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How to Know If Joining a Startup Is Right for You

by Rebecca Knight

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You're thinking about making a career change (or perhaps getting your first real job out of grad school), and you're looking at different types of organizations. Startups are appealing for the excitement and opportunity, but will you thrive in a less-structured, fast-paced organization? How can you evaluate whether that's the right work culture for you? What factors should you consider, and which questions should you ask yourself?

What the Experts Say

There was a time when taking a job at a startup was viewed as risky, even foolish, because you didn't know how long the company was going to be around. But in an age when Google and Facebook —

founded in 1998 and 2004, respectively — are two of the biggest companies in the world, those days are over. “Startups are no longer niche; they have gone mainstream,” says Daniel Gulati, coauthor of *Passion & Purpose*. Working for one now has a certain amount of cachet. “It is seen as a real and compelling opportunity,” he says. Not all startups are created equal, however, so you need to be cautious, says Len Schlesinger, professor at Harvard Business School and coauthor of *Just Start*. “When you’re enthusiastic about the opportunity, you’re likely to overstate its appeal and vastly underestimate its risk,” he says. You must weigh the “passion and excitement” you may feel about the prospective job “against the time, money, and reputational capital” it consumes. Here are some tips on how to do that.

Think in steps

Whether you should join a startup is “a fun question,” but “it’s also really hard to answer,” says Schlesinger. He suggests you “think about the transition in steps,” which “preserves your optionality to disengage” at any point during the process. Focus on the specific opportunity, and do the necessary research, due diligence, and soul-searching to figure out whether that particular job is right for you. Gulati recommends “thinking about [it] just as an investor would.” As a prospective employee, do you feel more comfortable as a seed money investor — getting in when the startup is only “three people in a garage” — or are you more of a late-stage investor, who wants to join only when the company has a proven track record? “The rule of thumb is that the earlier you go in, the less structure there is,” he says. “It comes down to your personal preferences.”

Reflect on your motivations

The first step of the decision-making process requires some serious introspection. Why do you want to join a startup in the first place? To broaden your managerial repertoire? To improve your problem-solving skills? To help bring cool new technology to the world? Getting a handle on what you hope to get out of the experience will help you identify the right opportunity. Also think about the value you add, what makes you a desirable candidate, and the “external knowledge you bring to the table,” says Gulati, keeping in mind that the people who do best at startups tend to “have the curiosity of a generalist” because roles and responsibilities are “quite fungible.” And remember that “you will not stay in the role you start in for long — particularly in a growing company,” Gulati says. “You might move from product to engineering to ops.”

Get to know the team

In any job it’s important to like your colleagues and feel aligned with the organization’s ethos, but that’s especially true when you’re working in a small, tight-knit group. Once you’re in discussions with a particular startup, get a “realistic preview” of what your work life will look and feel like there, says Schlesinger. He recommends spending a few days on-site “interacting and watching how work gets done.” (If the company won’t allow you to do this, “you’ve probably already learned enough,” he says.) Observation will “give you a better data set,” but if possible, you might also “do a project with the startup on the side” before you formally commit. Figure out whether you’re a “cultural and behavioral fit” for the company. You also need to get to know the leadership, adds Gulati. “Do a founders’ audit,” he says. “Find out their motivations for building the business.” Talk to the team to get a handle on the various personalities. "You'll be spending a lot of time with these people," he says. "You've got to be excited about working with them."

Check the financials

"You'd never join a large, established company without having a sense of its revenue, key competitors, and profit margins," says Gulati, so make sure to gather the same kind of financial information on the startups you're considering. The data probably aren't public, so you'll have to pose questions directly to the founders. Ask them, "Is this company pre- or post-revenue? What are its current sources of funding? What are its future sources of funding? What is its burn rate?" Your goal is to determine "where this company is on the growth curve," he says. "Depending on how competitive the space is, the founders should be relatively willing to answer your questions." It's also important to deepen "your understanding of the potential trade-offs" involved in accepting the offer, says Schlesinger. Since the job is likely to entail "a reduction in your regular income" along with some form of "equity participation in this venture," you need to understand the "probability of success" within a certain timeframe.

Weigh the alternatives

"Relative to a lot of other things you could do with your time, joining a startup is not just a job. It's a lifestyle," Gulati says. Long, stressful days are *de rigueur*, so you need to consider what that will mean for you not just as a professional but also as "a spouse, parent, and friend," says Schlesinger. "You're not a founder, so the nature of the sacrifice is different," but there are still compromises involved. "When you're younger and you don't have a partner or obligations, the risk is lower. If, on the other hand, you're older and have financial and personal commitments, you need to develop a process so that others in your life can help you make the decision." Gulati also recommends discounting the idea that the opportunity will be your ticket to fabulous wealth. "Assume the equity is worth nothing and ask yourself, 'Would I still join?'" he says. "Startups are cauldrons of energy, stress, and joy. You need to be fundamentally excited about working there."

Don't get discouraged

If you decide against joining a particular new venture, that doesn't mean the startup door is forever closed. Every company is different, and your professional and personal needs will shift over time. "There is a startup out there for everyone" who wants to join one, says Gulati. "Whatever your risk profile, career goals, sector interests, and how left-brain/right-brain you are, you will find something that works for you." He recommends familiarizing yourself with tools and publications such as AngelList, CB Insights, CrunchBase, and PitchBook, which can help you identify and research startups by industry. Uncovering the right opportunity, he says, is "a matter of investing the time and doing due diligence."

Principles to Remember

Do:

- Consider your motivations for wanting to join a startup, and reflect on what makes you a desirable candidate.
- Spend a few days on-site at the company to get a realistic preview of what your work life would look and feel like.
- Be rational and analytic when it comes to evaluating the financial opportunity — both the possible upside and potential risk.

Don't:

- Jump to a decision — take steps to learn whether a particular opportunity is a good fit for you.
- Assume you'll become fabulously rich from your equity participation; be realistic about the company's chances of hitting it big.
- Get discouraged. Finding the right startup job requires investing time in research.

Case Study #1: Get to know the founder and spend quality time with the team
Steve Kraus was not necessarily looking to change jobs when a mutual acquaintance introduced him to Josh Feast, the CEO and cofounder of Cogito, a venture-backed startup that specializes in behavioral analytics.

"I was quite happy running a marketing organization within a larger software company," Steve recalls. "I took the first few meetings with Josh because I thought it would be a great opportunity to learn about the company."

He left those initial conversations intrigued enough to do more research. "I tried to think like a buyer" in order to "understand if the company and its products were viable and had the potential to result in rapid market expansion," he explains.

Steve also wanted to get a feel for the culture and structure of the company, so he not only kept talking to Josh but also met the Boston-based executive team, mingled with other employees at an all-staff weekly lunch, and attended a few company social gatherings. These experiences helped him better understand Cogito's management structure, openness to cross-disciplinary collaboration, and levels of candor and cohesion around the mission.

At that point Cogito wanted to hire him, but Steve still wanted to make sure that he was the right man for the job. He thought about his previous experience with products, projects, and companies. "I was lucky in the sense that I had worked in large, structured organizations as well as fast-paced ones. That gave me a strong understanding of what's the best fit for me," he says.

He compared a future in which he stayed in his existing job and moved up the chain of command against the "high-energy, high-impact...always-on" work life that Cogito would give him. He also considered the impact a change might have on his family and its finances. He needed to feel confident the compensation was enough to support their current standard of living, as well as offering a potential payoff “if everything went according to plan.”

In the end, with his family’s support, he decided to take the leap. “I determined that I needed to be in that environment to thrive and be happy,” he says.

Today Steve is the VP of marketing at Cogito, and he says he’s never looked back. “[I am now] in a place where I come each day and I feel like I make a tangible difference.”

Case Study #2: Determine what you want out of the experience

The decision to leave Microsoft for a startup was not an easy one for Joseph Nagle. The tech giant provides top-notch health care, competitive pay, comprehensive benefits, and “the chance to work on some truly groundbreaking projects,” he says.

But for Joseph it was not the perfect workplace. “There were lots of processes in place, lots of politicking, and endless rounds of reviews and meetings,” he says. “Eventually, I decided that it was time for me to find my own path, and that’s why working at a startup was so appealing.”

Not yet 30 and single at the time, he says he was “extremely driven to help build something” new.

He started by identifying opportunities on the jobs board angel.co and LinkedIn. It wasn’t hard to find startups that were hiring. But “finding the *right* startup was,” he says. “I didn’t just need to find a good fit for my experience and a product or service I truly believed in; I needed my personality to mesh” with the team’s.

The search process forced him to think hard about what he wanted. “The biggest factors for me were being able to make the marketing department my own and getting the opportunity to take on other roles, like corporate strategy, that I would not have been involved in with a large company,” he says.

When Joseph started the interview process at EverCharge, the electric vehicle (EV) charging station service provider based in Emeryville, CA, he had a good feeling. While the first rounds of interviews were very formal, the last was a revelation. “I came into the office to meet [everyone], and after about five minutes of chatting we jumped in and started working on building our website,” he says. “I ended up staying for an hour longer than scheduled because everything seemed to just click. I knew then that we would make a good team.”

He knew he was taking a risk, of course. EverCharge at that time was pre-seed investment, and although “I was assured by the founders that seed funding was coming, they had no real idea when I joined,” he says. But “I knew that the idea and product were both great and the EV market was growing rapidly, so I decided to take it on faith.”

Joseph left Microsoft 10 months ago to become the director of marketing at EverCharge. “I may not be my own boss, but I have the freedom to succeed and fail based on my decisions,” he says. “If the idea is a success, it’s my hard work that made it so. And if it fails, well, I learned some valuable lessons.”

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