

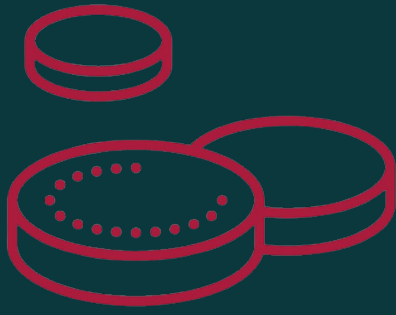
FOUNDER'S GUIDE FOR EUROPEAN COMPANIES EXPANDING INTO THE UNITED STATES



EXPANSION OUTSIDE OF EUROPE

If you are a founder of a company in Europe, and have begun to see evidence of product-market-fit and revenue traction, the high probability is that you will soon look to the US to make key leadership hires. This will likely be in the Go-to-Market functions as you look to penetrate what will probably be your largest market, but could also include others depending on the needs of your business and how you think about distributed leadership teams.

The Erevena team in New York has built up a wealth of experience in helping European companies hire high caliber US executives. The market here is large and there is a wealth of talent, but there are also significant differences compared to hiring in Europe. In this guide we share advice to help European Founders and Boards make the right decisions.



EQUITY AND CASH COMPENSATION

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The importance of understanding the difference in the salaries of US executives (particularly in large markets like New York or the Bay Area) is typically well understood. A number of factors including the increased cost of living and the demand for talent means that the salaries are higher, and European companies need to be willing to pay market rate if they are going to compete. In recent years it feels like the gap between the US and Europe has reduced to some degree, but it is important to be ready to compete when required.

A Series A VP Sales will often earn between \$400-450k OTE, for Series B it can be in the late 400s to early 500s, and CROs for Series C companies can be earning from the mid-500s to the early 600s in some cases.

With regards to equity, it is extremely important to think globally from your earliest stages so that you do not create difficult levelling and parity situations. For instance, we have seen examples where companies in Europe have hired their first few executives on ranges that may have felt competitive for a prior era in Europe, but would not be attractive to a US candidate. For example an early SVP Sales in Europe was hired with around 0.5% equity in a Series A business. The company then sought a VP Marketing in New York and a top candidate made a reasonable ask of 0.8%, but the company felt it impossible. This meant that the candidate withdrew, and once internal discussions had taken place, there was a realization they could only hire a more junior candidate who would not be able to scale their function and ultimately help the company as much as they had hoped.

Thinking globally from early on and being willing to compete at a level the market data supports is critical in securing the best people.



INTERVIEW PROCESS

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US companies move at speed, and US candidates expect this in their processes. This is partly due to employment contracts in the US that factor in much shorter notice periods, but also because of the level of competition with a wider availability of capital leading to more options for candidates. Many European companies can have a more patient disposition, and this is often a virtue as it relates to long term decision making that can often lead to more sustainable outcomes. We do not advocate losing that perspective here, but strongly advise on ensuring that an interview process is as efficient as possible. This means good availability from the key stakeholders in the process; prompt feedback with next steps arranged quickly after each positive session; and a willingness to be flexible to make these steps happen. The expectation on how long it takes to receive an offer in the US is shorter than in Europe, and candidates are not only willing to make quicker decisions – they have to.

One aspect to strongly consider is face time. As a Founder, you may be moving to the US in which case this is a moot point. But it is common for companies to begin a search before – or in conjunction with – a move of the Founder. If you haven't moved yet, blocking out a good 2 or 3 weeks to meet a shortlist of candidates and giving your search partner notice of this at the beginning of the process is a great move. It creates a clear timeline to work towards, and will allow you to forge more personal connections with your preferred candidates, as well as make assessments on the personal fit of the people you are meeting face to face, rather than relying on Zoom.

Another important move is to fly the preferred one or two candidates over to Europe when you have strong conviction that you can make a hire. We have been surprised to hear examples



from candidates who have flown over to meet with European teams where they had been somewhat left to fend for themselves, with only a couple of meetings that took place but otherwise an open schedule in a foreign country. Inviting a candidate to fly over is an incredible opportunity to provide a great experience and set the company apart, but also to demonstrate a level of organization and professionalism which will stand out. Craft a meaningful day of meetings; make wider team members available; and create social opportunities in the evenings. This will help make a candidate feel part of something that transcends borders, which is something a US company may not be able to demonstrate.

US candidates will often have deeper connections to the US ecosystem – this means former colleagues, bosses, investors and others that may be giving them a competing offer to your own. By contrast, they will likely have fewer connections to a European business looking to land in the US. This underscores the importance of an efficient process, where you go the extra mile in every respect, and strive to build a strong relationship with the candidate. The level of competition is too high to succeed doing anything less.

INTERVIEW PROCESS



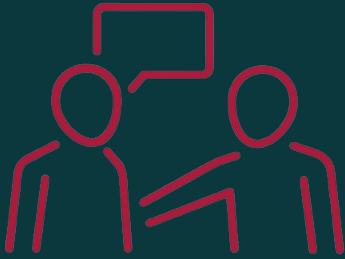
STYLISTIC DIFFERENCES - PITCHING AND EVALUATING

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There are meaningful stylistic differences between the natural tendencies of US people compared to Europeans, and it is an interesting dynamic to navigate. When pitching your own company, assessing candidates or listening to their own stories, it is important to be aware of how the differences can interact.

For instance, US candidates will be used to founders who aggressively pitch their companies' vision, with an abundance of confidence that they will achieve their grand objectives. Europeans in contrast may be a little more grounded in style. This is not to say that either approach is right or wrong, but being aware of the difference can help you calibrate your own approach throughout the process.

By the same token, US candidates can often talk with great confidence about their achievements and be forthright in claiming credit for driving great outcomes. This is perfectly reasonable, but we have often seen certain founders read this confidence as arrogance, which may not always be the case. Similarly, US candidates will be very comfortable about negotiating strongly in a way that a European founder may instinctively find aggressive. It is really just how the game is usually played here. It is important to be aware of the dynamic and think about whether it is the trait that you think it is, or whether you are just used to a different style in Europe.



The important solution here is referencing hard, both with supplied references from a preferred candidate and back channel references through your network. Here you are testing for both: whether the candidate was genuinely responsible for the great things they said they had achieved and built, and secondly, their adaptability and personality at their core. By having meaningful conversations with references you can more fairly judge whether someone's style and approach suits your organization. You will be taking guidance from people that have worked with the person for likely a number of years, rather than trying to rely on your own instinctual reaction from an initial meeting or two.

STYLISTIC DIFFERENCES - PITCHING AND EVALUATING



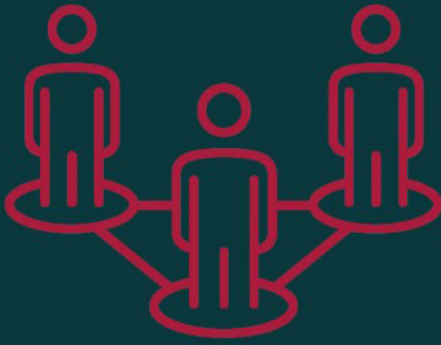
COLLABORATION

A difference between a European company expanding to the US and a US company making the opposite journey, is that for US businesses the European regions may be seen as outposts rather than central parts of the organization. For a European company that will have some senior leaders in the US, they may or may not have technical, go-to-market, or critical operational leaders still based in Europe. This nuance means that you will need to find US candidates that are inherently comfortable working across time zones, with collaboration being an important trait in which they need to excel.

COLLABORATION

A good indicator is whether candidates have worked for companies that have distributed leadership teams, and the extent to which they have been thoughtful around how they communicate and collaborate. There are fantastic companies that have been proactive around aspects like meeting times and tools that are used to communicate, as well as how data is stored, how meetings are minuted, and how processes are documented. These may sound like relatively simple things to get right, but many companies are more chaotic, and as a result some candidates will have been able to operate quickly in their own right and may not have always had to build cohesiveness across the business, or benefit from it being in place. As a European company, you will want to think about these aspects and ensure a candidate can fit with the way your company operates.

Aside from the operational components, there is also a stylistic point to emphasize here too. We have seen that many Europeans value a consensus driven culture where as US companies can often value autonomous decision making to drive speed of execution. This is nuanced and doesn't exactly apply to every person and business, but understanding how your company collaborates and makes decisions will allow you to assess how you think a US candidate will fit.



LOCATION

Where you choose to establish your US operations is an important decision. Many companies will choose the East Coast because of the benefits of the time zone, although some will eschew that consideration to move out to the Bay Area, believing there will be a wider talent pool. In our view, the considerations here should be around the importance of time zone in collaboration, as well as the precise nature of the talent you need, and the importance of in-office versus remote working.

In evaluating which market to land in, consider your business model, your go-to-market motion and the nature of your product, and proactively assess how many great hunting grounds for talent will be in the market that you choose. For instance, are you a PLG SaaS company, or do you offer a more complex enterprise grade solution? Do you sell to line of business or to IT? Then consider the trade-offs. For example - New York has a relatively nascent PLG ecosystem so narrowing a search for a leader there may prove difficult – or it could just mean you adjust your expectations and know that recruiting will not be a high volume game. On the other hand, the city still attracts incredible talent with high ambition looking to build their careers, so once you have a leader in post the bar will be set extremely high for the wider team.

On the East Coast especially, cities such as New York and Boston are rapidly expanding ecosystems in their own right. If you are a company comfortable with distributed leaderships though, you may be able to glean an advantage in recruiting. Combining the talent pools of the major markets, while benefitting from the fact that post-Covid, a number of leaders have moved to the Midwestern states for example, could allow you to hire a great person if you have that flexibility. Executive search always means looking for leaders with specific experience, and being able to look more broadly can help.

LOCATION



CONCLUSION

One of the driving forces behind Erevena opening a New York office was the understanding of the level of innovation in Europe, and how the quality of European companies' products meant that they could fare well in competition with their US counterparts. New York is a great landing point, and there is an existing ecosystem of European founders and executives already here. There is a distinct culture, and way of doing business, and we enjoy playing our part in helping these companies earn the success they deserve.

CONCLUSION

ABOUT THE AUTHOR

Chris helps venture backed companies hire executives to help them scale. He has ten years' experience working with some of the most prominent SaaS and FinTech companies in the world with particular expertise in helping European companies hire US leaders.

New York City is the connective fulcrum for Chris' work. It plays host to a vibrant tech ecosystem built on the ambition, energy and determination of its people. It is the world's financial center and a place for FinTech innovation, in addition to being the obvious landing point for businesses from Europe and beyond to make it in the US.

Chris is a Brit who has made New York his home after a stint in the Bay Area. He has a wide geographical network and has worked with some amazing companies including:



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