

Market Test

November 14, 2023

Jonathan Affeld

STEP 1: HYPOTHESIS

We believed that Growth Stage Startups are seeking Executive Recruitment Services.

STEP 2: OBSERVATION

We observed 4/5 startups surveyed reached out to headhunting firms when looking to add talent.

Data Reliability:



STEP 3: LEARNINGS AND INSIGHTS

From that we learned that Startups often use executive talent firms when expanding. Startup Founders tend to look within network first for capable employees.

- Experienced Startup Founder: "Average recruiter did a bad job"
 - Recruiter more interested in finding impressive looking people rather than what would help the company
 - Company gets bigger, board of directors asks for outside search, Recruiter always picks outside executive rather than hire internal, causing people to leave
 - Wanted to use Headhunters less and less
 - Headhunters save good candidates for later so that later candidates look better
 - CEO's get replaced when they don't have the skills, Have bad luck, Liquidity event (IPO), Many founders are liquidity event averse, Founders are techy and need someone with business experience to grow the company, Investors change out
 - One startup hired headhunting firm to work with CEO to not get replaced
 - Some startups chose VC companies for their executive in residence programs
 - Some startups kept headhunting agencies on retainer for expansion plan or executive replacement plan
- 2 of the startup founders are retired. One of them was a first time founder. Lack of diversity and number of data points could cause bias

Action Required:



STEP 4: DECISIONS AND ACTIONS

Therefore, we will Continue to target startups in funding rounds looking to expand