify your organization's broad deficiencies (such as "low sales," "poor retention," "lack of engineering prioritization," etc.) and then ask yourself if bringing in someone to own those problems would improve them.

6. You Don't Have Enough Hours in the Day

If you find yourself coming to work earlier every day just to keep up, it's time to offload responsibilities to someone else. Group your daily tasks into categories like "sales," "marketing," "support," "engineering," and "administration." Pick one that takes too much of your time and doesn't play to your skills, then hire a manager to handle it.

7. You Feel Overwhelmed

Burnout, depression, and anxiety are [serious problems for startup founders](#). Even though you want to stay lean and cheap, it's not worth your sanity to save a few dollars. Bring in someone to take some responsibility so you can breathe.

8. You or Your Team Make a Lot of Mistakes

Some mistakes are expected—they're a part of learning. But if you and your team are making repeated, unnecessary mistakes, it might be time to bring someone in to oversee projects and follow up with the team.

Don't Hire in Desperation

It's important not to rush a decision because you "need this role filled right now!" That's a quick way to hire someone who seems good on paper but can't do the job.

"Rushing through the recruiting process can lead to a bad hire, and a bad hire can be costly—both in time and money that is invested—and would absolutely not be better than no hire at all," [says human resources consultant Laura Porro](#).

Before you hire someone, ask yourself if the solution really requires a new person. Or can you handle the issue by adjusting your strategy or approach?

For example: You're getting some traction, but customers leave you as fast as you sign new ones. You clearly have a retention problem. Should you hire a customer success manager to boost retention? Maybe, but first ask yourself why customers leave (or better yet, ask the customers). If they leave because the product is buggy, you could fix the issue in-house without hiring.

Hire Slowly, Fire Fast

In the startup world, things move quickly. That's the advantage of working with a small, lean team. Entire companies have pivoted their models over lunch breaks.

Which is why startups routinely hire too quickly and fire too slowly. They're excited to add people to their teams because it *feels* like growth, and disappointed to remove someone because that *feels* like going backwards.

But hiring an executive or manager for your team should happen slowly. Don't grab a few resumes off Craigslist and hire the first person who shows up.

Spend time with a would-be manager before you make an offer. Introduce them to your entire team, kick around some ideas, and share a meal together. Make sure everyone meshes well and can work together without conflict. Early hires can dramatically affect culture—which may be a bigger factor than the skills someone brings.

If you have more questions or need help hiring a manager or executive for your startup, check out the 10xU membership. We'll help you take your business to the next level. [Learn more >](#)