Chapter 1
Use the Tech Start-Up Boom to Zoom

A start-up is “the largest group of rebels, rule-breakers, and unconventional thinkers that you can find to create breakthrough change in the world.”
—Chris Kane, co-founder and CEO of Munchmoney

Picture this: a lecture hall crammed with students in their last semester. The professor asks for a show of hands—who is planning on applying to a Fortune 500 company, or a top five tech giant? A sea of hands rises. A start-up? Merely a smattering. This was the scene that my friend, Josiah Sternfeld, professor at the McCombs School of Business at the University of Texas at Austin, described to me.

I was surprised. I’d spent my entire career working for a string of tech start-ups, making millions of dollars, countless friends, and indelible memories in the process. It seemed nonsensical to me that so few business school students had considered start-ups, while at the same time so many young companies found themselves in talent droughts. With so many unemployed and underemployed young
people, I tried to imagine why so few had raised their hands to apply for a job at a start-up in tech. Maybe because so many are carrying student loan debt, they fear it would be too risky to work for a company with no track record.

But I had to wonder if all those eager undergrads gunning for the Fortune 500 gigs ended up employed. I thought not—as my friend discovered, everyone wants to work for these companies. The big corporates have the name, the prestige, they offer stability, and, because they receive so many applications, they can afford to be highly selective.

I did some research, and, as I suspected, many of the “Big Company or Bust” grads weren’t enjoying smooth success in the professional world. Fourteen percent of young adults with bachelor’s degrees (or higher), and 43% are underemployed, according to a report by the labor analytics firm Burning Glass Technologies.

So, what’s happening here? Why are so many bright, energetic, and creative young people having trouble finding gainful work? Why is it so many recent grads send out hundreds of applications that yield little more than an interview or two?

I read more articles and found out that many of these once-hopeful grads become resigned, defeated, and end up taking jobs in the service sector and living with their parents, licking their wounds before making a charge at an MBA. Or, like me when I first got out of college, they fall into some dead-end, miserable job, and wait for the day they can quit.

If this scenario sounds familiar, if the person I’m describing is you, take heart. It doesn’t have to be like this. I once was in your predicament, and I found a way out and never looked back. You have other options. Lots of them. Today, you can find massive opportunities in technology start-ups, and you don’t have to be a techie.

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The Unprecedented Opportunity in Tech Start-Ups

First, let’s examine what a start-up even is. According to the US Small Business Administration, a start-up is a firm that’s less than one year old. That, however, provides a poor picture of what actually defines a start-up. My friend Doug Erwin, chairman and principal of RedHouse Associates and a serial tech entrepreneur, offers a more instructive definition. According to him, start-up is a stage. He says, “A company is still in the start-up stage if it operates like it’s the last frontier for outlaws, a world where nonconformists can live and create and sell their ideas.”

Who doesn’t want to be involved in that? At a start-up, you get to play the rough riding rebel on the run, the freewheeling upstart pestering the lumbering, flat-footed law. If you go to work for any of the Fortune 500 or Big Tech, you become one of those bumbling lawmen—a cog, punching in to pass the days pushing papers in a daze.

“Sure,” you say, “this sounds great. But how do I get in?” Well, the good news is, start-ups are proliferating at an unprecedented pace. According to the Global Entrepreneurship Monitor, worldwide, three new start-ups open every second. That comes out to 100 million a year.\(^3\) In 2017, in the US alone, entrepreneurs created 404,000 new start-ups.\(^4\)

The growth in start-ups, and the potential for upward mobility, is particularly strong in the technology sector where I have spent my career. My first tech start-up experience began more than 30 years ago—long before the boom. If anything, that sector is an even more lucrative opportunity now, as new technology permeates every aspect of our world—how we work, communicate, travel, eat, exercise, buy things, manage our health, move money around, consume entertainment, and even interact with our pets.

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Naturally, the tech sector has become one of the largest components of the US economy. According to CompTIA’s Cyberstates 2019 report, nearly 503,000 tech businesses were operating in the US in 2018, marking six consecutive years of growth. Fueled by small, emerging tech businesses, employment in the US technology sector reached 11.8 million workers in 2018, increasing by an average of 200,000 new jobs every year since 2010. The tech boom is on, and there’s a massive opportunity to reap the rewards for anyone who is willing to rise to the challenge.

This is particularly true now, with an extremely high amount of capital flowing into tech start-ups that shows no signs of stopping. From 2016 through the first half of 2018, 44,000 start-up businesses received more than $282 billion in funding. Forty-one percent of them, nearly half, were technology companies.

However, life is not all rosy in the start-up world. The market is saturated with ideas and products, so in order to succeed, tech start-ups need a lot more than money. They need a unique and valuable product or service, a solid business plan, intelligent advertising, effective management, and high customer retention. Of course, you can’t just go out and buy any of these things, which means that tech start-ups primarily need one thing to succeed: strong teams of people.

According to a 2018 survey of tech start-up CEOs, 66% said the number-one issue keeping them up at night is “hiring good people.” Not acquiring customers, not revenue growth, not raising more money. While this may seem counterintuitive, it’s actually obvious—a company can only go as far as the people who run it will take it.

In the same survey, 60% of CEOs said it was harder to recruit talent in 2018 than it was in 2017. So, finding the right talent is a

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problem, and it’s getting worse. Add that to the fact that 45% of tech start-up CEOs expected to hire 6 to 20 employees in the following year, with 13% saying they expected to hire more than 51 employees in the next year, and you get a talent drought.

Now, you might think that all these jobs tech companies are looking to fill are for software developers and coders. Not so. They need employees in sales, marketing, operations, finance, design, and HR, to name a few.

Why is it so hard for start-ups to find good people? A large part of the problem comes from the monomaniac focus recent graduates have on working for the big companies. Even though tech start-ups offer a huge number of benefits (discussed later in the chapter), they still have to compete with the established giants. In the areas with the largest concentration of tech companies, like New York and the San Francisco Bay area, leviathans like Google, Facebook, and Apple swallow up most of the talent. Everywhere else, the Fortune 500 and locally based incumbent giants send representatives to schools for job fairs where they can sniff out and recruit the talent they need. You’ll never see a start-up at a school’s job fair. They can’t spare the manpower or the cash from the all-hands-on-deck needs of their day-to-day operations. Often, start-ups need to hire people who can work remotely. But can you imagine a start-up in Silicon Valley or Seattle sending a team to Lawrence, Kansas, and a thousand other small towns with big schools to hunt for talent? They can’t.

That means that start-up companies are desperate for smart, self-motivated, creative, hardworking, visionary people who want to share their talents in an innovative workplace that’s buzzing with energy and opportunity. And they’re not just looking for techies. They need people of all types and levels of experience—artsy, techy, young and old, experienced and green, in-person and remote.

Note that I didn’t say start-up companies are just looking for “talented people with Ivy League MBAs and prestigious connections.” Today’s most valuable large companies (such as Apple, Amazon, Airbnb, or Uber) not so long ago were start-ups with humble beginnings. Their initial teams didn’t come in with Harvard
MBAs and years of experience in corporate jobs. In fact, it’s likely that involving leaders with traditional business backgrounds would have impeded these companies’ abilities to grow.

Today’s start-ups have big ideas, they’re well-funded, and they need people who can join the team and help to bring their vision to fruition. They are looking for you. So, if you’re entrepreneurially minded, full of energy, and eager to learn and work hard, for the right start-up, you could be a godsend.

I know what you might be thinking, “This isn’t the right fit. The start-up world is too risky. What if the company closes? I have student loans. I want to start a family. And, sure, Steve, you’ve made millions, you have this exciting life, but what’s to say you didn’t get lucky?”

Or maybe you’re a little older and you’ve been in a boring, dead-end job for a while and you’re afraid to make the leap. Either way, the sooner you give up your excuses, the sooner you can get out of this rut and go find a great opportunity. If you’re serious about taking the fast track to the C-suite, and you’re ready for a fast-paced, stimulating work environment, then tech start-ups are the way to go.

I know I’ve already said this, but I can’t stress enough that you don’t need to be a tech person to be a valued member of a technology start-up’s team. I’ve held C-level positions in six tech start-ups, and I can’t write a single line of code. Steve Jobs was a technology Luddite compared to Steve Wozniak, yet because of his other skills, he became the face of Apple, which as of this writing is among the most successful companies in the US, and arguably one of the most important start-ups of all time.

Let’s remember, too, that while the big corporate job may seem more stable, there’s never truly a guarantee. And, if you follow the advice in this book to pick the best start-up for you, it will greatly reduce the risk of picking a loser. And sure, maybe, if I had done this once, it would be luck. But twice? Three times? Four? Five? Six? You get the point. There’s a bit of luck involved in anything, but I believe most of what others call “luck” is actually the result of focused effort and accurate thinking. You need to work hard and intelligently take
advantage of opportunities as you create them. And, fine, if you’re truly happy unemployed and living with your parents, or if you like your current job because it’s slow-paced and undemanding, then, by all means, stay where you are. But if you’re bored, if you feel you have something more to contribute, if you want to play a bigger game, make the leap. Keep reading.

**Why Work for a Start-Up Over a Big Corporation?**

A few years ago, Microsoft dangled a senior leadership role in front of me, which included a high-compensation offer and the chance to move to Seattle. It was tempting. I had been working for Bindview, a start-up where I ran marketing and helped to lead. But my role there was soon to end—Symantec, a much larger company, was acquiring us. While I could have continued on at Symantec, I didn’t really want to, which left me with two real options: Microsoft, or find another start-up.

On the surface, this might seem like an easy choice. This kind of senior management position at Microsoft is something many people only dream of. And Microsoft was making a hard push for me. They flew my wife and me out to Redmond, where I interviewed with several key senior executives. Later, they organized a huge, scrumptious dinner where I had the chance to meet and break bread with people who could end up being my peers. They showed me Steve Ballmer’s and Bill Gates’s offices. They offered to set us up with temporary corporate living right on a lake near their beautiful campus. I met the people who would be working on my team, and the person I would be accountable to, and we all hit it off. On top of all this, they offered an extremely generous compensation package. And, as a remarkable personal touch, they found out that my son loved video games and sent him an Xbox.

I had spent my entire career working in start-ups. I made more money faster than anyone I knew who went the traditional route, and never wanted to change that before. But Microsoft had been so persuasive, I seriously considered it. I wrote down the pros and cons,
talked with my mentor, and discussed it with my wife and children. My wife loved the idea, even though it would mean uprooting our lives and changing schools for the kids. It helped that when we traveled to Seattle to visit the campus, it was unusually sunny, and the Pacific Northwest seemed like heaven on earth to her. And the kids were on board as well—the Xbox had seen to that.

Then, early one morning while pondering the offer, I imagined how I would change the company’s website to capitalize on an urgent market opportunity, and then I thought about the big-company bureaucracy I’d have to go through, which I imagined would have been like trying to get a bill through Congress. I called the hiring manager and asked for an example of his team advocating for such a change, and he confirmed that it would require jumping in slow motion through layers of hoops.

Prior to that call, I had nearly accepted the offer. But, hearing about all the big corporate red tape I’d have to wade through, I realized that taking that job would make me miserable. I couldn’t get myself to leave the high-flying start-up atmosphere where I had the freedom to move the needle in quantum leaps, not increments.

It’s a big decision to choose to share your talents with a start-up versus a large corporate incumbent. Both options include benefits and risks. But if you have an entrepreneurial mind-set, you will discover, like I did, that start-ups can offer huge benefits. Here are what I see as the top six.

**Fewer Barriers to Entry**

While big corporations often choose to hire the candidates who went to Ivy League schools, are well-connected, or have loads of experience at higher-level positions, start-ups are interested in something else. They choose to hire people who think creatively, show a willingness to work hard, and demonstrate raw leadership qualities that, once cultivated, can help the company (and the individual) achieve breakthrough success. Remember, this is the ground floor—every early hire plays a vital part in the company’s construction and development.
Start-up entrepreneurs are creators, not maintenance workers, and start-ups need visionaries at every level. In addition, tech start-ups are so desperate for A-plus talent that they tend to be more flexible about terms and willing to hire employees to fill remote positions, regardless of whether they live near a cornfield in Nebraska, a beach town in Florida, or in the heart of Karachi.

**Versatility in Roles**

Most jobs in big, old-school companies offer a limited range of authority, meaning no single individual, besides perhaps the CEO, has the ability to influence the entire company in a significant way. When you get hired to fill a role at an established business, that’s exactly what they expect you to do: *fill that role*. It’s rare, if not impossible, to find the freedom to experiment and try your hand at filling different roles within various departments. Large companies don’t want you to even think about how or where you could contribute in new ways, yet this level of agility is the norm at a start-up.

Most start-ups don’t hire with a set idea of your potential or career path, because the start-up is young and undergoing massive change. Founders may find it hard to predict what the company’s needs will be as it grows. This is the perfect environment to try on different hats and find your zone of genius—the area where you work best—then move up quickly from there.

When I began at start-ups, I worked in sales, customer support, and professional services before finding my zone in marketing. From there I was able to build deep experience and expertise in marketing and zoom to the C-suite as CMO.

**Access to Leaders**

Working for a start-up, you can come in at an entry-level position and end up working on big, world-changing projects with the founders where your contributions will be seen and noted.
When I was 25 and working with the start-up KnowledgeWare, I was involved with a high-stakes project and charged with creating a plan to get existing customers to convert, for a small fee, to the new version of our products on a new operating system. The founders didn’t want to distract the sales team from attracting new customers, and so they asked me to lead the initiative. At the time, I was young and mostly untested. This assignment, however, had me meeting with the vice president of marketing and the CEO, weekly at first, and eventually we met daily. I had been given a tremendous opportunity, and I didn’t want to squander it. I was laser focused, and they noticed. Toward the end of the assignment, the company had a dinner in my honor and presented me with a special achievement award.

This was a watershed moment for my career. Beyond the obvious reasons—winning an award, developing a close rapport with higher-ups—the experience had put me in a kind of pressure cooker that spurred rapid growth. I had to create proven results, and learn how to on the job. The fact that the higher-ups had selected me to handle this assignment served as a massive confidence boost, because I felt like the top executives had seen something in me that I hadn’t yet seen in myself. This, in turn, helped me take on even more high-stakes projects. This success begot other successes.

After I delivered on the first project, the company wanted to build a plan to develop a consultancy service. They hired an external senior consulting executive to handle the implementation. He bungled it, and because they had the confidence in me after my handling the OS switch, they asked me to lead that team. I had never done consulting before, but learning once more on the job, I added another tool to my box, another cross-discipline competency, which ultimately increased my value as an executive.

Now, let’s imagine: what if I had been a new hire for Google at the same age with the same shortage of experience? I wouldn’t even have sniffed a project of that caliber. I’d have been stuck in some entry-level position, within a tiny scope, and miles of corporate ladder between me and senior leadership. In a pool the size of Google,
with so many other swimmers, it’s easy to drown. But at Knowledge-ware, I swam circles in the kiddie pool.

**Financial Rewards**

If you aspire to work in a big corporate environment because you think you want the security, predictability, well-defined processes, and better pay (sometimes) from the start—beware. What you’re really buying into is limitation. I see it all the time in my dealings with large corporations: the old corporate mind-set is filled with bureaucracy, politics, boredom, pigeon-holed roles, and fewer opportunities for employees to shine. All of this translates to minimal financial rewards. It’s hard to stand out in a company with thousands of employees.

Go to work for a big company, and you’ll get a paycheck—a paycheck and a 4% annual raise along with a formal review from a manager who dreads delivering it. The *potential* upside is far greater at start-ups. And the initial financial rewards might not be too bad either. Depending on the size, cash flow, and product launch status, a start-up may offer a competitive salary right off the bat, or it may start you off with a modest salary with the potential to own a piece of the pie through stock options. The stock options could lead to astronomical compensation later on, if the company is successful.

In my opinion, always go for the stock options. A good rule of thumb: the earlier you get in at a start-up, usually the better. For example, if someone joined Thycotic in 2019 and took stock options, they’d get their options at the current fair market value, which, for the point of this example, let’s say is $10, while if you’d gotten into Thycotic at the ground floor when the options were valued at, say, $3, then you would have gained $7 per unit. The earlier you get in, assuming the company grows, the more money you can end up making.

The second piece to stock options is just how important they can be for personal wealth. In my experience, as you grow in your career and move up the ladder, you have the opportunity to make more money. And, as you get older, you get new responsibilities.
You have a family, you want to buy a house, you want to invest in your children’s education, the list goes on. The point is, you constantly find new ways to spend money. So, even though your salary is increasing, and even though your bonuses are increasing, your actual personal wealth doesn’t grow because your expenses increase at the same time. And while some people are more diligent about saving and investing than others, the amount of money even the most disciplined person can accumulate pales in comparison to what you can make through stock options, for the simple reasons that those assets are less liquid, and they can increase in value very fast, so you may consider holding on and riding the wave of value creation. In the actual handling of stock options, of course, there are all sorts of rules and regulations that dictate when and how you cash them out, so that will vary on a case-by-case basis.

The bottom line is this: when it comes to investing, where I’ve found the biggest gains, and where I feel the most confident, is betting on myself and the team I work with. When you invest in the general stock market, picking up stocks in other corporations that you’re not involved in, you’re betting on things outside of your control, like if the oil prices will hold, or if the CEO, who you don’t know at all, will run the company well. The smart move is to keep your money where you can play a direct role in its growth, and you have direct knowledge in the day-to-day operations. Do note that not all start-ups offer options, and that is something to consider in your selection process, but we will handle this in more depth later in the book.

**Culture**

Remember that earlier quote about being the last outlaws on the frontier? About being the freewheeling, quick on the trigger, rebel with a cause ethos of a start-up? I can tell you from my experience, it’s true. When you’re working for the *right* start-up, that’s how you feel. And like any band of outlaws, you and your co-workers will develop the kind of community that can only exist in a small company of rebels.
For example, during the six months I led a team for PentaSafe in our UK office, I worked with a man named Dave, who never smiled. He was a good guy, but he was as dry as a brick. One day, someone saw him smiling for the first time, and they took a photo. Because we knew he’d be okay with it, we made hundreds of copies of the picture and hung them all over the offices. When he came in the next day, he cracked up, and so did everyone else. The environment and culture of the right start-up will encourage this type of fun and camaraderie.

This is why it was the *culture* of the start-up world that first drew me away from my boring corporate job. I wasn’t even thinking about the prestigious titles or the promise of a huge payday, and I’m not the only one who feels this way. The data backs this up. Culture has a lot to do with employee engagement and happiness. Even in the midst of long hours and hard work, start-ups, especially well-funded ones, often know how to help creativity thrive. Where else will you find a lunchtime ping-pong tournament or a late afternoon kitchenette kombucha gathering?

It’s all nice and start-up-y when a company offers workplace amenities for employees to blow off steam, such as ping-pong tables, billiards, video games, open spaces, and even free snacks—but it all comes down to the culture of the people, not the amenities. You can have all that stuff and it could be great, or the environment could still suck in spite of it. I’ve worked for start-ups with such offerings, and I’ve worked with start-ups, such as Thycotic, where we’re all cramped in cubicles, but we don’t care. We are motivated and aligned with a sense of purpose, and that’s a stronger measure of a company culture than a playspace.

A 2017 survey shows that company culture ranks as the most important factor in talent taking a new job.\(^8\) Yet, culture change remains elusive to large companies. According to Gallup’s 2017 *State of the American Workplace* report, only 33% of US employees across companies of all sizes are engaged at work.\(^9\) That means


that 67% of employees are not engaged, and it’s a safe bet that many of them are hiding in plain sight at the old guard incumbent corporations. These employees are only doing what is assigned, and nothing more. This kills creativity and cuts off any possibility for growth. Discouraged and bored, workers show up like shadows, going through the motions and performing the minimum to get by. If enough people hide out, it slowly kills a company, and shareholder value takes a hit. But to me, the real tragedy is the thousands of workers whose creativity, ingenuity, and natural drive for growth get snuffed out over years of being relegated to repetitive tasks in a tiny, gray cubicle.

**Upward Mobility**

If you have enough drive, it is possible to climb the old guard corporate ladder, but be prepared for a slow climb. Incumbent companies are burdened with incumbent mind-sets. Barriers to advancement are high, and opportunities are few. If you have set your sights on making it to the C-suite of a Fortune 500 or even Fortune 1000 company, your opportunities are severely limited. Among those companies, there can only be 500 or a thousand CEO positions, maybe 2,500 to 5,000 in the rest of the suite. That means your odds of getting a job in the C-suite of a Fortune 500 company are lower than the odds of being drafted by the National Football League—way lower considering the NFL drafts 224 new players each year, and people tend to linger in the C-suite quite a bit longer than that.

Compare these numbers to the 46,500 start-ups in the US, and it’s easy to see there are far more executive leadership opportunities at start-up companies. If you believe your corporate destiny is to become a leader, you can find a start-up with a dynamic, fast-moving environment that values initiative and offers the opportunity to move up quickly.

Of course, the best opportunities often come with a side of risk. When you share your talent with a start-up, you have to be ready to

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10 As of 2019, 32 teams pick one player each in seven rounds of drafts.
move fast and adapt to constant change. There’s no hiding out. But with a start-up mind-set and hard work, you can reap the rewards.

And finally, in connection to an earlier point, the kind of versatility a start-up affords helps put you on the fast track to the C-suite. A *New York Times* story about the quickest path to becoming a CEO pointed to evidence that “it helps greatly to have experience in as many of a business’s functional areas as possible. A person who burrows down for years in, say, the finance department, stands less of a chance of reaching the top executive job than a corporate finance specialist who has also spent time in, say, marketing. Or engineering. Or both of those, plus others.”

When James Legg, now president and CEO of Thycotic, was fresh out of college, he was thrilled to score a job with a large company called Computer Associates as an account manager, but within three years the company acquired other companies, and its employee numbers swelled from 500 to 5,000. He was fascinated with the growth but not the behemoth status, so he jumped to a company called BMC Software where he was offered his first management role, and moved to California for the job. But soon, this company also grew to the point where Legg discovered the problem with large companies and why he didn’t want to stay in them. “It was great working for a large company, but in that environment, my ability to make an impact was severely limited. I like to build things and figure things out, and I was intrigued by how I could build a company, get ahead, and position it as a leader. I couldn’t do that at a large company, but I could do that at a start-up.” He’s since served as a top leader at a succession of start-ups where his work can directly impact the bottom line and the world.

Considering all this, it could seem like a no-brainer to join up with a tech start-up. I don’t want to give you the wrong idea, however. There are clear downsides, and the start-up world is not

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13 Author interview with James Legg, April 2019.
for everyone. You will experience long hours, and since you’ll be working on high-stakes projects early, learning on the fly, and growing with the company, you’ll face a lot of stress. You will carry a heavier workload and greater responsibility than in a typical entry-level position at an incumbent company. And for the most part, you’ll be rewarded for all this extra work with a lower salary, and less job security—at first.

But, it can have massive rewards.

In the spring of 2018, I sat in a boardroom on the top floor of a New York skyscraper overlooking Central Park. I saw the bright green of budding trees under a perfectly blue sky. We were just about to conclude a successful board meeting. Staring out over this beautiful view, I recalled my first corporate job when I was processing claims. A job so boring, no one could have paid me enough to get me to stay there.

But on this day, I thought, “I would do this work for free, but instead, I’m getting paid more than I ever dreamed of when I was sitting in my cubicle processing claims 25 years ago. What if I had never taken a chance on a tech start-up? What if I had not asked myself if there was another way to create a successful career?” None of this would have happened. I would have been stuck in that other job path, and like most people, never gotten out of the rut.

Curiosity took me out of that cubicle and led me to ask questions and find role models, and ultimately enabled me to carve a path for myself within the tech start-up world.

You can create a similar story. If you don’t make it your story, it will be your colleague’s story, your roommate’s story, or a friend of a friend’s story—because the tech start-up market is in a long-term boom, and there’s room for you to come in and thrive.