

EVALUATING DIFFERENT TYPES OF COMPANIES

Grid: Alan Bignall, start-up CEO | Commentary: Mark Richards, Candidates Chair

**1. Creating the Grid:**

Alan's strength is commercializing ideas via start-ups, so I reached out to him to discuss my interest in start-ups. Within 30 seconds, he had sketched out the grid and arrows below to help me evaluate the type of company where I would comfortable.

**2. Types of Companies**

While each company is unique, they will typically fall in one of these categories. Alan has worked in all three categories and I have worked in two categories. The key item to focus on is the mental attitude that you seek in a job and if the company type matches it.













**3. Filling in the "Risk" Column - that's up to you**

For Alan, a start-up/early stage has lower risk, because of his ability to influence the outcome. Most people in smaller firms will tell you the same. Alan does not deny the risk of limited capital, building a reputation, and getting clients within a start-up, but it's offset by the control. In contrast, his view of the other company types was 'High' - as there is not the ability to control the outcome.

Risk can include: Competitive landscape, changing size of market, job security, longevity of role, capital availability, ability to control strategy/corporate direction, ability to control actions during downturn, and internal politics.

**4. Your task:**

Look at each company type and decide if the environment is suitable for yourself. If you are not in a position that receives equity, the pay/bonus and risk are still relevant.

COMPANY TYPE	PAY/BONUS	EQUITY	ENERGY	RISK
<b>START-UP/EARLY STAGE</b> Need to raise capital to operate Small management and ops team Limited processes/procedures Employees have wide range of duties Pre-revenue or small revenues <i>Mental attitude: "I own the company"</i>	 Employees often investors	 Biggest potential for value gain	 Equal measures of exhilaration of defining a new direction and fear of the unknown	 Defining client need, product acceptance, distribution and ability to raise capital
<b>RUNNING</b> Company in steady/slow growth Established markets with competition Heavier corporate governance/rules Focus: Growth & Cost containment No specific revenue size Well defined roles/scope <i>Mental attitude: "I want security"</i>	 Mid-level cash due to growth level	 Lower gains due to slower growth	 The policies, budgets and lack of growth can dampen the energy	 Ability to control future, political environment, frequent restructuring and cutting to stay in budget
<b>GROWTH</b> Rapidly growing in their market Denominates their sector Usually sales/marketing driven Looser rules/processes Reorganize often to capture markets Age or revenue size is not relevant <i>Mental attitude: "I want a big job"</i>	 High growth = High bonus Usually cash flow rich	 Lower due to higher cash comp	 The energy is high - driven by the ambition to dominate	 Frequent changes in direction, management and structure. Highly politically charged. Ability to control the future