



MaRS | ENTREPRENEUR
WORKBOOKS
Human Resources Management Series

Building Block 1
Building an A-Team

HUMAN RESOURCES MANAGEMENT

Introduction: What to expect?

In his book *Outliers*, Canadian author Malcolm Gladwell looks at the relationship between statistical probabilities and the chance of success in your chosen field of work or sports. His essential claim is that you need around 10,000 hours of practice to become really good in a particular field.

This workbook will not take 10,000 hours to complete, so you should not expect that you will become an expert in Human Resources Management by going through the activities outlined within. Rather, the purpose of the workbook is to help you understand and focus on the key issues in the field of Human Resources Management, and to introduce you to frameworks within which to think and discuss essential areas of your business. The process offered will provide sufficient grounding in the topic so that you will know what questions to ask advisors and consultants, and, in the case of consultants, how to evaluate their work.

Additionally, this workbook provides a launch point for a number of vital business decisions you will have to make to develop your start-up. As a best practice, it is critical to return to these workbooks and revisit facts and assumptions on a continuous basis. This will ensure not only that you build on your learning experience but that you adjust your assumptions to maintain the right course for your business.

Building Block 1: Building an A-Team

This workbook is part one of a three-part workbook series on human resources management. It is designed specifically for entrepreneurs in the high-tech space. Human resources (HR) management consists of three major parts, or “Building Blocks,” each adding to the foundation of the previous one.

Building Block 1: Building an A-Team

Building Block 2: Compensation

Building Block 3: HR at Work

Each of these Building Blocks addresses an essential aspect of HR management for the entrepreneur. Once you have completed all three workbooks, you will have a comprehensive HR management plan.

With this plan in hand, you will be ready to begin building and managing a high-performance team of employees to drive your company’s growth.

How to use these workbooks

1. Take time to think it through.

These workbooks present a framework for formulating a comprehensive HR management plan. To make the most of them, it's best that you take time to think through your entries. Talk to advisors and fellow entrepreneurs, refer to your business plan and make sure that your HR decisions align with your financial forecasts and overall company objectives.

2. Revisit your assumptions.

The job of HR management is never done. Once you have completed the workbooks and begun to implement the resulting HR management plan, revisit these workbooks regularly to update their contents according to new information you've acquired over the course of running your business. Keeping your HR management plan up to date will make your job much easier when it comes time to bring new staff on board, discuss your HR policies with a potential investor, or make strategic decisions about the direction and capabilities of your company and your people.

3. Use the icons for help.

The workbooks are structured under the assumption that this is the first time you, the reader, has undertaken an HR management planning exercise. To clarify some of the ideas, we have defined key terms and offered real-world examples. In addition, we have provided links to online articles, templates and videos. For this reason, you may find it easiest to use these workbooks on a computer with an internet connection.

Look for these icons:



denotes a key HR term that will recur in these workbooks



indicates an example drawn from a real-world business in order to illustrate an important idea



denotes a link to a more in-depth online article, video or template



appears wherever you are asked to record something in the accompanying planning document while completing the exercises

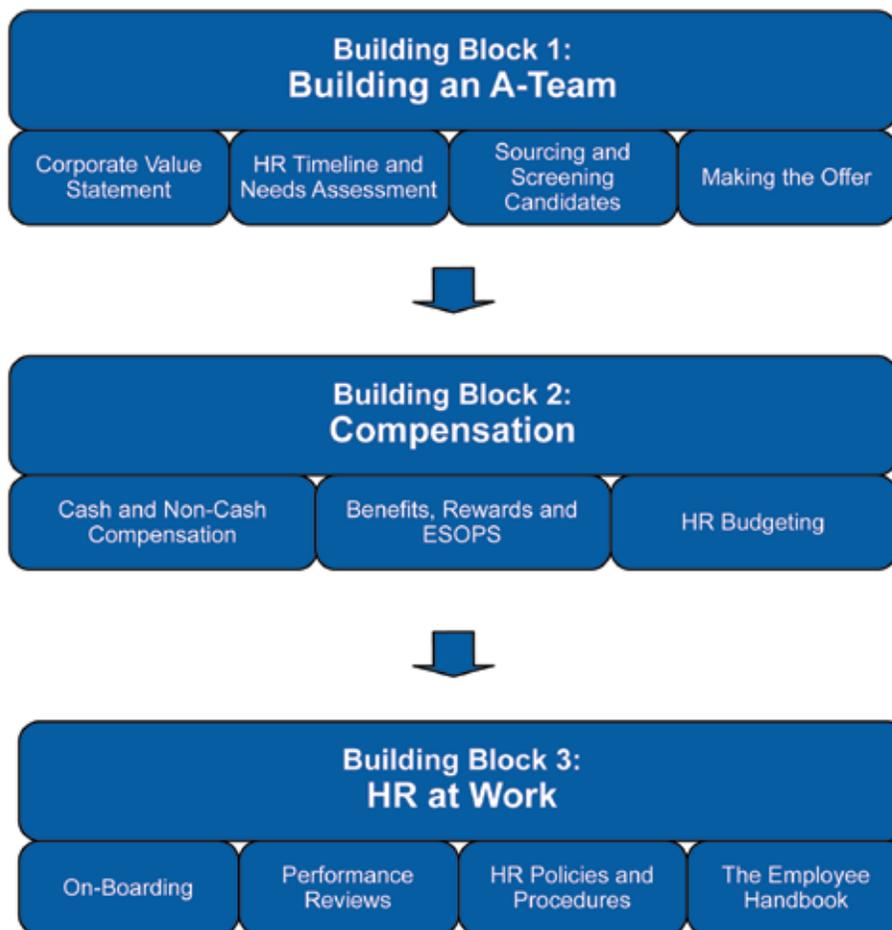


indicates key information for your business plan, pitch deck or other documents you might be preparing for potential external investors

Before you start

These workbooks are designed to assist entrepreneurs and their leadership teams in early-stage technology and life-sciences companies, and are based on tried-and-tested HR management practices relevant for start-ups in a wide range of industries. The following chart outlines for you the curriculum and the progression of each Building Block.

Building Blocks of HR Management Strategy Development



BUILDING BLOCK 1: Building an A-Team

This workbook will enable you to develop the backbone of your HR management plan by helping you map out when and how to bring new team members on board. It will address the following questions:

- What values do you seek in new hires?
- As the company grows, what new hires will you need and when will you need them?
- What skills do successful employees at your company require?
- What qualities do your employees need to make them excellent?
- How should you screen and interview to find the best candidates?
- How do you make an official offer of employment?

1. Create a Value Statement

The chief value at any company should be **results**. A company filled with employees who value results will outperform its competitors every time.

It's important to attract employees who share the same values. Common values will contribute to the kind of corporate culture that enhances employee loyalty and makes for a great and effective working environment. To do this, it is helpful to formulate a company value statement that describes what kind of company you are running.



Examples: Company value statements

Pfizer: Our values are a declaration of our core beliefs and the defining features of a culture that breeds achievement. We've identified nine that crystallize who we are—who we have always been—and what we stand for. They reflect the enduring character of Pfizer and its people. To achieve our Purpose and Mission, we affirm the values of: integrity, community, performance, respect, innovation, leadership, customer focus, teamwork and quality.

Microsoft: As a company, and as individuals, we value integrity, honesty, openness, personal excellence, constructive self-criticism, continual self-improvement, and mutual respect. We are committed to our customers and partners and have a passion for technology.

Bristol-Myers Squibb: To extend and enhance human life.



Google: "10 Things"

Cisco Systems: At Cisco we believe community belongs to everyone and connecting and collaborating with others is a key element of our culture. Making the world a smaller place through technology and using it to enhance life experiences is something we take seriously. While market transitions evolve and change over time, the components of our culture remain consistent. For these are our core values, the basis of all we do—and the spirit in which we do it—and are embraced with the intention of customer success and positively contributing to the world and others.

Ballard Power Systems: Ballard's values play an integral role in everything we do. Our behaviors and decisions are legal, ethical and credible. We are a team that is:

Caring: We believe in Ballard and our vision—Power to Change the World®.

Committed: We work with passion to exceed expectations.

Creative: We are resourceful and seek the best solutions to reach our goals.

Careful: We are proud that our work is first-rate and completed to exacting standards.

Courageous: We realize that it takes courage to change the world.

Customer Focused: We take steps to understand customer needs, do whatever it takes to deliver on commitments to customers and aim to exceed all customer expectations.

Celestica: Teamwork. Trust and Commitment. Creativity. Courage. Our Values are the basis of our corporate culture. They guide the decision-making of individual employees. They represent a call to action for our people. We hold ourselves and each other accountable to our Values every day. In all of our interactions.

Telus: Our values drive how we work at TELUS and why we achieve so much in the marketplace. Together we embrace change and initiate opportunity, have a passion for growth, believe in spirited teamwork and have the courage to innovate.



Write your company value statement in the corresponding section of the Building an A-Team planning document.

2. Develop a Hiring Calendar

A hiring calendar helps you chart the course for company growth by plotting out your HR needs over time. Your hiring calendar should be based on the staffing needs outlined in your financial forecasts.

*Keep in mind that you will need to begin searching for a new employee **well before** they are needed at the company, since the search process takes time. Note the following hiring timelines:

- at the **Administrative** level, it usually takes about **one** month
- at the **Manager** level, it usually takes about **two** months
- at the **Director** level, it usually takes about **two to three** months
- at the **VP** level, it usually takes about **three to four** months



Example: Hiring calendar

Scenario: A start-up is formed between two partners with complementary technical know-how in the roles of CEO and CTO. As the company develops its technology into a prototype, an additional member of the team is brought in a technical role. The second year may see the completion of the prototype by additional technical staff and the hiring of a salesperson to begin building market relationships. The third year may see the expansion of the executive team to include a CFO or VP of Business Development, and also the validation of the company’s product. Additional technical, sales and operational staff will be needed to take the company’s offering to market. The hiring calendar below reflects the staffing needs of this start-up over time:

	YEAR 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Executive	2	2	2	2	2	2	2	2	2	2	2	2
Sales and Marketing												
Operations												
Technical	1	1	1	1	1	1	1	1	1	1	1	1
Total	3											

	YEAR 2											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Executive	2	2	2	2	2	2	2	2	2	2	3	3
Sales and Marketing								1	1	1	1	1
Operations												
Technical	2	2	2	2	2	2	3	3	3	3	3	3
Total	4	4	4	4	4	4	5	6	6	6	7	7

YEAR 3												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Executive	3	3	3	3	3	3	3	3	3	3	3	3
Sales and Marketing	1	1	1	1	2	2	2	2	2	2	2	2
Operations							1	1	1	1	1	1
Technical	3	3	3	3	3	3	3	3	3	3	3	3
Total	7	7	7	7	8	8	9	9	9	9	9	9



Fill in your hiring calendar in the corresponding section of the Building an A-Team planning document. Refer to the staffing requirements you laid out in your financial documents as part of the Business Planning workbook.



Note that the hiring calendar should align with the hiring portion of the budget in your business plan.

3. Perform a Needs Assessment

In this section, you will establish the needed skill set as well as the necessary qualities for executive, operations, sales and technical positions at your company. In addition to the position-specific skills you require for each job, the ideal candidate will have both the general skill set and qualities to enable them to make a valuable contribution to the team from day one. Most importantly, every employee you hire should be **results-oriented** and **self-motivated**.

Many entrepreneurs make the mistake of hiring people just like them to build out the executive team. While these people are easy to get along with, they tend to be weak in the same quality areas as the company founder. Instead, it’s important to hire people with qualities that are complementary to those of the other team members. In order to discover what complementary qualities are lacking, it is often helpful to write down what qualities a team already has, and to aim to fill the gaps when recruiting a new addition. For example, if the company CEO is an excellent strategist with great insight into the overall company direction, he or she needs a director of business development who is an excellent salesperson and does a wonderful job of promoting the company and articulating the value of its offerings to potential customers. If the strengths of the management team as a whole are well aligned, the company will operate more efficiently and require fewer staff at senior levels.

First, take some time to fill in the skills and qualities already possessed by your current team. Next, fill in the ideal skills and qualities you’d like to see in new hires to the executive team, as well as to the operations, administrative, technical, and sales and marketing departments.



Write your HR needs assessment in the corresponding section of the Building an A-Team planning document.



4. Write a Position Description

The position description is the most important document in the hiring process. Its elements will structure how your new employee works and is rewarded, how their performance is evaluated and how they relate to other employees.



Use the Position Description Template in the Appendix of the Building an A-Team planning document as a guide when writing position descriptions for job openings at your company.



Read more about writing a [position description](#).

5. Source Candidates

When searching for new employees for an innovative early-stage company, it is important to cast a wide net. There may not be an abundance of qualified candidates, or competition may be very high for staff with specialized skills. Your HR sourcing strategy should leverage as many networks as possible. Take a moment to brainstorm the different networks at your disposal that may yield good referrals for new positions at your company.



Read more about [which recruiting method you should use](#).



Summarize possible sources of candidate referrals in the corresponding section of the Building an A-Team planning document.

6. Screen Candidates

It's important to know what to look for when reading through a stack of resumes. The following pointers will help you select candidates to interview.

- I. Look for people with experience working at a great company.** People who come from great companies know what great is, and how to get there.
- II. Look for people at the top of their game who have done it before.** If you're hiring a director of product development, look for someone who led the development and launch of a highly successful product. If you're hiring

a director of business development, look for someone who grew sales at another start-up from zero to millions.

- You make a tradeoff when you hire someone with less experience who will have to “learn on the job.” They may cost less in monthly salary, but they could also take twice as long to reach an objective, and may not have developed as robust a personal network as someone with top-level work experience.

III. Look for the action words. Scan a candidate’s resume for the action words they use to describe their past work. If someone “played a role,” “took part,” “participated in,” or “worked on” major initiatives, they probably took their orders from someone else. In most cases, you want to hire the person who called the shots and saw to it that a corporate objective was met.



Read more about [screening candidates](#).



Using the suggestions above, create a shortlist of candidates to be interviewed by telephone. Record this list in the corresponding section of the Building an A-Team planning document.

7. Prepare for the Interview

Once you’ve created a shortlist of candidates to invite for an interview, it’s important to prepare to conduct a thorough and informative assessment of their candidacy.

If you have a large pool of qualified candidates, the first step should be to hold a qualifying telephone interview with some basic questions in order to determine who should be invited to your offices for a formal interview. Suggested topic areas for a qualifying telephone interview might include salary expectations, availability, communication skills and the reason for the candidate’s interest in the position. Telephone interview questions might even be drawn from a standard template.



Use the Telephone Interview Screening Template in the Appendix of the Building an A-Team planning document as a guide to prepare.

Once you’ve completed the telephone screening interviews and you’ve selected candidates for in-person interviews, it’s time to prepare appropriate questions.

Tips for effective in-person interviews:



- Prepare for the interview beforehand, be organized, and conduct the interviews with the same level of professionalism that you would expect from a new hire.
- Record the interviews or take detailed notes if you are interviewing several people.
- If the candidate is being interviewed by multiple people at the company, don't bias subsequent interviews by expressing an opinion before everyone has had a chance to meet with the candidate.
- Let the candidate do the talking.
- At the end of the interview, ask candidates if they have any questions for you. They may be interviewing you as much as you are interviewing them.

Icebreaker questions

Icebreaker questions are the standard, informational questions that kick off the interview. These questions should provide the interviewer with a picture of how and why the candidate finds themselves across the table from you.



Example: Icebreaker questions

- Why are you interested in this role?
- What are you looking to get out of this position?

Interview technique A: Listen to the story

When people are interviewed about their past work experience, they will generally frame their answers as a story. In a nutshell, the stories people tell about their past work (though it will be edited during an interview) reflect what *delights* or *bothers* them. This interview technique places less emphasis on the questions themselves and more emphasis on listening closely to how the candidate frames his or her answers. Listen carefully to your candidates to get a sense of what motivates or appeals to them—and what doesn't.

As an example, an easy way to understand what "order" of employee a candidate will be is to ask them to describe a past challenge they faced at work. If they frame their answer with respect to broad strategic objectives, the candidate is someone who sees the whole playing field; this is someone who might be a good fit for a leadership role. If they tell a story that focuses on day-to-day operational challenges, they are not likely suitable for responsibility above the operational level. When preparing to interview someone, think about whether you need them to be strategically, operationally or task-oriented, and what questions you can use to draw this information out.

Using the needs assessment grid you developed in **section 3**, put together interview questions to help you determine whether a candidate has the qualities you need.

Interview technique B: Behavioural interviewing

Behavioural interviewing is based on the premise that past behaviour is the best predictor of future behaviour. It can help to draw out honest answers when a potential employee is in “interview mode.” To do this, pursue a line of questioning that forces candidates to answer from specific memories of past actions rather than from their feelings about what the “right” answer might be. Frame questions in the context of specific situations the candidate has experienced. Use descriptive words to help interviewees select a particular event to talk about. Remember that behavioural interview questions should not be based on a hypothetical situation, but must call on an interviewee to relate his or her past actions.



Examples: Behavioural interview questions (and their components)

Tell me about a time when you've had difficulty working with someone on a team project, and what you did.

Past Descriptor Specific Context

Tell me about a serious customer service issue at your last job and what you did to resolve it.

Descriptor Specific Context Past

Tell me about a product development challenge you faced at your last job and how it was resolved.

Specific Context Descriptor Past

What creative selling techniques did you use to close a sale to your major account at your last job?

Descriptor Specific Context Past

Tell me about an important recent negotiation where you went out of your way to secure a key contract.

Descriptor Past Specific Context

What were the toughest challenges you faced when your last company began outsourcing its software development?

Descriptor Past Specific Context



Read more about preparing for [the interview](#).



Use the corresponding section in the *Building an A-Team* planning document to develop an interview template with questions you'd like to ask potential hires.

8. Conduct Reference Checks

For a small company, a new hire is a serious undertaking that will influence the future success of your business. It's important to do everything you can to ensure that you bring the right person on board; this includes conducting a solid reference check.

When calling a candidate's references, inquire (among other things) about

- how the candidate first met their former employer (it could be a family or friend relationship)
- the candidate's strengths and weaknesses as seen by their former employer
- a summary of the candidate's responsibilities in their former job (to see if this matches information provided by the candidate)
- how well the candidate worked with management and fellow team members



Use the Reference Check Template in the Appendix of the Building an A-Team planning document as a guide to prepare.

9. Make the Offer



Offer Letter: *A job offer letter is a document that confirms the details of an offer of employment. The job offer letter includes details such as the position description, reporting relationship, salary, benefits, vacation allotment, and other incentives.*

A best practice when composing an offer letter is to do it in two parts. In the first part, provide the candidate with a welcoming, congratulatory letter that reiterates the job, lays out the salary and vacation, and provides other basic details.

As the second part, attach a formal addendum covering all the legal nuts and bolts of the position. You may need to consult a lawyer for help in drafting clauses to protect your intellectual property.



Learn more about [intellectual property protection for the employer](#) and drafting IP protection clauses in your employment contracts.

Template offer letters can be found on the website alongside helpful articles and videos. Take some time to review these before drafting your own offer letter template. It may also be wise to discuss the legal elements of your offer letter with a lawyer. He or she may be able to draw up the necessary legal protections for your company when entering an employer-employee relationship.



Use the *Sample Offer Letter and Employment Agreement Template* in the Appendix of the *Building an A-Team* planning document as a guide to prepare offers of employment for potential hires.



Read more about [writing an offer letter](#).

10. Write Team Bios

As your company grows, and the search for capital continues, you may need to provide potential investors or lenders with bios (or, biographies) for each member of the executive team.

The key to writing effective bios is to illustrate how the team is ready to handle the challenges of a start-up. What experience does each person have that lends itself to helping the company meet its goals? What key corporate relationships exist? Each bio should be short, no more than half a page, and should include only the individual's most important and relevant accomplishments.



Example:

David Young was the Founder, President and Chief Executive Officer of ARIUS Research, a company founded in 1999 to create innovative, targeted drug therapies to revolutionize cancer treatment. Mr. Young raised \$40 million in venture capital at ARIUS, eventually selling the company to Roche for \$200 million. He became Vice President, and Head of Research at Roche. Dr. Young conducted the fundamental discovery and proof-of-principle experiments to obtain the patents that were the core of the company's technology. ARIUS was built on its proprietary FunctionFIRSTT technology platform. This unique approach to drug discovery creates functional anti-cancer monoclonal antibodies that belong to a class of revolutionary cancer treatments. The approach has been validated through a number of commercial partnerships with leading pharmaceutical and antibody companies including Genentech, Takeda Pharmaceuticals, and PDL Biopharma. Dr. Young trained at the University of Toronto, and received his Doctor of Medicine degree in 1990 and Master of Science degree in 1996. He was also a research fellow through the Surgical Scientist Program at the Hospital for Sick Children. He did his surgical training between 1991 and 1997, including a surgical internship at Toronto General Hospital, and a residency in general surgery at Mount Sinai Hospital and within the division of cardiovascular surgery at St. Michael's Hospital in Toronto. While at U of T, he won over 15 academic awards or scholarships. He is an inventor, author, or co-author of over 300 patents, publications, and scientific abstracts.



External investors will want to see bios for all the key members of your company's management team. You may want to include this information in your business plan.



Draft bios for your key team members in the corresponding section of the Building an A-Team planning document.

Further Study:



Read more about [getting the right people in key seats](#).



Read more about [employees vs. contractors](#).