

# FROM THE BEGINNING TO A BILLION: HOW UNICORNS BUILT THEIR LEADERSHIP TEAMS

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erevena

# OVERVIEW

When we give advice to our clients about who they should hire, and when they should hire them on the path from Series A to Unicorn, we draw on learnings that have been accumulated during thousands of leadership searches over 20+ years of experience, and data insights.

Putting the accumulated learnings into a concise deck that can be shared with the start-up Founder community and used to give general hiring insights isn't really possible; it's entirely contextual and depends on the specific problem that a Founder is trying to solve with each individual leadership hire.

The data, on the other hand, can – and should – be widely shared to help Founders build a picture of how their leadership hiring patterns might look over the first five years of their start-up journey. So, here is the data...

# THE DATA

At a high level, this report compares the leadership hiring patterns in B2B software Unicorns, compared to companies that have never been valued at more than \$250m.

In more detail, this report looks at:

Every Founder, C-Suite, GM and VP team member in 80 B2B software Unicorns and 40 B2B software companies that have never been valued at more than \$250m. This group of 40 companies are referred to as 'Control companies'.

120 B2B software companies including 80 Unicorns and 40 'Control companies'

All Founders, C-Suite, GMs & VPs within the 120 companies, during the first 5 years

1,728 Founders, C-Suite, GMs & VPs from the 120 companies are included in this report

- All Unicorns launched their first product after 2010, and all Control companies launched their first product between 2010 and 2015.
- The 'Control companies' raised on average the same amount at Seed as the Unicorns, and received VC backing from similar funds as the Unicorns.
- The 'Control companies' and the Unicorns had HQs in similar locations - approx. 50% in San Francisco, 10% in NYC and the rest global.
- European Unicorns are not broken out from the rest of the dataset, since there are not enough of them from which to draw any conclusions (there are fewer than 30).

# ADDITIONAL POINTS

## Some additional 'house keeping' points before we dive into the data...

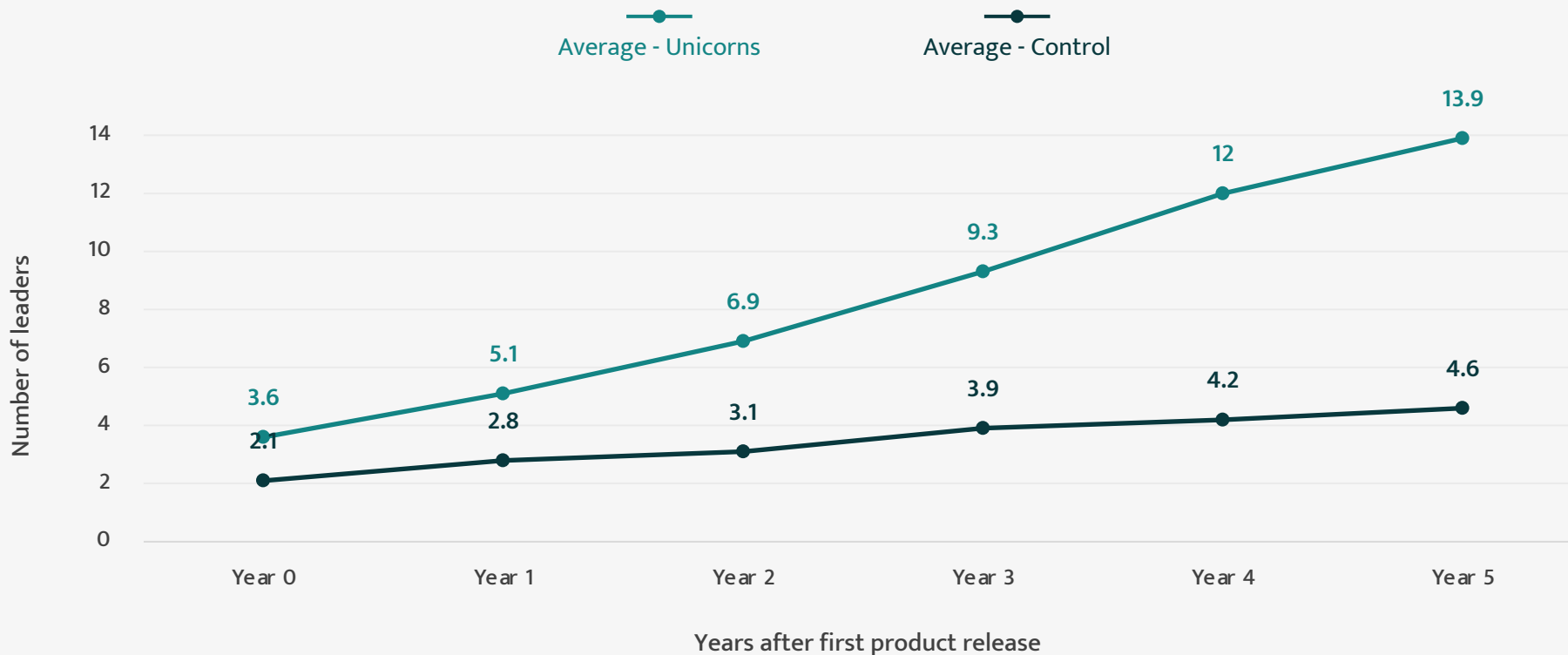
- **Correlation, rather than causation.** This report is intended to show relationships between hiring decisions and outcomes, rather than an instruction manual to get to Unicorn status. For example, we don't assume that if a Founder hired in the same way as Hashicorp did, that they would get to a \$14bn valuation at IPO, but we do think it's interesting to know how Hashicorp built out their leadership team so that we can advise earlier stage Founders on some of the learnings from that.
- **Leaders.** For the purpose of this report, 'leaders' are Founders, C-Suite, GM and VP (incl SVP, AVP, VP and RVP) level employees.
- **Timings.** 'Year 0' is the date of first product release, for each company in the data set.
- **Founders and Non-Founders.** This report includes Founders in the same data set as non-Founders, aside from a few graphs that are indicated.
- **What's to come.** This report is the first peek at what we hope will become an interactive data tool for our clients to use to generate bespoke graphs of hiring patterns.
- **TL;DR:** If you don't have time to read the whole report, skip to the end for the TL;DR summary...

# NUMBER OF LEADERS, AND THEIR YEARS OF PRIOR EXPERIENCE

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# NUMBER OF LEADERS IN B2B SOFTWARE UNICORNS

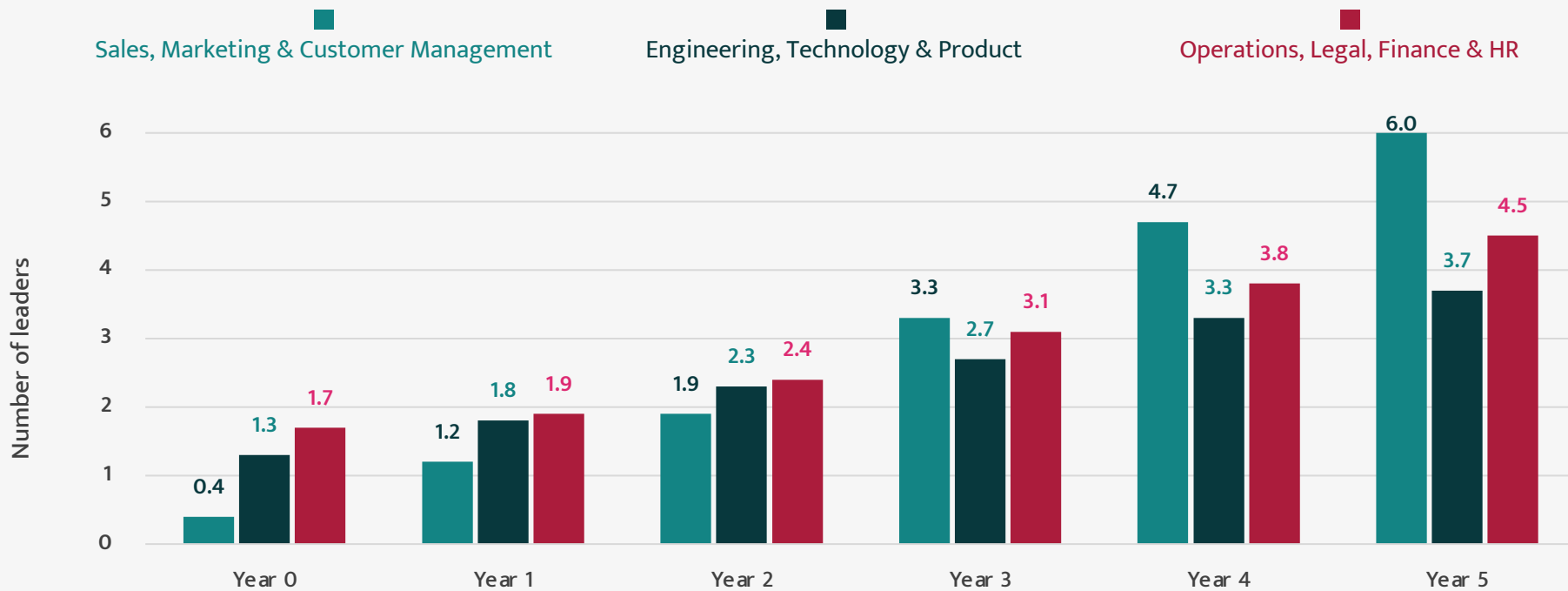
The primary headline here is that five years after the launch of the first product, the average Unicorn has 13.9 leaders and the average Control company has 4.6.



If we include staff churn, the average Unicorn hires 16.5 leaders (excluding founders) over this time period, and the average Control company hires 4.6.

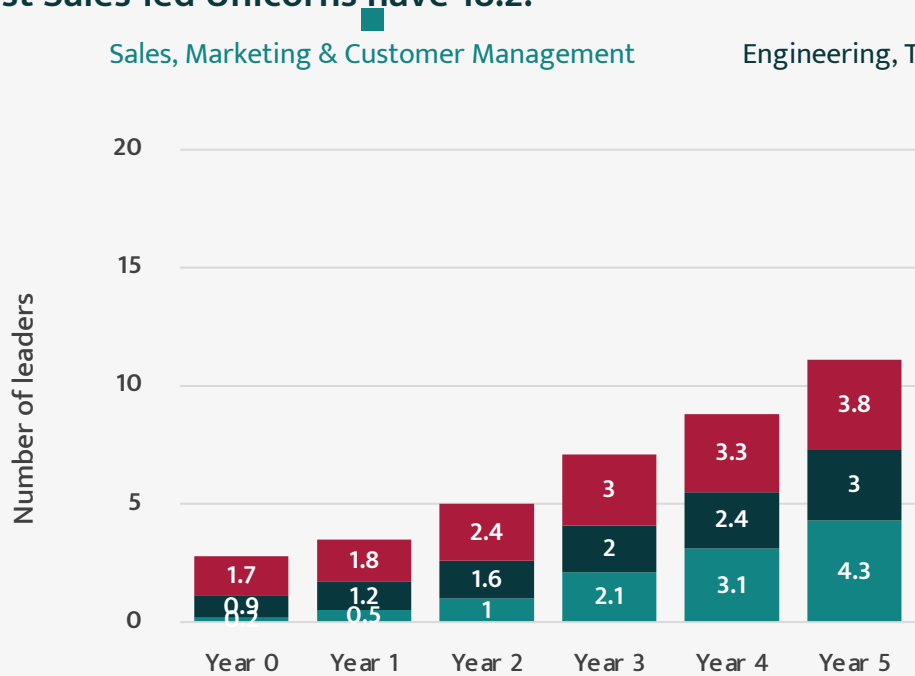
# AVERAGE NUMBER OF LEADERS, BY FUNCTION, IN UNICORNS

How does this look, when we consider functions within Unicorns?

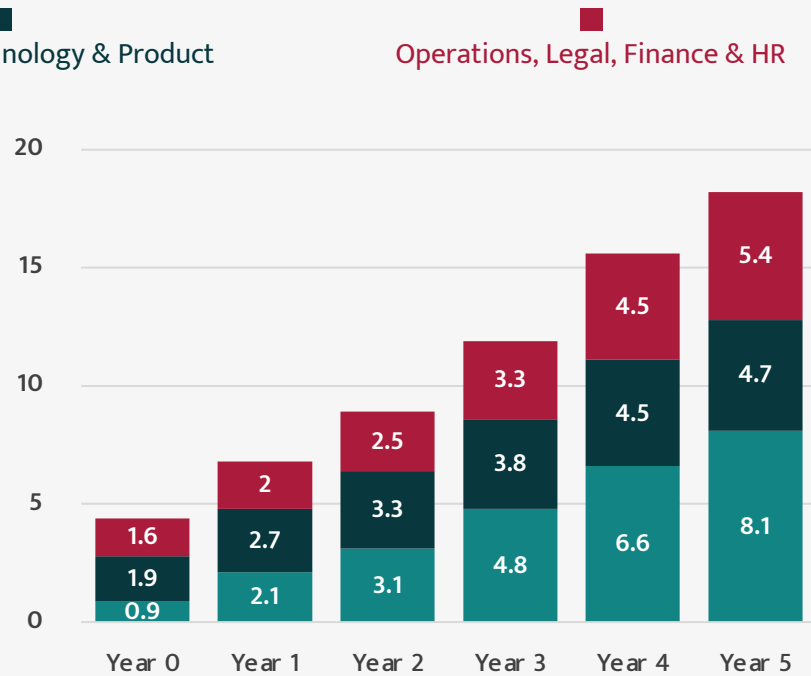


# AVERAGE NUMBER OF LEADERS, BY FUNCTION, IN PLG UNICORNS

Contrasting Unicorns between PLG and Sales-led, the average PLG Unicorn has 11.1 leaders five years after launching their first product, whilst Sales-led Unicorns have 18.2.



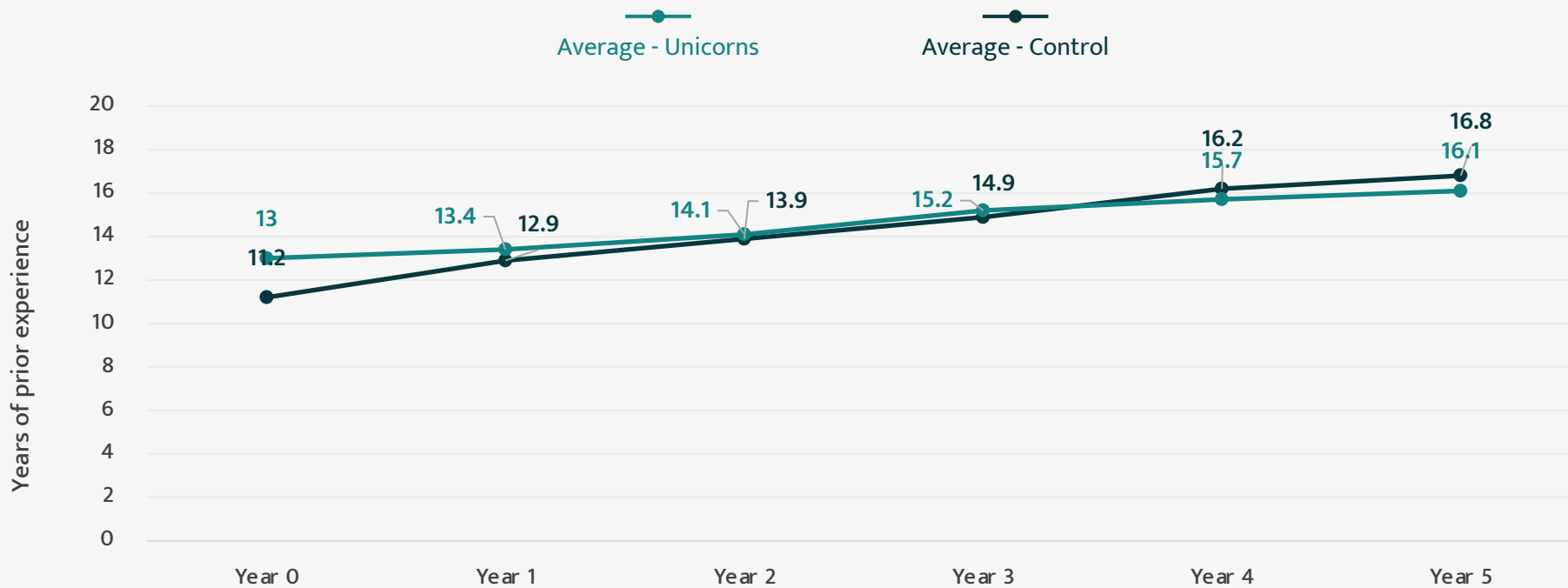
# AVERAGE NUMBER OF LEADERS, BY FUNCTION, IN SALES-LED UNICORNS





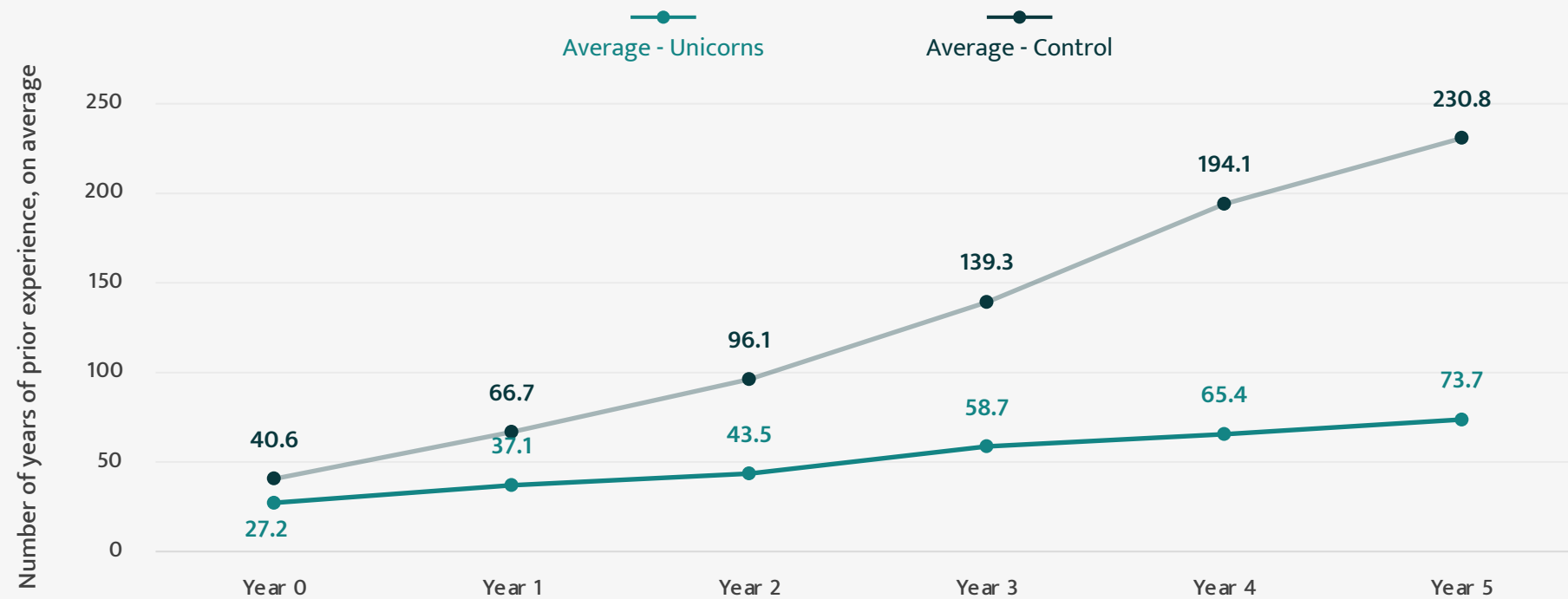
# AVERAGE YEARS OF PRIOR EXPERIENCE OF EACH LEADER, IN UNICORNS AND CONTROL COMPANIES

Looking at years of experience, per leader, there aren't any significant differences in the overall average between Unicorns and Control companies.



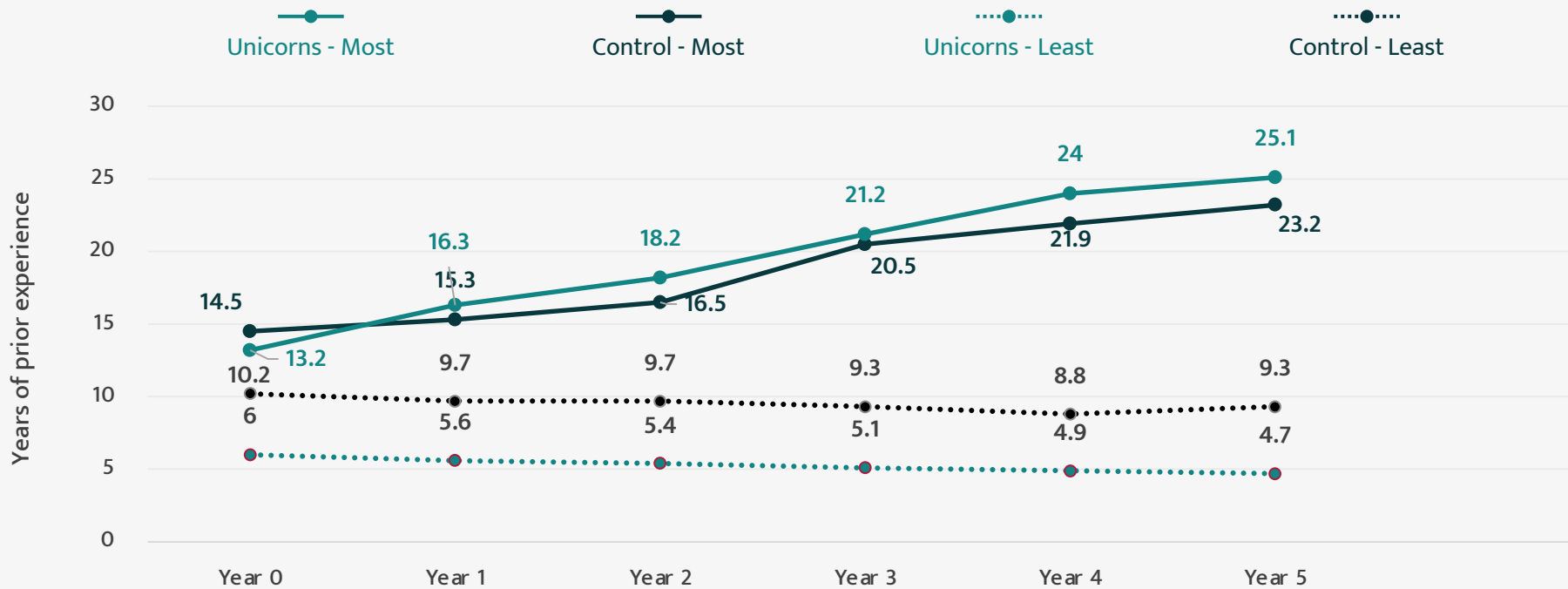
# AVERAGE YEARS OF PRIOR EXPERIENCE OF LEADERSHIP TEAMS

However, if we look at the experience of each individual leader in combination with number of leaders, we can see that on average, Unicorns have 230.8 years of prior experience behind them after five years, and in Control companies this number is 73.7.



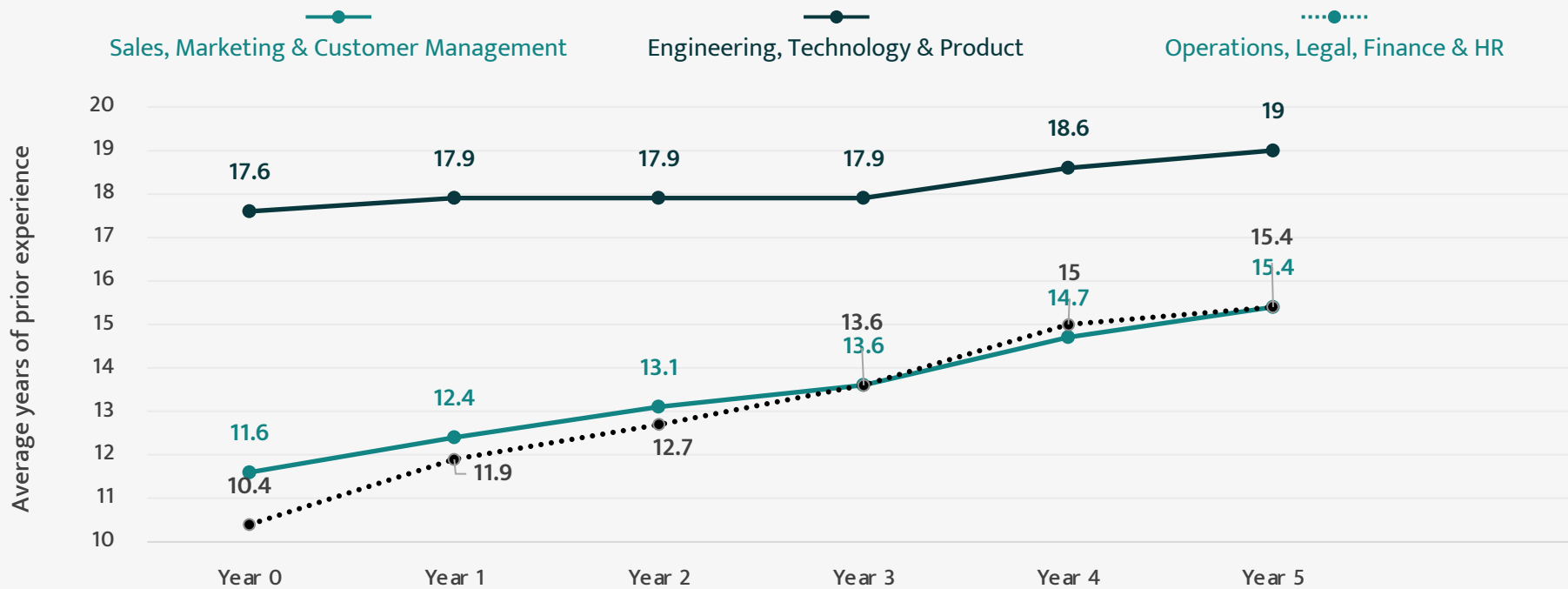
# MOST AND LEAST EXPERIENCED LEADERS, ON AVERAGE, IN UNICORNS AND CONTROL COMPANIES

If we split out the most and least experienced leader, on average, in Unicorns and Control companies, we can see a significantly larger experience gap in Unicorns versus Control companies.



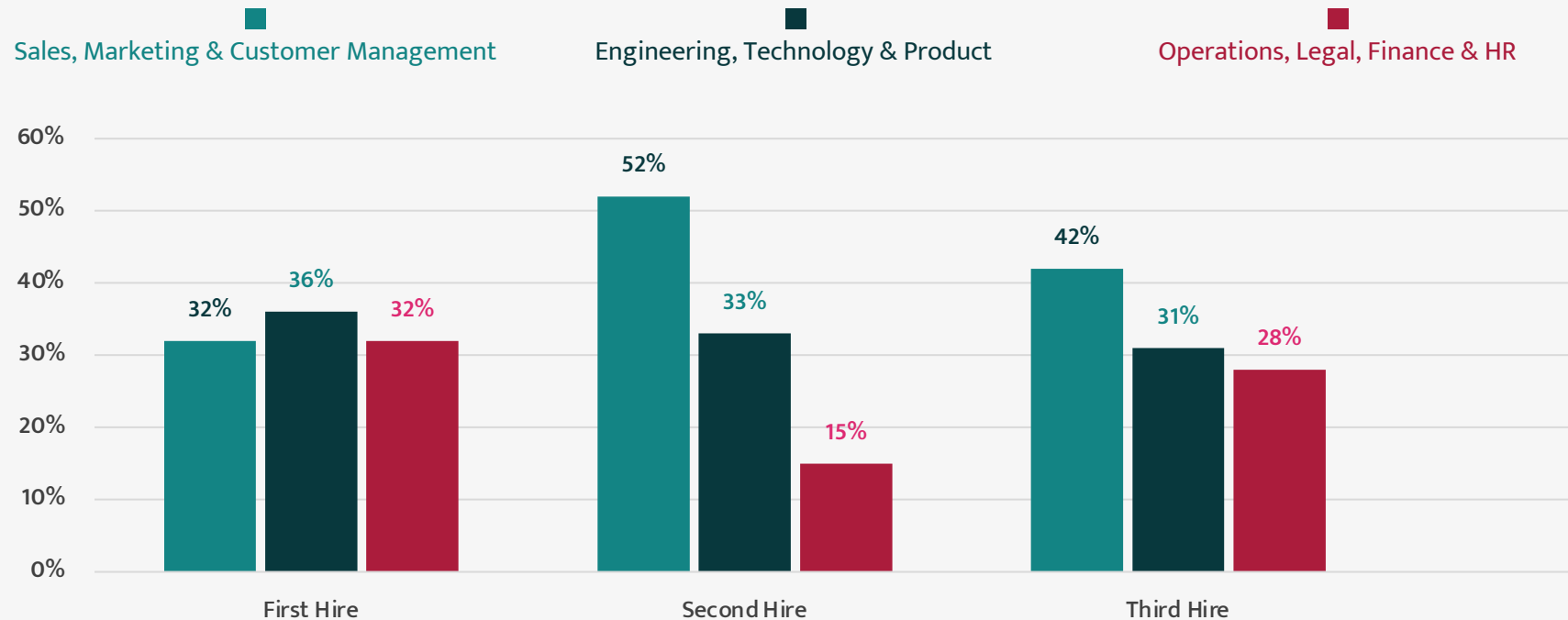
# EXPERIENCE OF LEADERS IN UNICORNS, ON AVERAGE, BY FUNCTION

Looking now at the experience of leaders in Unicorns, by function...

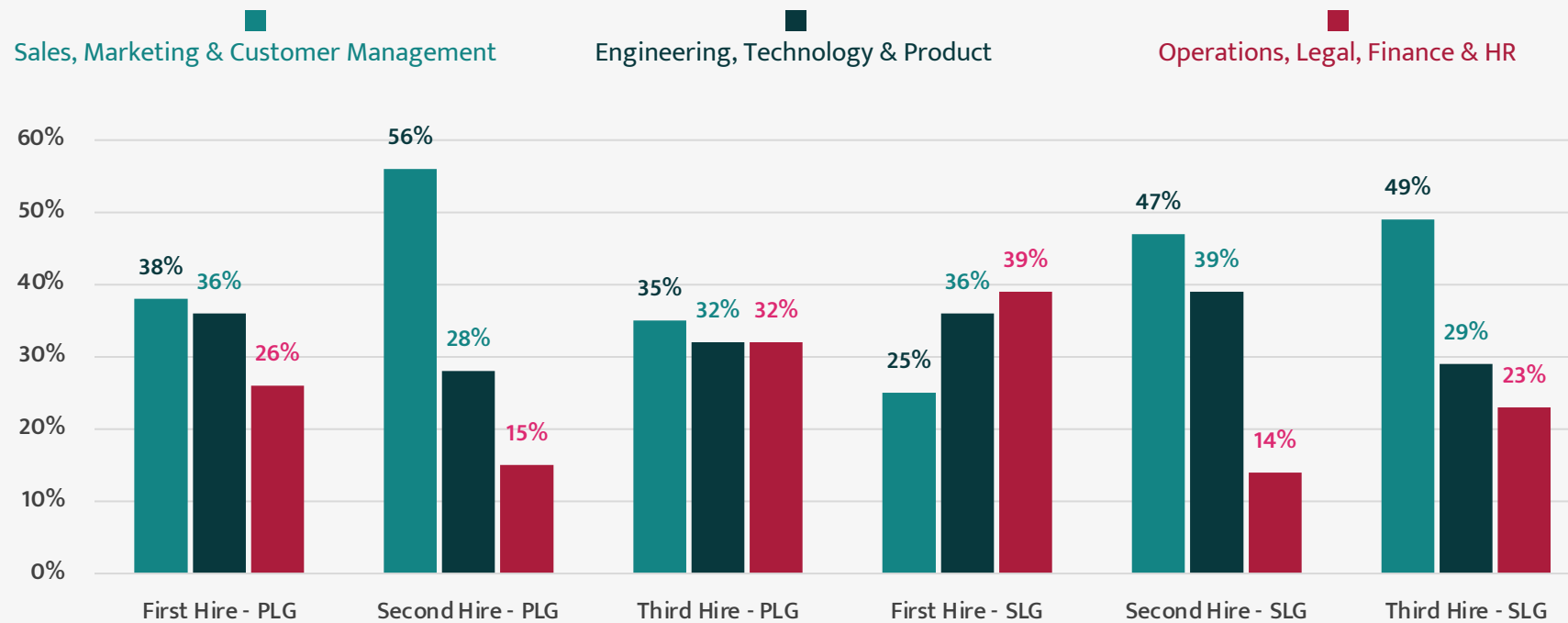


# FUNCTIONAL SPLIT OF FIRST THREE LEADERSHIP HIRES (EXCL FOUNDEES) IN UNICORNS

Moving on, to answer the question ‘which functional leader should I hire first?’ – the answer is... there is no answer. All three functions have a pretty equal split, in Unicorns as a group. Subsequent hires have some differences, as shown...

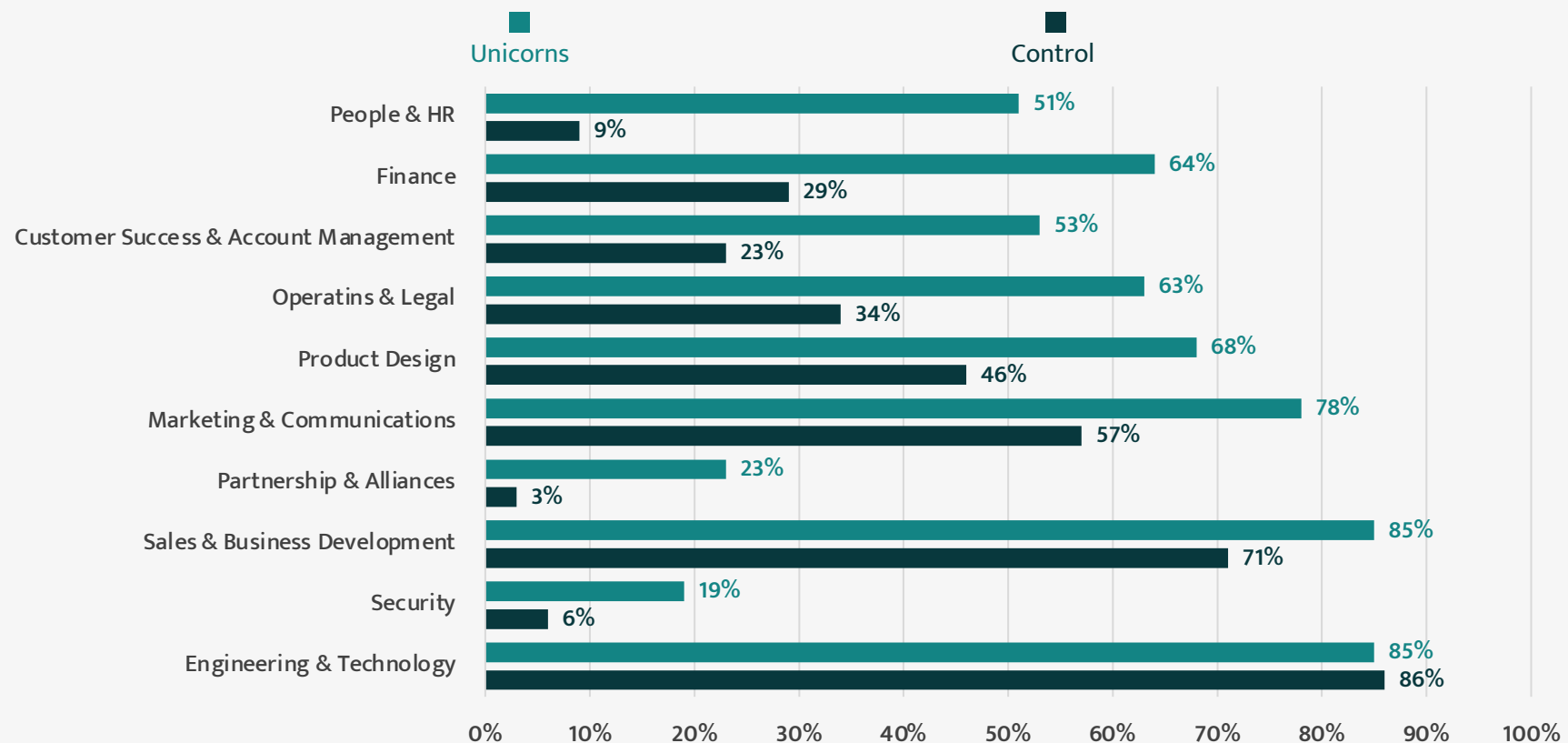


# FUNCTIONAL SPLIT OF FIRST THREE LEADERSHIP HIRES (EXCL FOUNDEES) PLG VERSUS SALES-LED



# PERCENTAGE OF COMPANIES THAT HIRED AT LEAST ONE LEADER IN THE FUNCTION SHOWN

If we cut the data a slightly different way, and look at the percentage of companies in the Unicorns and the Control companies that hired at least one leader, we can see some significant differences, particularly with People & HR, Finance and Customer Success leaders.



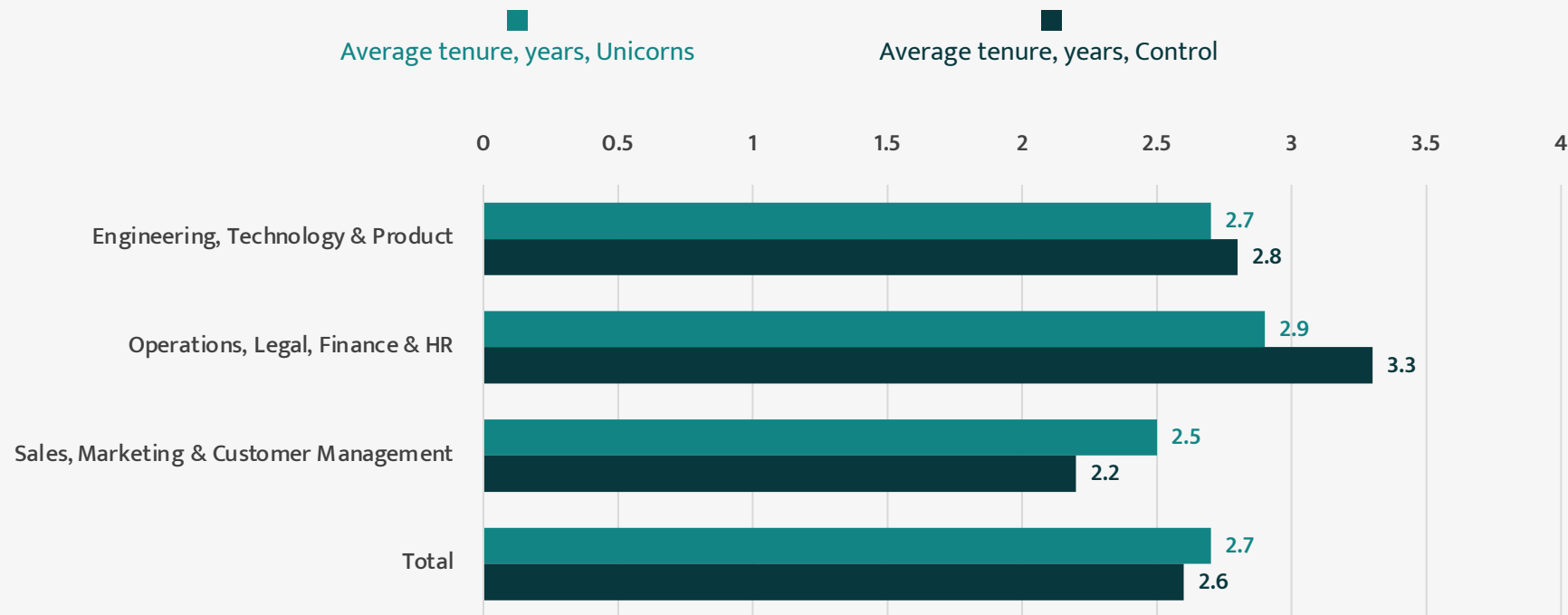
# TENURE OF LEADERS, AND THEIR RELOCATION

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# AVERAGE TENURE OF LEADERS (EXCL FOUNDEES) BY FUNCTION

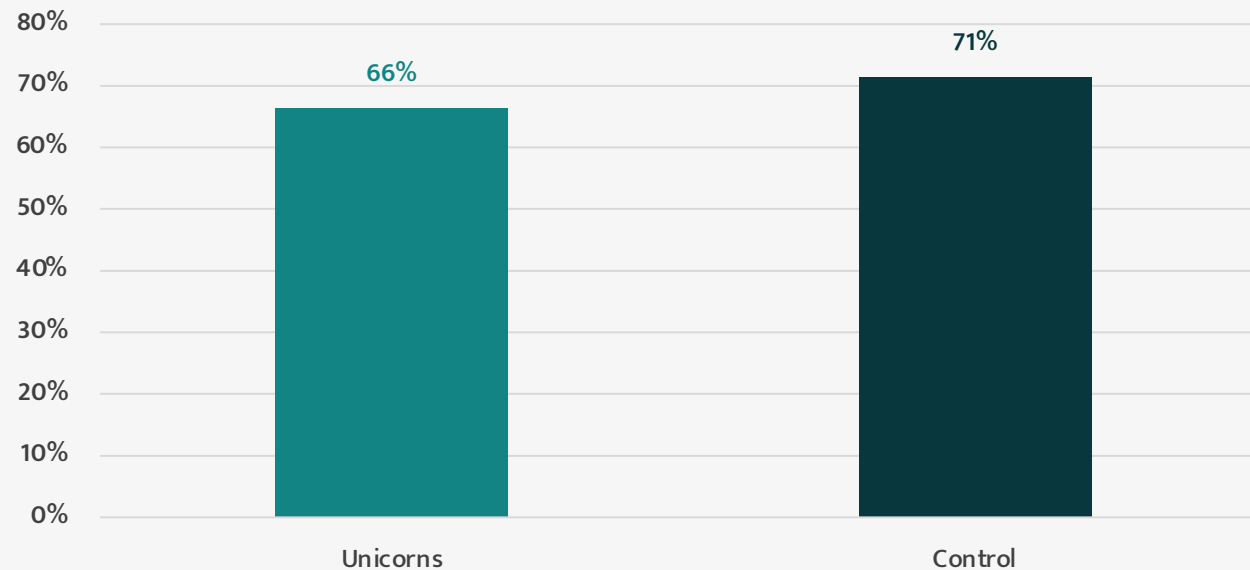
There's often an impression that the longer the tenure of leaders, the more successful the leaders are (and the business will be). The data shows, however, that this isn't strictly true – tenure of leaders in Unicorns and Control companies is very similar overall and in each function.



# PERCENTAGE OF UNICORNS AND CONTROL COMPANIES THAT RELOCATED AT LEAST ONE LEADER AT THE POINT OF HIRING THEM

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There's also often an impression that relocating leaders is essential for the growth of a business, but again, the data doesn't confirm this.

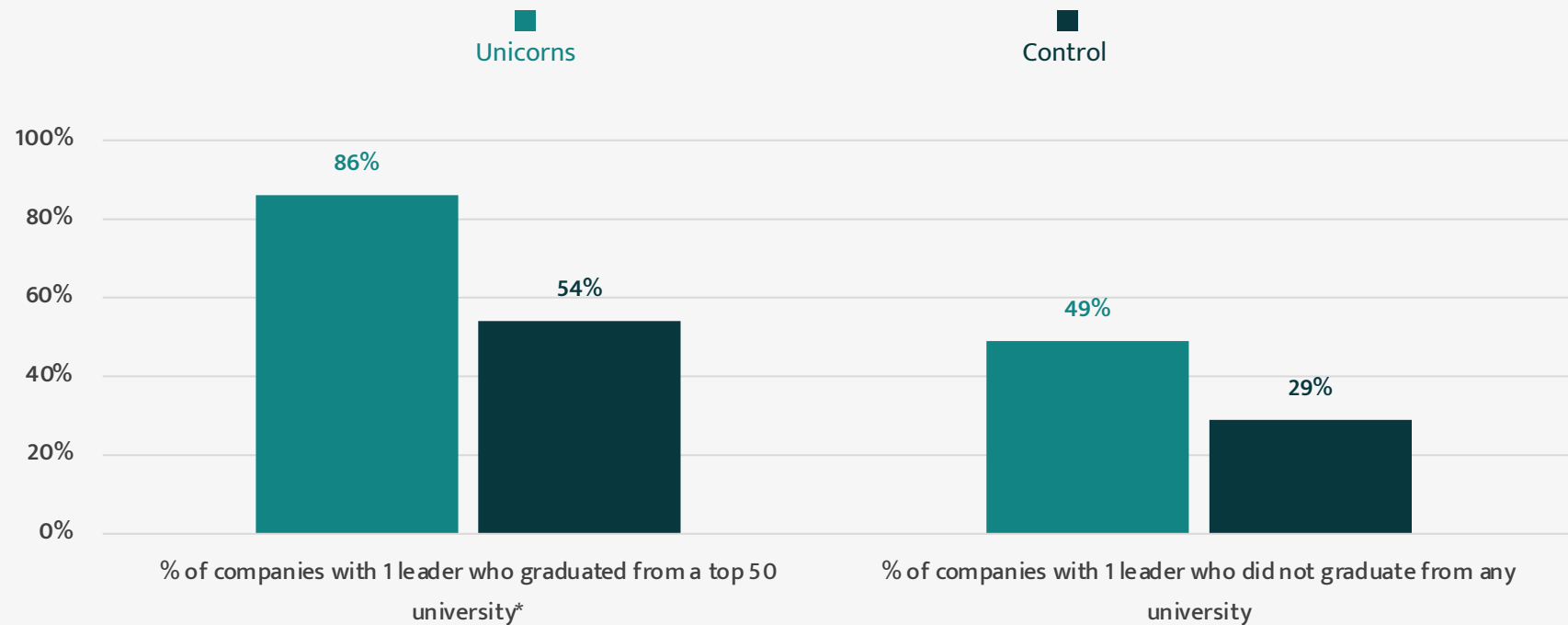


NB the same proportion of Unicorns and Control companies had their HQ in SF, NYC and Rest of World

# EDUCATIONAL BACKGROUND AND PREVIOUS EMPLOYERS

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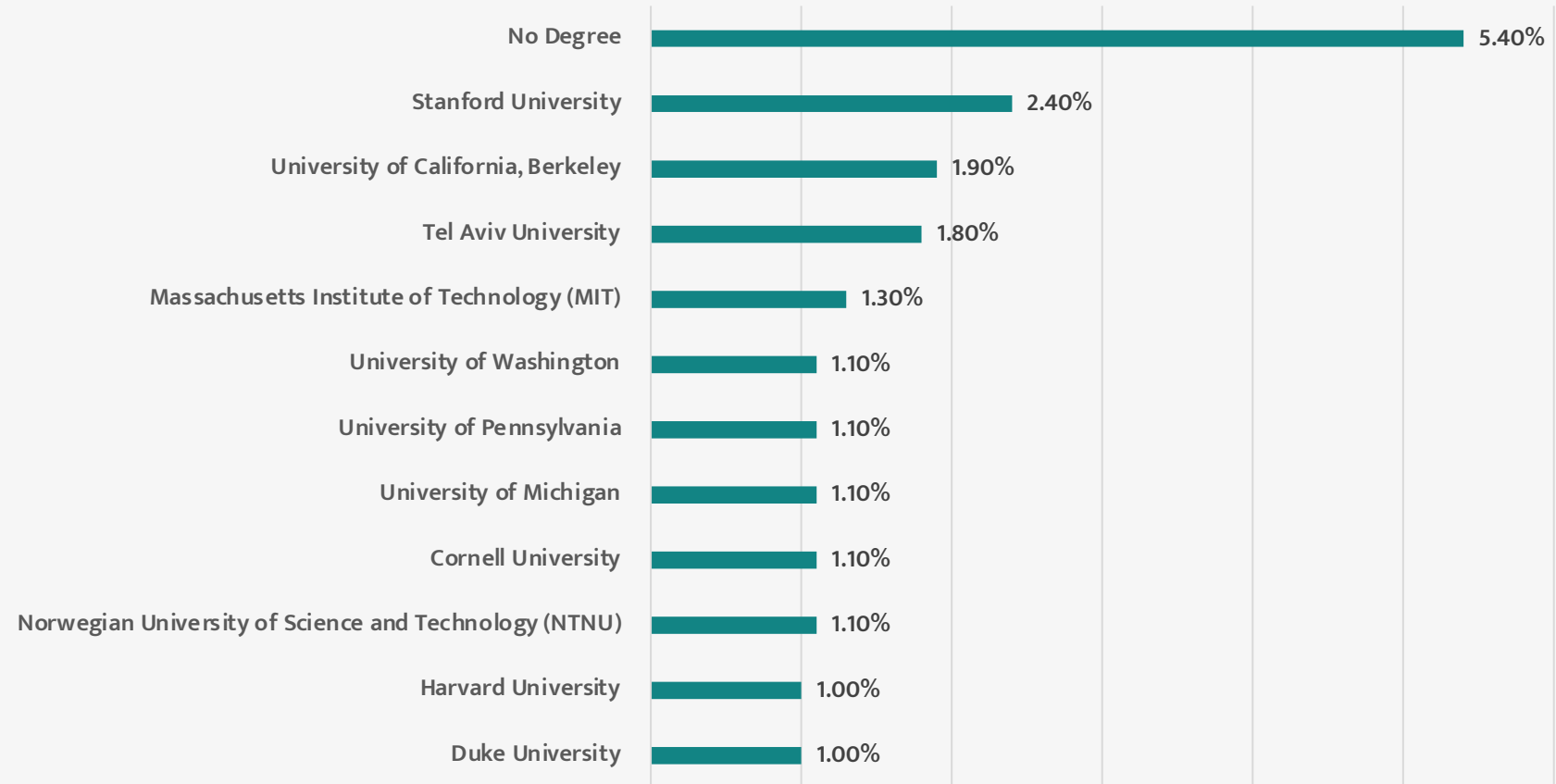
# PERCENTAGE OF COMPANIES THAT HAD AT LEAST ONE LEADER WITH THE HIGHER EDUCATIONAL BACKGROUND AS SHOWN



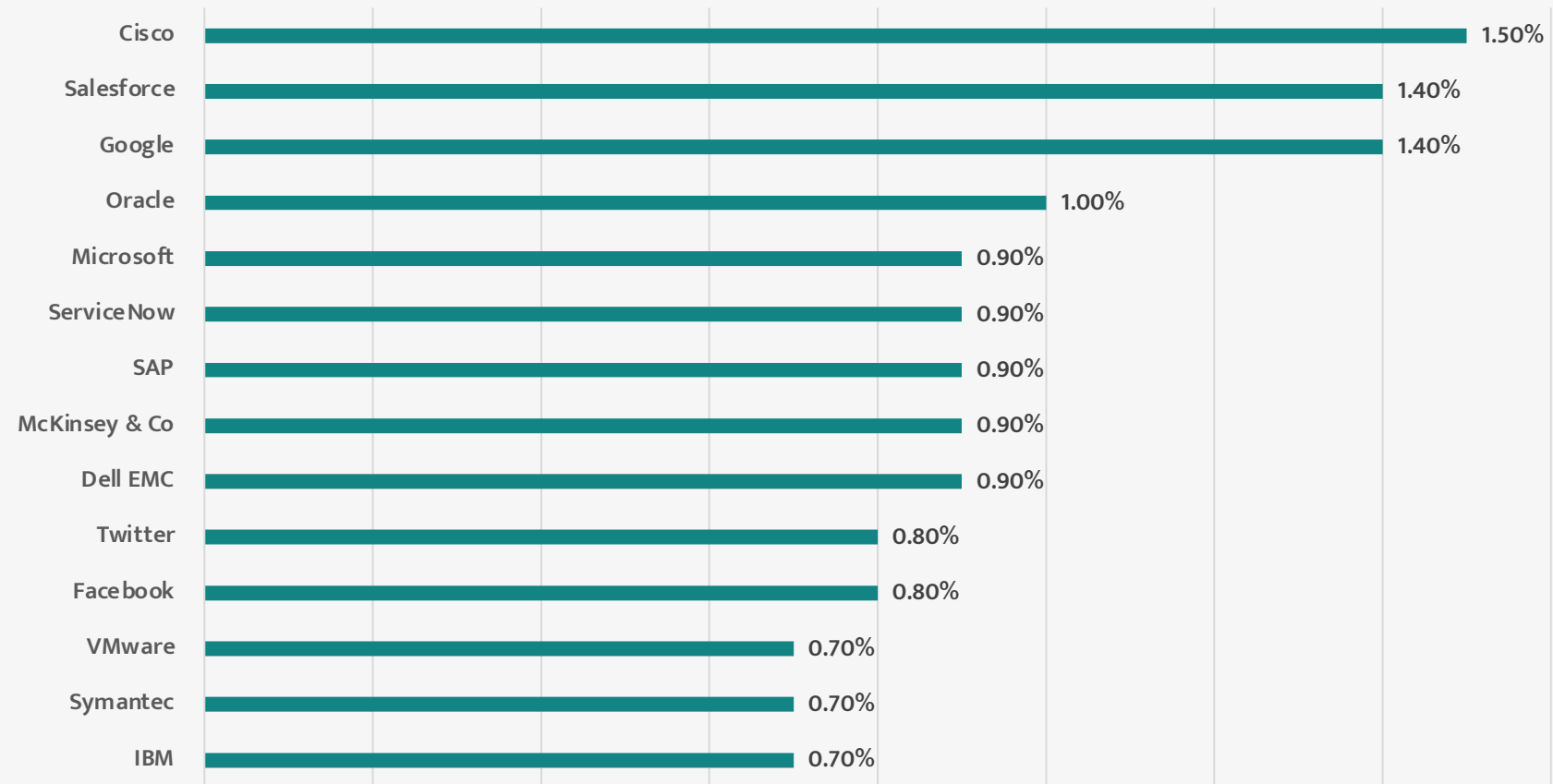
\* 'top 50 universities' are taken from the Times Higher Education global rankings, and the QS World University rankings

# PERCENTAGE OF UNICORN LEADERS WITH UNDERGRAD FROM UNI SHOWN

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# PERCENTAGE OF UNICORN LEADERS WITH PREVIOUS EMPLOYER AS SHOWN



\* The previous employer is the employer immediately before the leader joined the Unicorn or Control company, not all previous employers throughout the careers of the leaders

# TL;DR - 1

**The average B2B software Unicorn hires 16.47 leaders, excluding Founders, from the launch of their first product to 5 years after.**

**The average B2B software Control company hires 4.74, excluding Founders, from the launch of their first product to 5 years after.**

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In other words, over the first five years, the average B2B Software Unicorn hires 3 to 4 leaders a year, every year.

Within the Unicorns, the 16.47 leaders breaks down as:

1. 4.40 in Engineering, Technology and Product
2. 8.24 in GTM and Customer Management
3. 3.84 in Legal, Operations, Finance and HR

## TL;DR - 2

**The average leader in a Unicorn, aside from Founders, stays in the company for 2.7 years (in Control, it's 2.6 years) and has 18.1 years of prior experience (in Control, it's 19.0 years).**

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- 51% of Unicorns hire at least one People or HR leader, and only 9% of Control companies do the same.
  - 64% of Unicorns hire at least one Finance leader, and only 29% of Control companies do the same.
  - 53% of Unicorns hire at least one Customer Success or Account Management leader, and only 23% of Control companies do the same.
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- 86% of Unicorns had at least one leader with an undergraduate degree from a Top 50 university, globally, and 49% of them had at least one leader with no undergraduate degree.
  - 54% of Control companies had at least one leader with an undergraduate degree from a Top 50 university, globally, and 29% of them had at least one leader with no undergraduate degree.



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