

# What does it take to be a great leader in the startup world?

Visionary, confident, outcasts, impulsive – these are all common stereotypes about startup leaders. But what qualities does a successful leader in this realm really need to have?

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Whenever we hear a story about someone who started in a garage and incubated his or her idea from a small business to a multi million dollar enterprise, we often think of these people as some sort of meta-humans.

For us, startup leaders are modern-era gods, turning nothing into a billion dollar something. But they are not gods – they make far too many errors for that. Startup leaders have their doubts and insecurities. This doesn't make them weaker or better – it simply makes them human.

But in the end, what qualities make a good startup leader?

## **The startup mentality**

Startups are partly economic, and partly social phenomena. There are social circles where having started at least five companies (and bankrupt them in most cases) is in good tone.

Let's disregard those people who make establishing a startup their only way of

life. We will talk about those true startup leaders that want to actually bring actual value to the world – not just shine and socialise at the nearest convention.

To clearly define who the startup leader is and what challenges they must face, let's go through a differential diagnosis and separate them from traditional managers.

## **Startup vs corporation**

Startups are small enterprises, usually launched by one or more entrepreneurs, that aim to deliver innovative solutions to the market. But what solutions and how to create them in the most efficient way?

Startups have to be flexible. Their original idea may not survive the initial confrontation with reality. There may be several problems when scaling up from prototype stage to the manufacturing stage, and the market may not be ready for innovation. There may be a competitor that delivers the same product faster and for a lower price.

Startups often need to reinvent themselves and adapt their structure to the circumstances. Each employee has to understand that the scope of their duties is subject to rapid change. There are few set procedures and everyone needs to be more independent and in-sync with the company's goal.

Corporations, on the other hand, operate solely on the principle of profit maximisation. This means that they are often reluctant to restructure themselves for new markets and take risks.

They are often owned by shareholders, which are more difficult to persuade into taking chances. The company operates on set procedures and strict hierarchy.

Leaders and CEOs of both of these enterprises need to have different skill sets. Corporations need more managers that can hone and enforce company's procedures and deliver the expected results to the shareholders.

Startups need agility and a driving force that will haul all employees through the meanders of a market in the fog of ignorance. Sometimes, the qualities of corporate managers and startup owners overlap, but this doesn't happen often.

## **Leadership vs management**

Both leader types should inspire their people to achieve excellence, but with emphasis put on different elements.

Corporation leaders try to make sure that their subordinates follow procedures. For startups, the reality is: “Procedures? Who has time for that? Now, go figure out how to overcome the chip shortage, so we can build one million specimens of our product in a week and, by the way, write something on our social media channel, so investors won’t think we ran off with the money.”

These leaders work in vastly different environments, so the skill set needs to be different. To find a good metaphor, go back to your high school days. The people that were class presidents were good material for corporate leaders, while those that were always constructing new stuff and jumping from cars on a dare often become startup leaders.

*Being a startup leader requires a spirit of entrepreneurship – not just showing a good way to get to their goal, but the ability to carve the path that leads there.*

## **Hard skills vs soft skills**

One more perspective to consider when discussing the differences between startup leaders and corporate managers are the hard and soft skills required to do both.

Most articles like this focus on soft skills, but few will tell you that hard skills are also required. But first, what’s the difference between these two types of skills?

Hard skills are measurable and can be obtained via education. They deliver concrete competences in areas like programming, copywriting and design. You can learn them in school or via courses. You can prove them either with a certificate or by doing a task, such as writing a simple script or providing a copy for a web page.

Soft skills are social competences that are not easily acquired through education, because no one teaches them directly. They are mostly an emanation of your personality that was shaped by your social and educational background. While you can work on these skills and finish as many

communication courses as you please, they are harder to internalise and harder to prove to others.

Soft skills include communication skills, problem solving, decision making or relationship building. They help to build an effective team, but are they enough to be a good startup leader?

I'd argue that the formula for a good startup CEOs is a mixture of hard and soft skills. Why are both of them important? Hard skills allow you to better understand the complexities of the market you are entering.

For example, if your revolutionary product is an app or a platform, knowing a programming language will help you assess what you can do easily and what will take a great deal of work. It doesn't mean that you have to programme everything by yourself. Far from that - you can hire people for this that are better coders or specialise in a different programming language. However, at least you will know what they are talking about and understand what problems they have.

Remember, you are in a startup, not a corporation where developers and CEO are separated by several steps of middle managers.

If you want to start an ecommerce store, it is good to have marketing skills or those involving production or logistics.

If you want to start in affiliate marketing, then many hard skills such as design, business analysis or coding may help you along the way, although they are not necessary.

Knowing a hard skill in a field relevant to your product anchors you in real world problems. Communication and other soft skills are important - maybe even more than hard skills - but being an expert in a given field builds respect and allows you to easily switch roles and jump from being a CEO to CTO or marketing analyst. Flexibility is the name of the game.

## **Know your emotions**

Emotional intelligence or mind and body awareness are soft skills that help you control and use in a creative way the main driving energy of any leader. After all, isn't most of the innovative stuff done because of ambition, altruism or curiosity? The same energy may have a destructive influence on your enterprise.

Positive emotions are infectious, but so are negative ones. The point is not to feel good emotions only or nothing at all, but to be aware of one's own

emotional state.

Say you are at a meeting with potential investors. The meeting is not going well and the vision of quickly developing your product using investor's resources is fading into the distance. You are angry or frustrated.

Be angry and frustrated, but maybe take the temperature of your emotions and cool down before making any further decisions. This, not the cool PowerPoint presentation, will most likely be the thing that determines the success of your idea.

Don't yell at the investors that they are stupid. They control large amounts of money, so they probably are not. They may not see what you see; they may not be so immune to risk or maybe they have some constructive criticism.

You know what's best with startups? It's the fact that they are rarely "now or never" enterprises. They are more "now or later, once we restructure, rethink and reimagine ourselves better to try to conquer the world yet again."

Do you know what the original idea was behind YouTube? It was supposed to be a video dating app, but it restructured, rethought and reimagined itself into the behemoth it is today.

It is normal to feel doubts. But a good startup leader can examine his or her chances realistically and emotion-free, without losing faith in the success.

Recognising the emotions of others is also one of those skills that lay between hard and soft ones, a mix of psychology and empathy. Such a skill may allow you to understand your prospect customers better and help to market and sell your product.

## **Leadership skills**

If we had to create one definite list of all skills, traits and competencies of a true startup leader, it would look something like this:

1. Vision. You can't have a startup leader without this. While it is important to have good communication skills and flexibility, all other skills pale in front of this. If you don't know where to lead your team, or even if you don't want to lead anyone anywhere, forget about building any venture. There are still options for you: you can pitch and sell your ideas to investors or others that may turn it into a workable product. Lead by example, and be an example by knowing what you want to achieve. Visionary people inspire others and go through obstacles. Adapt to market conditions and have the energy to keep pushing forward and pass part of

that energy to others.

2. Communication skills. No one will follow you if you don't tell them where you want to take them and why. You are not a lone wolf – you need a team. Good communication is the social glue that keeps the team together. Be vocal with your team members and with the outside world. Tell them what you want to do and why your product is awesome: “We are talented people who believe something is missing on the market, or in our lives, and we know how to deliver it. Here's why we think we can do that.”
3. Innovation. Everyone has roughly similar pairs of eyes, but only an innovative mind sees how to do things differently. A lot of people have troubles with getting a cab, but only innovative ones turn this experience into a multibillion dollar company. Innovation does not mean that you have to be a scientist or an expert programmer. You just have to see the missing piece of the puzzle. For example, it now sounds obvious that people that have an apartment space for rent could benefit from getting in touch with people looking for an accommodation and vice versa. But a couple years ago, only a few people turned the original idea of renting air mattresses into another big company. What seemingly obvious solutions to common problems can you spot today?
4. Flexibility. We like to read about the humble beginnings of today's tech giants. One of the key takeaways from these stories would be: “These companies didn't get things right at the beginning, but were flexible enough to adjust their idea and conquer the market.” Your ideas should not be set into metaphorical stone. Only the ten commandments and equations of the standard model in physics should be.

Treat your ideas as kids: grow them, nurture them and watch as they turn out to be something amazing but surprising – even for you.

Be open to criticism from the market and your team.

It's not personal (unless it is and you have to change your ways as a leader).

If your team members are empowered by your vision, they will do anything to make it happen.

5. Confidence. 50% of startups fail within the first five years, and 95% (this is just an estimation) of new ideas doesn't survive the confrontation with a good night sleep or an honest talk with another person. This doesn't mean that all those ideas were bad. Some of them could have been good but they lacked one element: a confident supporter that could carry them to success. Some ideas are silly. Some are scams. Many are good but require some tweaking. And tweaking requires confidence in yourself and the key concept.
6. Creative and analytical mind. The dichotomy of left and right brain

hemispheres – the supposed detachment between creative and analytical skills – are a myth. The physiological structure of your brain isn't necessarily – it does indeed consist of two hemispheres that are responsible for different ways of thinking and one of those hemispheres often dominates. But remember, it's not a zero-sum game. People can – and should – be equipped with creative and analytical skills.

Unfortunately, many of us assume that if they are good in one area, they have to be bad in another. This couldn't be further from the truth. When you are building a team, don't hire based on education only. Hire a musician turned business analyst; art major turned front-end developer; an engineer turned video producer. Curate a truly wild bunch.

7. Empathy. If corporate managers are more likely to be psychopaths than the general population, startup leaders should be more emphatic. Building a new venture is hard, both for you and your team. It often requires longer hours and more demanding work. The reward is big, but so is the toll. An engineer that is also responsible for public relations in the little time remaining in his day may not be the happiest employee. You don't have to use brute force. Building something new requires dedication from your employees but a bit of understanding from you. Understanding others is power. Use it well.

## **Leadership skills are all it takes**

It's not ideas that matter the most – it's you and your team. Even if one idea fails, be a good leader, take your team, backers and investors through tough times to another idea. Restructure and rethink.

People often think that success is just smooth sailing from a great idea. It is, instead, a path of various failed ideas riddled with disasters and occasional positive reinforcement and a winding way that only a true leader can get their people through.

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