

ThecaseSolutions.com TerraCycle (A): Building A Venture With Spineless Employees

Role of the Board of Directors

In case of organizing a corporation, it is legally required to have a board of directors, whereby their major task is to oversee the management of the firm and protect the shareholders' assets and interests.

The board of directors is usually made up of inside and outside directors; their basic responsibility is to ensure the company's prosperity by collectively deciding the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders, appointing the officers and making decisions.

ThecaseSolutions.com Benefits of a New Venture Team



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The Founder or Founders

Founder or Founders

The characteristics of the founder or founders of a firm and their early decisions have a significant impact on the manner in which the new venture team takes shape.

Start of the Founding Team

Studies have shown that 90% to 95% of all new ventures are started by more than one individual. It is believed that new ventures that are started by a team rather than a single individual have an advantage.

Importance of the Roll as part of the new venture team

The roll is an important part of a new venture team, whereby providing guidance and legitimacy to customers, investors and competitors are the two primary useful roles in which the new-venture members' roll of a start-up new venture team help the firm.

Choosing skilled roll members who have a varied experience and who are willing to give advice is extremely important. As a result of the managers relying on the board members for counsel and advice, outside directors is vital.



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ThecaseSolutions.com New Venture Team

A key part of building a new venture team is to ensure that the team is composed of individuals who are willing to give advice and support to the founder or founders of the new venture.

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Social Media for recruiting employees

An increasingly important approach for recruiting employees is via social media sites such as LinkedIn, Twitter and Facebook. The founder of a small firm can broadcast to his contacts either on LinkedIn or Facebook that he is interested in hiring qualified employees, without paying for a job posting. Moreover, Twitter accounts could be used for this purpose.

Firms usually worry about hiring the wrong person for a key role. Every employee must have a valuable contribution especially in new firms. It is extremely critical to choose the right person who can fit the founders of the firm expectations.



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Board of Advisers

The enterprise may be seeking assistance with anything from marketing to managing human resources to influencing the direction of regulators. Thinking carefully about an advisory board's purpose will ensure that it will be structured to maximize its contribution to an organization's success.

Advisory boards provide safe harbors for executives who may be able to test drive options before they are forced to be more definitive and assertive before a board of directors, which assesses the CEO and establishes his or her compensation. A CEO may feel more comfortable expressing partially defined or tentative views before a group whose sole purpose is to provide advice.

Other Professionals

At times, other professionals assume important roles in a new venture's success. Attorneys, accountants, and business consultants are often good sources of counsel and advice.

a. A consultant is an individual who gives professional or expert advice. New ventures vary in how much they rely on business consultants for direction.

b. Consultants fall into two categories: paid consultants and consultants who are made available for free or at a reduced rate through a nonprofit or government agency.

Rounding out the Team - The role of professional advisers

Board of Advisers

Outside Consultants

Other Professionals

Factors that Contribute to a Founder or Founders Success

Firm Started by a Team

Start-ups started by a team can provide greater resources, a broader diversity of viewpoints, and a broader array of other positive attributes than ventures started by individuals.

Higher Education

Entrepreneurial skills are enhanced through higher education.

Prior Entrepreneurial Experience

Founders familiar with the entrepreneurial process are more likely to avoid costly mistakes than founders without similar experience.

Relevant Industry Experience

Founders with relevant industry experience are more likely to have better established professional networks. More applicable marketing and management skills.

Lenders and Investors

• Lenders and investors have a vested interest in the companies they finance, often causing them to become very involved in helping the firms they fund.

• As with the other non-employee members of a firm's new venture team, lenders and investors help new firms by providing guidance and lending legitimacy, and assume the natural role of providing financial oversight.

• In some instances, lenders and investors also work hard to help new firms fill out their management teams.

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Attributes of Effective Board of Directors

- Strong communication with the CEO.
- Talented
- Decisiveness
- Ability and willingness to support and advise the firm's directors.

Importance of the BoD as a part of the new-venture team

The BoD is an important part of a new venture team ; whereby providing guidance and legitimacy (to custom investors and competitors) are the two primary useful roles in which the non-employee members (BoD) of a st up's new venture team help the firm.

Choosing skilled BoD members, who have a useful experience and who are willing to give advice is extremely important. As a result of the managers rely on the board members for counsel and advice, outside directors is vital.

ThecaseSolutionsS.com New Venture Team

Is the group of founders, key employees, and advisers that move a new venture from an idea to a fully functioning firm.

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Usually, the team doesn't come together all at once. Instead, it is built as the new firm can afford to hire additional personnel.

The team also involves more than paid employees.

Many firms have boards of directors, boards of advisers, and professionals on whom they rely for direction and advice.

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Liabilities of Newness

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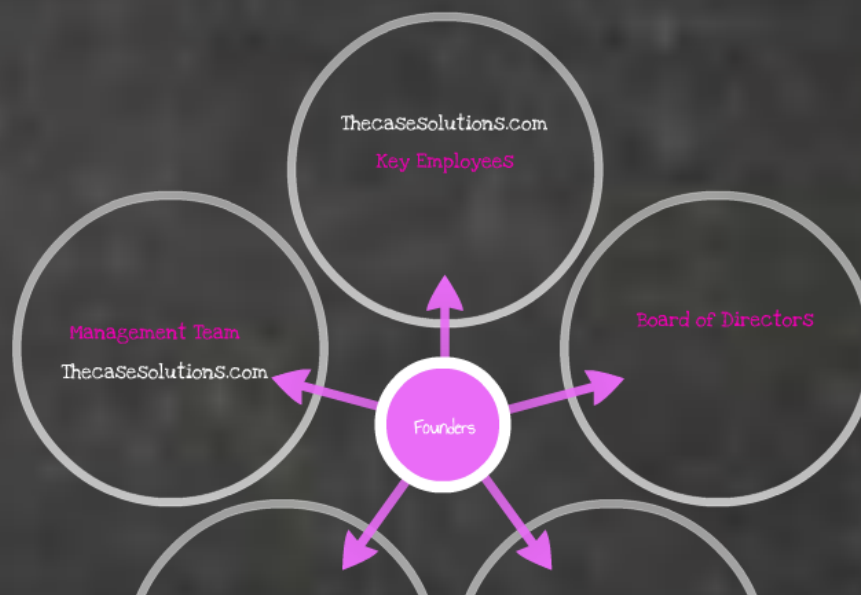
New ventures have a high propensity to fail.

The high failure rate is due in part to liabilities of newness, which refers to the fact that new companies often falter because the people involved can't adjust fast enough to their new roles and because the firm lacks a track record of success.

Assembling a talented and experienced management team is one path that firms can take to overcome these limitations.

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Elements of a New Venture Team



Management Team

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Key Employees

