How to Close the Founder to CEO Skill Gap

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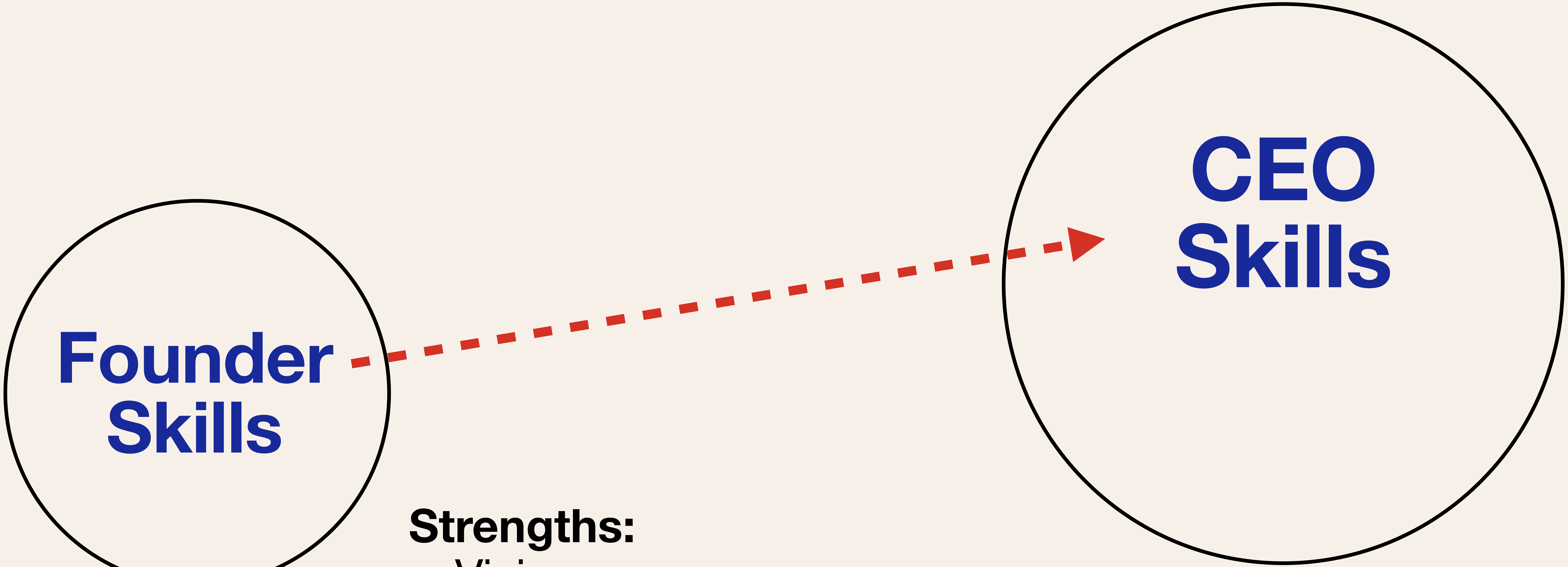
Q: What separates the Founders that successfully transition to CEO, from those that don’t make it?

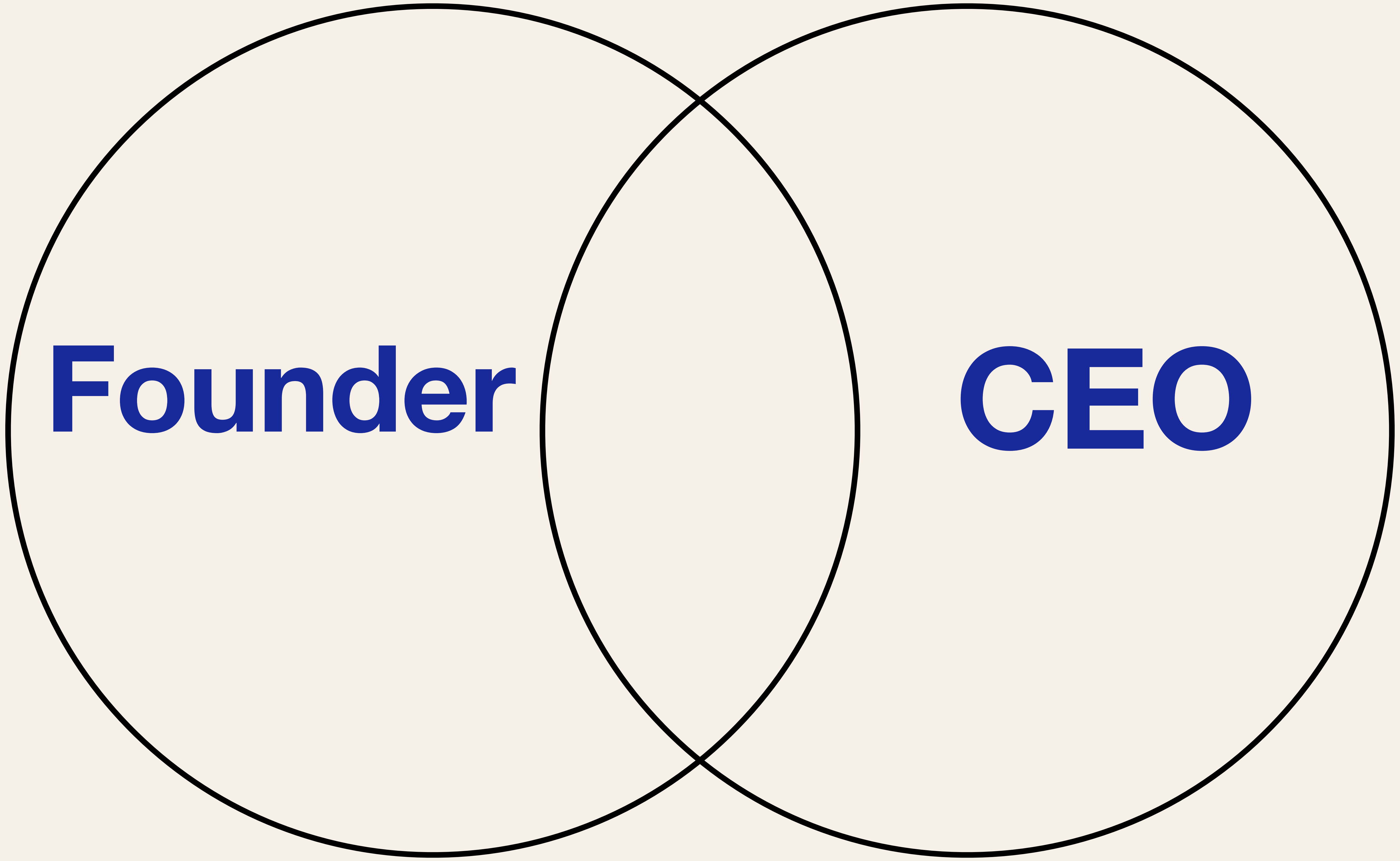
The Founder to CEO Skill Gap



Strengths:
- Visionary
- Innovative
- Passion
- Frugal

Strengths:
- Scale-Relevant Skills
- Structured
- Disciplined

Closing the Founder to CEO Skill Gap



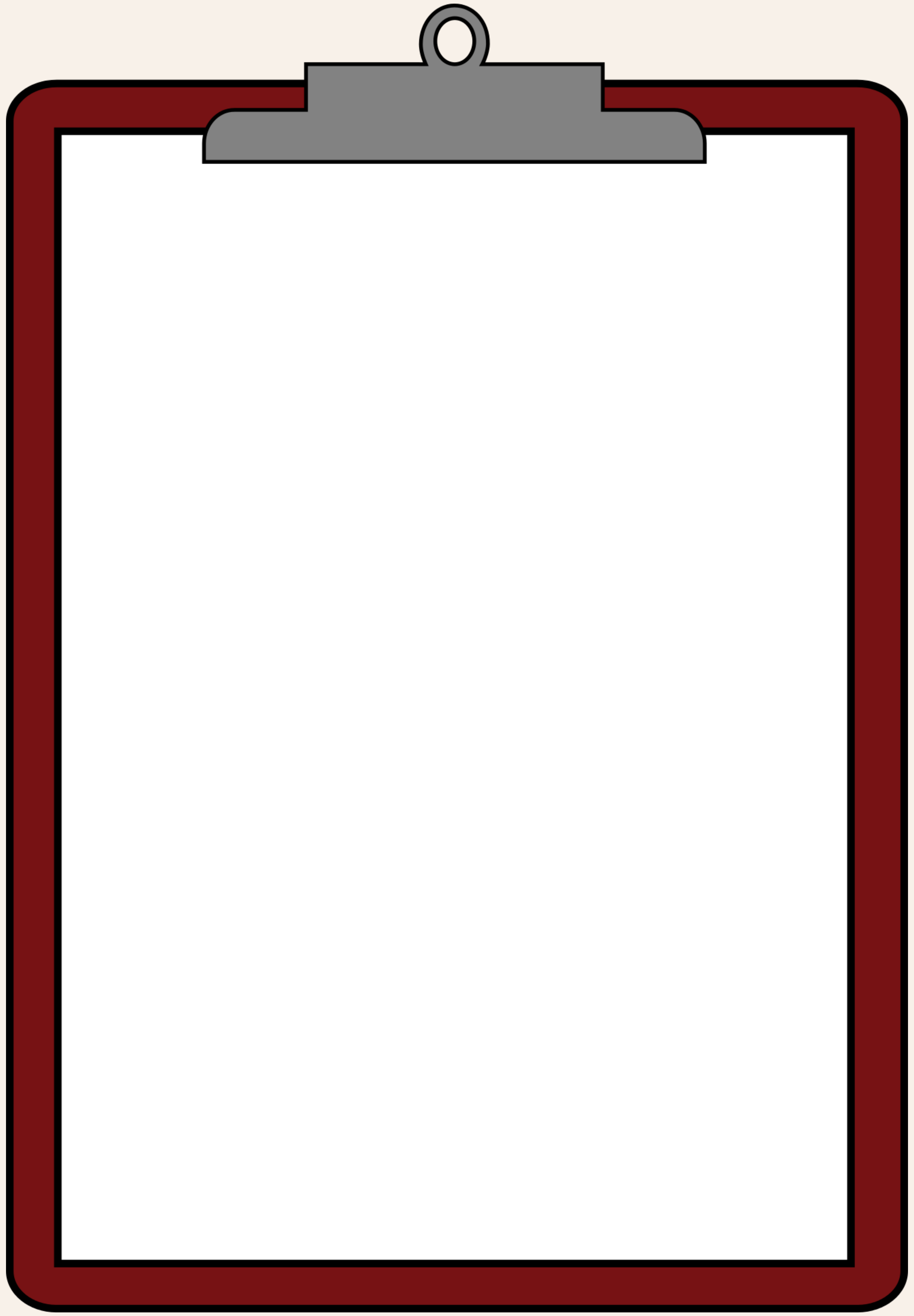
To Scale your <u>Revenues</u>, You Must Scale Your <u>Skills</u>

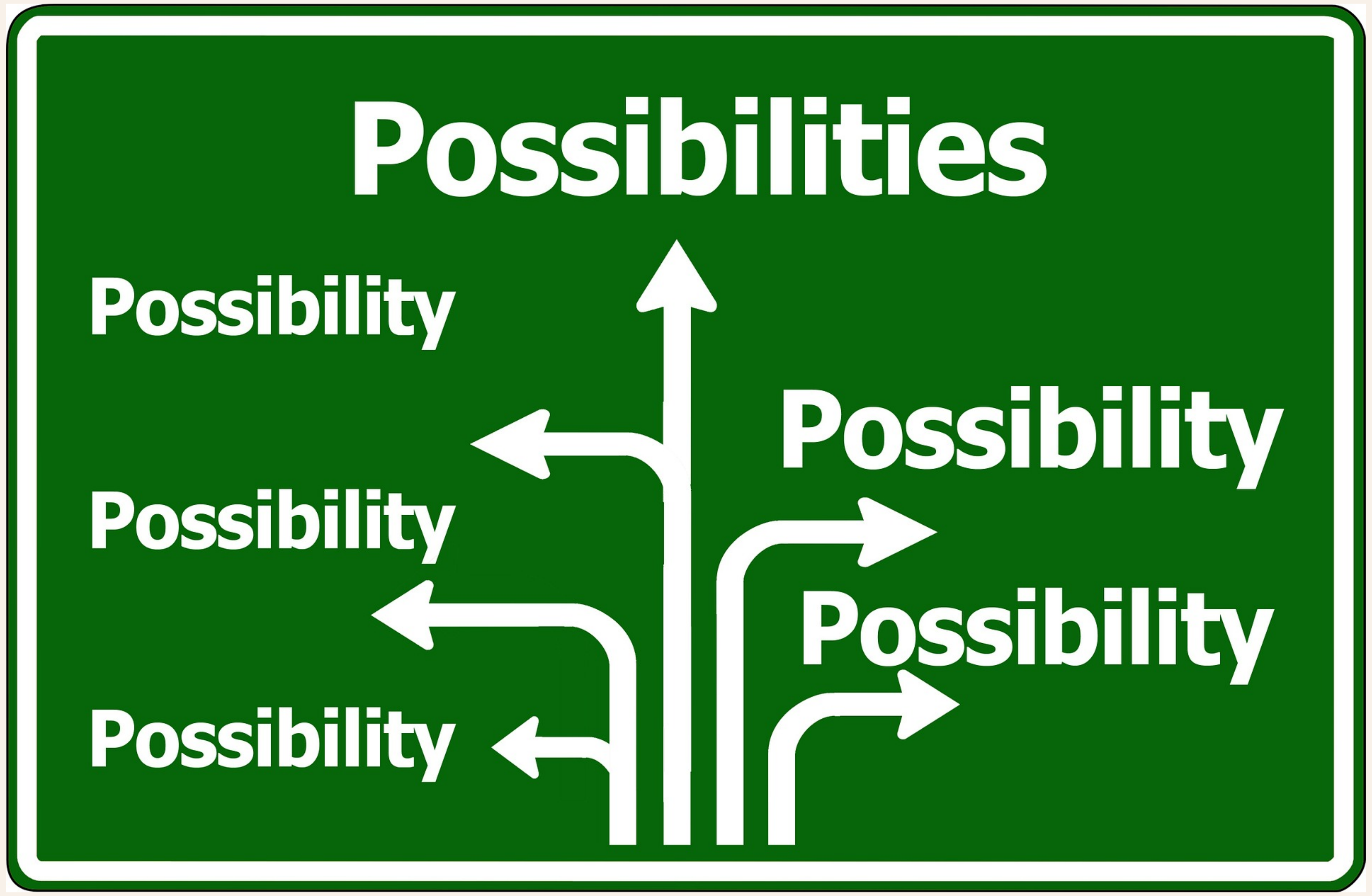
Founder to CEO Skill Gap

The Four Most Common Skill Gaps

Skill Gap #1:
Decision Making Approach

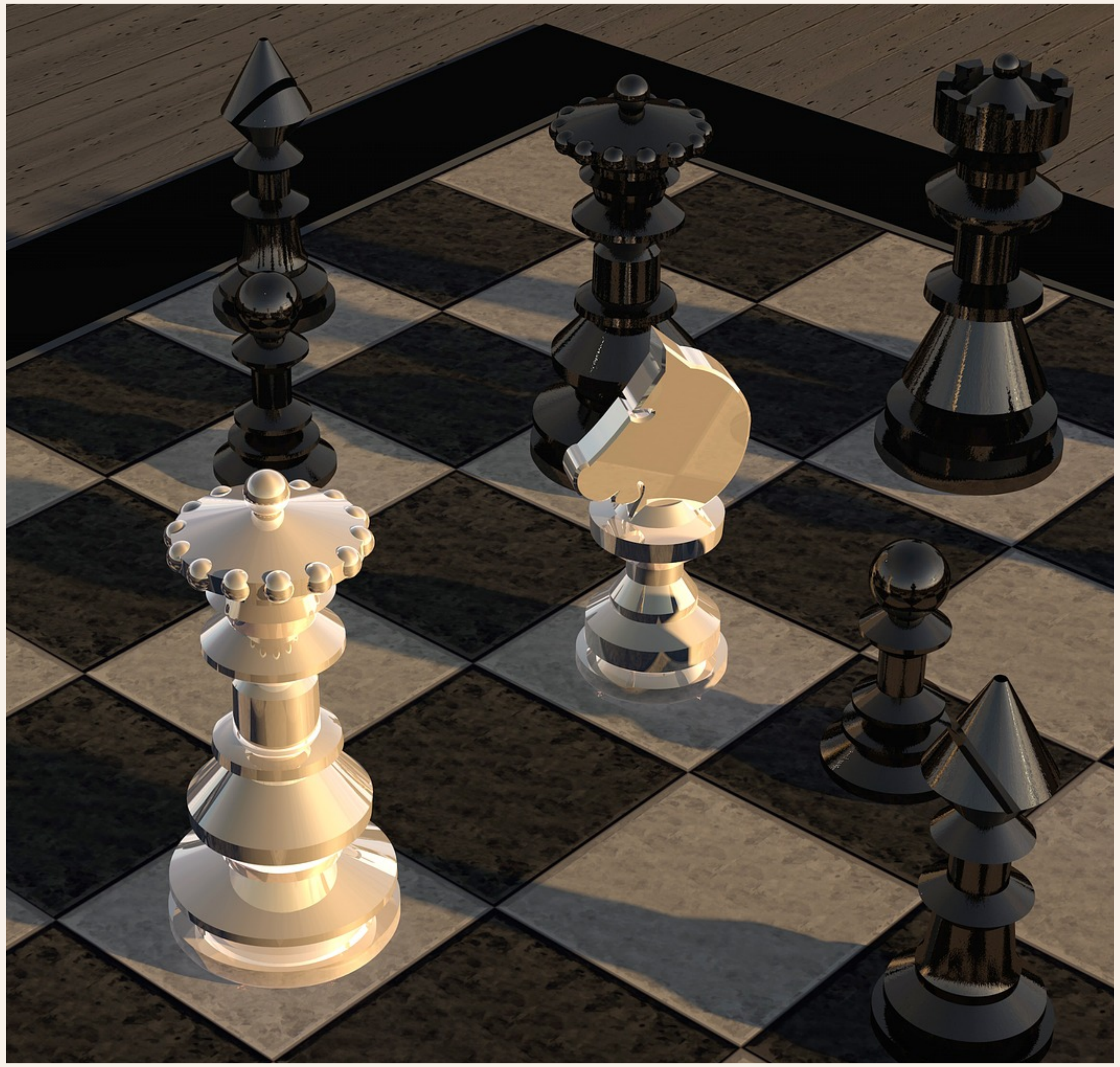
Founders: Visionary, Intuitive & Opportunistic





Say "Yes, Yes Yes…”

CEO: Pragmatic, Data-Driven & Strategic

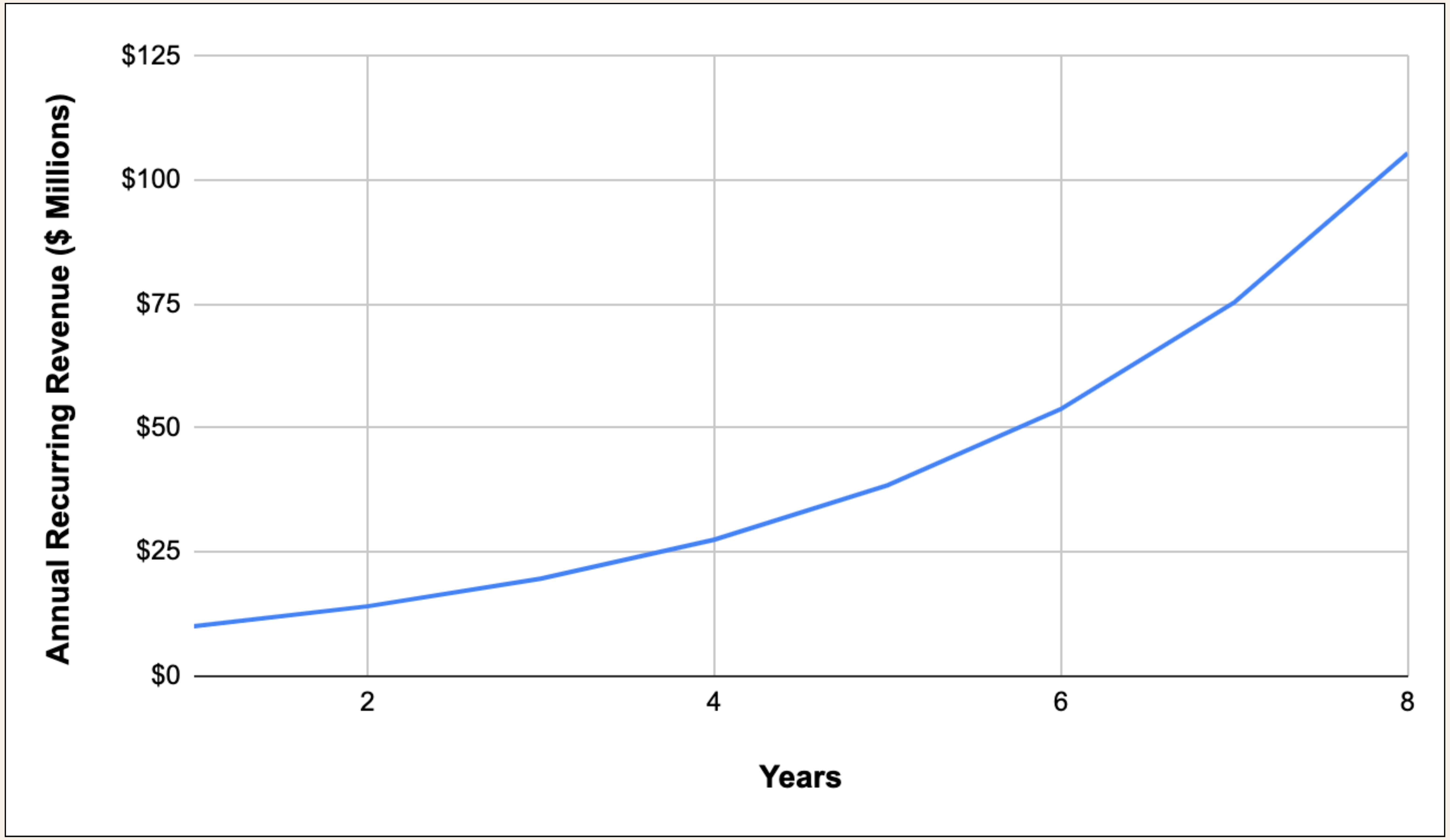


Say "No, No, No..."

Decision Making Evolves with Company Stage

Case Study #1:

$10M ARR with 140% NRR



Key Takeaway:

As companies grow, CEO type decision-making becomes increasingly important… and eventually essential.

Skill Gap #2:

Process Maturity

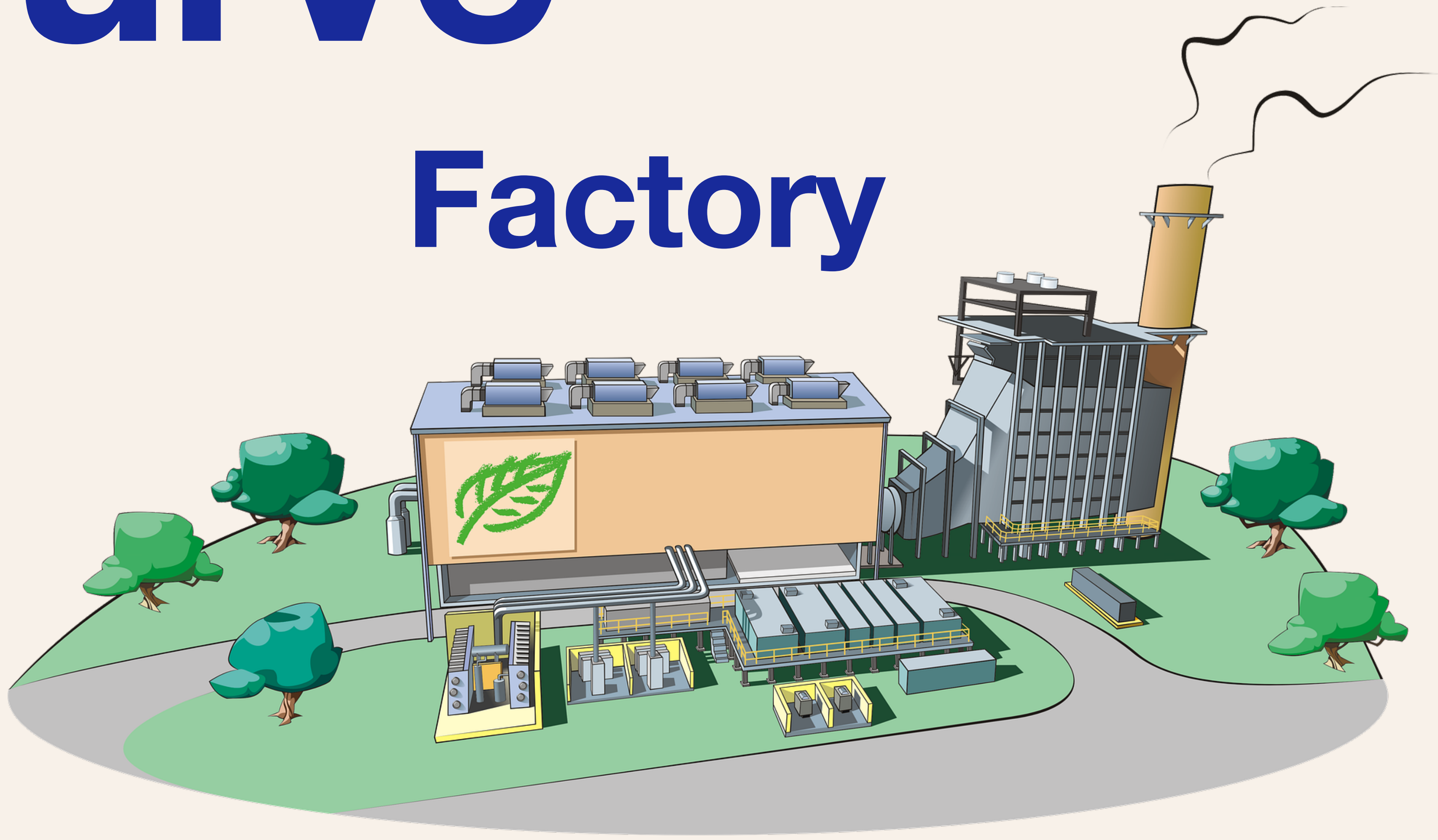
Definition of Process

The steps taken to perform a task in company.

Process Maturity Curve

Process Maturity Curve

Factory



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Key Idea:

Mature Processes are *SCALABLE*

Immature Processes are Not

Key Insight:

Turn your SaaS Business into a “Factory” that Produces ARR, GM, & Retention

Inputs

- [x] Exec Team
- [x] Product
- [x] Go to Market
- [x] Processes
- [ ] Capital

SaaS "Factory"

Outputs

- [x] ARR
- [x] Gross Margin
- [x] Retention
- [x] NPS

Objective:

Turn your SaaS Business into a "Factory" that Produces ARR, GM, & Retention…

…with predictable & consistent input to output ratios

Example: For every $1M we spend on sales & marketing, we generate $2M at 90% NRR

Question:

How do you determine if you have a mature process?

Answer:

There's a Process for that… :)

Process Maturity Level Scorecard
(Score 0 - 6)

	Immature	Mature (+1 Pt)
1) Consistency of Results	Inconsistent	Consistent
2) Person Dependency	Person Dependent	Person Independent
3) Documentation	None	Documented
4) New Employee Training	Apprenticeship	Via Curriculum
5) Skill Level Required	Higher	Lower
6) Decision Making	Tied to Specific Person (Often Founder)	90% Driven by Policies, Guidelines, Criteria, Checklists

Case Study #2:

McDonalds

Case Study #3: Unicorns vs. Starbucks

Three Ways to Acquire Process Maturity

1) **Hire Leaders** (with process expertise)
2) **Outsource** (rent someone else’s process)
3) **Increase Maturity of Existing Processes**

Seven Steps to Improve Process Maturity

1) **Identify:** The best performer
2) **Observe:** What they do
3) **Document:** Your observations
4) **Switch:** Everyone to documented best practice
5) **Hire + Train:** New employees to use new process
6) **Verify:** Everyone is using the new process
7) **Experiment:** To find better process

Skill Gap #3: Disciplined Execution

Disciplined Execution

Definition:

Getting things done in an ***orderly*** way with ***consistent quality, quantity, and timing***

Question:

How do you create disciplined execution in your business?

Answer:

There’s a Process for that too… :)

Six Steps to Disciplined Execution for Every Role

1) Goals
2) Measurement (versus Goals)
3) Accountability
4) Troubleshooting
5) Coaching
6) Removing Poor Performers

Here’s why some Founders find disciplined execution difficult

Why Disciplined Execution Matters

Disciplined Execution

Predictable, Consistent Results

Reduces Risk

Higher Valuation Multiple

Skill Gap #4:

Compensating for Weaknesses

Good CEOs are Self-Aware of their Weaknesses

Three Ways to Compensate for your Weaknesses

1) Hire Insiders
2) Hire Outsiders
3) Improve Your Weakness

Improve Your Weakness: Awareness + Search Problem

Good CEO's Are Always Searching for….

1) New Hires
2) Vendors / Consultants
3) Learning Resources

Learning Resources

www.SaasCEO.com/resources