

Leading in Uncertain Times



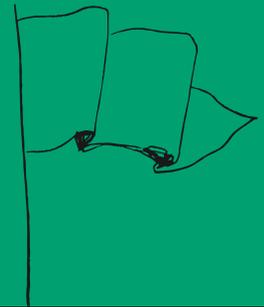
Agenda

1. Leadership Principles
2. Communication Principles
3. Q&A

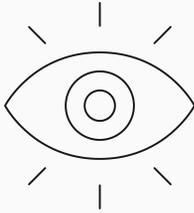
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- This conversation is based on our experiences. By no means do we have all the answers, or have all the correct ones.
- But hopefully this will provide a framework for leading companies through uncertain times.
- The presentation will cover two main topics: Leadership principles and communication principles.

Leadership Principles

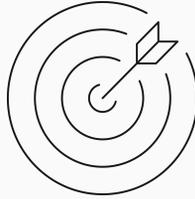


Fundamentals of Business Leadership



VISION

Clarity of thought
Conviction
Inspiration



EXECUTION

Self-assessment
Complimentary teams
Singularity of purpose



CULTURE

Fabric of the company
Live it every second
How you act when no one is looking

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- At the highest level, business leadership requires vision, execution, and culture.
- First, as a leader, you have to have a vision. Your vision must be supported by clarity of thought. You must communicate your vision with conviction, and a sense of inspiration
- Second, you have to have an execution mindset. Execution is simply the discipline of getting stuff done. In periods of uncertainty, execution often IS the best strategy.
- Third, you've likely heard the saying "culture eats strategy." Culture is the fabric of your company. It's what you do, how you do it, and how you show up every day.
 - In times of challenge, your culture is what defines your path over any hurdle you need to overcome.
 - It's what you do when no one's looking that ultimately defines your culture.

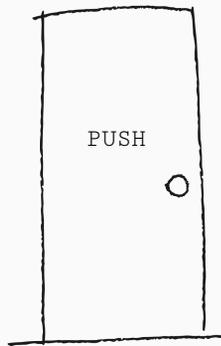
The 4 C's of Leadership During Times Of Uncertainty

Communication
Conviction
Confidence
Calmness

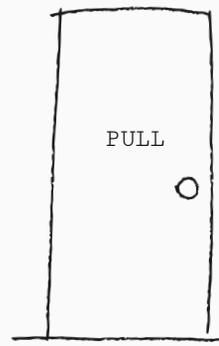
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- These are the 4 C's of leadership in uncertain times:
 - As you **communicate** with your teams, you need to remember that especially in times like this, you have a megaphone in front of you. What you say is amplified.
 - You need to deliver your message with **conviction**.
 - You need **confidence** but also a sense of **calmness**. You must be optimistic, but also a realist.

Push vs. Pull Leadership



Motivational = Pushing



Inspirational = Pulling

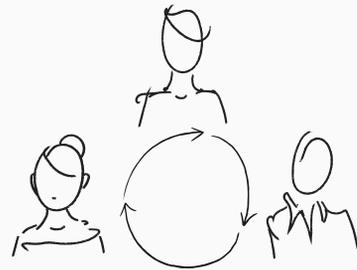
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- There are three types of effective leaders:
 - The first are motivational leaders. They tend to push their teams to success.
 - The other side is inspirational leadership. Inspiring leaders pull the organization toward them. People want to be around them and to make sure their leader does not fail.
 - The third type of leader can both be motivational to push their teams, and inspirational to pull them together.
 - Doing this with authenticity and vulnerability can rally the team around the company mission and vision, so it all comes together – and you move as one big team.

Team of Leaders vs. Leadership Team



Team of Leaders



Leadership Team

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- This is a valuable business leadership principle: the difference between a team of leaders and a leadership team.
 - Team of leaders: You likely have great leaders on your team. But a team of leaders who lead primarily for their own organizations does not always get the best outcome.
 - Leadership team: This is when your leaders think of their primary team as the one surrounding the CEO or founder every week. If your leaders think about the company's executive leadership as their first team (as opposed to their individual functions as their primary team), you will likely have a better outcome.
- Focus on building a leadership team. That does not mean you don't want these leaders to lead their individual teams. But they have to think about their primary responsibility as the leadership team of the company, and then to focus on their respective teams.
- During the downturns in 2000 and 2008, leadership teams overcame challenges more effectively than teams of leaders.

Strategies During Uncertain Times

Focus - Simplicity scales, complexity doesn't

Speed - One of the greatest business strategies

People - Double down on your top talent i.e. topgrading

Decisions - Alignment over agreement

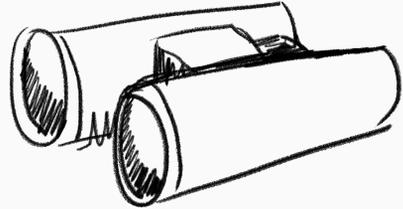
Value Proposition - Tighten to drive sales

- Drives revenue growth
- Saves money (strong ROI)
- Reduce risk
- **EVERYTHING ELSE IS FLUFF**

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- Here are a few business strategies that are especially relevant in uncertain times:
- Focus: Simplicity scales; complexity doesn't. Over the last couple of years, many businesses created complexity because of the pace and rate at which they hired. This has created more layers of the organization and changed hierarchies and decision making. Prioritize simplicity.
- Speed: Companies that are faster at making decisions will outmaneuver their competition.
- People: Double down on top talent through topgrading or having the right people in the right jobs at the right time so they can drive better outcomes. This does not necessarily mean taking people out of the organization.
- Decisions: Seek alignment over agreement. If your team always agrees on everything, you probably aren't getting the most out of everybody. You need people to disagree. But at the end of the day, align and go forward on a specific mission, strategy or message to your teams.
- Value Proposition: When selling in challenging times it's important to tighten up the value proposition to ensure you're offering a must-have solution, not a nice-to-have solution. People buy for one of three reasons:
 - Driving top line revenue growth
 - Saving money (the greatest strategic selling value proposition ever)
 - Reducing risk (for example in the security market)

The most important number in the company



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- What is the most important number in a company? Your forecast, and your ability to forecast accurately.
- Everyone in the company should own the forecast.
- Consider tying a portion of sales leaders' comp to the accuracy of their forecasts (not just their quota).

“It takes many quarters to gain credibility and only 90 days to lose it.”

CARL ESCHENBACH

- It takes many quarters to gain credibility from either your shareholders, your board, your investors or your employees. And it takes all of 90 days, or one quarter, to lose it and start all over again.
- Forecasting accuracy is one of the key metrics—if not the key metric—that informs how to operate your company.

Communication Principles



We've talked through what to DO, now let's talk about what to SAY.

“The difference between management
and leadership is communication.”

WINSTON CHURCHILL

- This quote from Winston Churchill illustrates the difference between management and leadership
- Management is telling people to do a task.
- Leadership is inspiring people to want to show up and do the task.
- Great leaders give their words meaning, energy, force and—most importantly—follow-through.

“Sometimes your only available transportation is a leap of faith.”

MARGARET SHEPHERD

- And in difficult times, when the metrics aren't going up and to the right, and it's not clear if you're the winner, the only way to move forward—the only available transportation—is often a leap of faith.

“Sometimes your only available transportation is a leap of faith.”

Trust

MARGARET SHEPHERD

- Trust is the key to getting people to take that leap of faith. Your team has to trust in you, the CEO/founder.

$$\text{Trust} = \text{Competence} \times \text{Integrity} \times \text{Benevolence}$$


Ability to Deliver Results


Honesty, Openness, and Fairness


Concern for the Well-Being of Others

- There are three pillars to building trust:
 - Competence: The ability to deliver results.
 - Integrity: Honesty, openness and fairness.
 - Benevolence: Concern for the well-being of others (in this case the team and the customer).
- Most leaders tend to over-rotate on competence since there's pressure to pick the right plan.
 - It's not that leaders don't have integrity, but in difficult times the openness of communication can drop. People can feel compelled to hide problems so as not to worry others.
 - And people forget about benevolence—just knowing that a leader cares about the team and the customer makes the biggest difference in the mood.
- Make sure to show your authentic, human side, and how you deeply care for your team, your customers, your mission.

The Anatomy of Communication in Uncertain Times

1. Acknowledge Uncertainty
2. Signal Change
3. A Simple, Focused Plan
4. Regular Check-ins
5. Motivate with Mission
6. Be Present, Be Human

} Integrity

} Competence

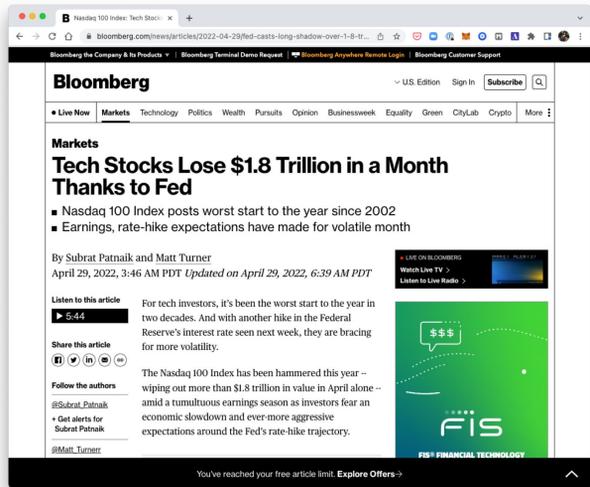
} Benevolence

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- We tried to break down the anatomy of good communication into components.
- There are six components that map back to the three pillars of trust (integrity, competence, and benevolence):
- First, to establish integrity, you need to acknowledge uncertainty and signal change. You have to be honest and upfront, to acknowledge that there is a new normal and things have to change.
- To communicate competence, you need a simple, focused plan that you can present on one slide. And you need to do regular check-ins to keep your team accountable to it.
- To be seen as benevolent, you can motivate with your mission, your customers, and your culture. And you need to be more present, more human, than ever before.
- Next, we'll go through examples of each in more detail. Some of these are also from my time at Polyvore, where I had the unique privilege of being on the roller coaster of consumer social and raising during the 2008 downturn. A huge thank you to Yong Kim and Helen Mayer at Otter for being willing to share their case studies too.

Acknowledge Uncertainty

Address the elephant in the room. Contextualize how it affects your business.



US Consumer Confidence Drops to Three-Month Low on Inflation

- Conference Board index fell slightly in May to 106.4
- Plans to buy appliances, homes and cars all declined

Team growth outpacing revenue growth

-8% WEB VISITORS +20% REVENUE

+63% TEAM SIZE -\$2.2M EBITDA LOSS Q3

We have over \$X million in the bank and our monthly burn is <\$X, meaning that we have ~X months of runway, X months conservatively. Going forward, I will share snapshot updates about our cash reserves and burn on a monthly basis. In spite of the macroeconomic context, I believe our financial position buys us some time to judiciously experiment.

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- To acknowledge uncertainty, you have to address the elephant in the room. In challenging times, everyone knows the macro environment is not good.
- If you're a growth stage company that's now overvalued because of multiples being reset, you can acknowledge the impact on tech stocks. If you're a consumer company you can acknowledge pricing pressure on consumers and inflation.
- Contextualize how these macro trends will affect your business:
 - At Polyvore, as noted in the middle of the slide, team growth was outpacing revenue growth. Web visitors were declining. Revenue was up 20% but team size had grown 63%. It's important to be clear in acknowledging these challenges.
 - And like the last sentence in the example at the bottom right, you can put into context how you *feel* about the runway, or what signal you think your team should believe.

Signal Change

Be specific about expected behavior change. Example: Focus.



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- Another part of having integrity is signaling the change that you want to see in your team.
- This is an example slide about becoming more focused: When flush with capital, experimentation is critical. In wartime, a company's survival depends on strict adherence and alignment to the goals.
- Pick a clear message about the expected behavior change, and then provide an anecdote, analogy, or framework to explain it concisely.

Signal Change

Be specific about expected behavior change. Example: Velocity.

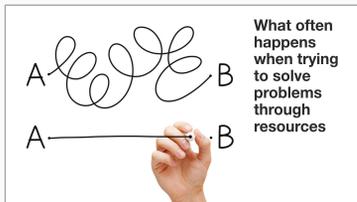


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- This is an example slide signaling a need to move faster. Maybe the bar has raised on what you need to achieve by your next round and you need to create a sense of urgency around accelerating.

Signal Change

Be specific about expected behavior change. Example: Resourcefulness.



Counter-intuitive

The challenge

- When we have more resources:
- Overcomplicate
 - Over-plan
 - Over-engineer
 - Difficult to reverse decisions

The result

- It often leads us to worse outcomes:
- Slow to produce results
 - Redundancy of roles
 - Lack of accountability
 - More resources to fix problems

What it means to be lean and mean

1

Bite-sized

Narrow the scope of the problem

2

Speed to market

Don't overcomplicate things

3

Show results

Let our users be the final verdict, not us

- This is an example from Wonolo, which CEO Yong Kim graciously agreed to share. Yong has been a tremendous leader. Due to factors outside of his control during the pandemic, Yong had to rally people through very challenging times.
- These are the slides he shared when he needed his team to be more resourceful and to do more with less:
 - He talked about how having resources doesn't necessarily mean you move faster. When you have plentiful resources, you tend to overcomplicate, over-plan and over-engineer. The result is that you're slow to produce results.
 - So Yong said: We're going to be resourceful—we're going to narrow the scope of problems, increase speed to market and we're going to show results.

A Simple, Focused Plan

Simplicity increases your odds of success.

Principles

- Be decisive!
- Preserve cash
- Act with all stakeholders in mind
- Emerge as role models, not villains
- Play to win 2021 travel season
- Don't trade in the future



We need to do four things

- Raise money
- Manage our stakeholders
- Diversify our business
- Cut costs



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- Moving on to the importance of having a simple, focused plan, here are examples of how simple it should be.
- These slides are from Airbnb, early in the pandemic. Brian Chesky broke his plan down into simple, declarative principles.

A Simple, Focused Plan

Simplicity increases your odds of success.

Strategy	Metric	Baseline	Goal	Tactics
Create the future on mobile	Mobile DAU	X	+50%	3 Small Teams More At Bats Fast MVPs
Fund the future on web	Web Visitors	X	+20%	SEO Mobile Web Email Retention
Increase ARPU	Revenue/User	X	+100%	Launch More Advertisers International CPC Yield Optimization

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- If you're a seed stage company, your plan might look a little more like this.
- This is an example template for three strategies you might need your team to focus on.
 - Identify a metric that shows progress, establish what your current baseline of that metric is, and a goal. The goal is key for accountability. In the last column are the tactics you want your team to use to get to that goal.
 - This format is effective because it fits on one slide. Your team can hold it in their head, and you can easily check in against it.

Regular Check-ins

Repetition, repetition, repetition. Hold yourself and your team accountable.

Goal	Metric	Goal	% to Goal	Tactics
Create the future on mobile	Mobile DAU	X	90%	3 Small Teams More At Bats Fast MVPs
Fund the future on web	Web Visitors	X	30%	SEO Mobile Web Email Retention
Increase ARPU	Revenue/User	X	75%	Launch More Advertisers International CPC Yield Optimization

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- Once you've established a simple, focused plan, it's important to regularly check in on your progress against the plan.
- This slide shows the percent to goal, so you can measure your progress across key metrics.
- After the all hands where you communicate your plan, repetition is crucial. You probably need to do more frequent all hands meetings than you might otherwise, and refer back to the plan and your progress frequently.

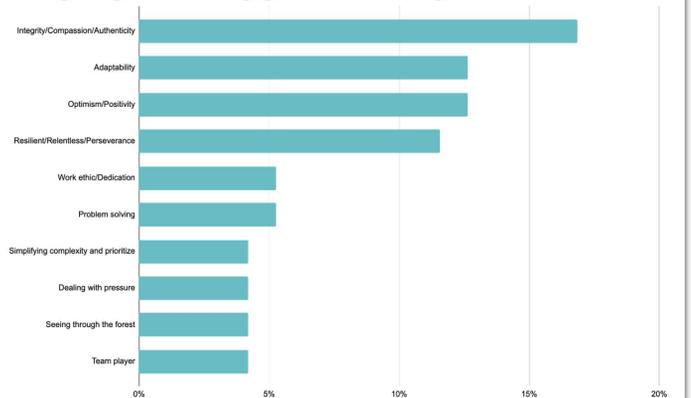
Motivate with Mission

Remind people why they're there, using customer stories and cultural tenets.

An American author, Carlos Castaneda, famously said, "we either make ourselves miserable or we make ourselves strong. The amount of work is the same." We will obsess over the following three things: who we serve, how we manage time, and where we focus.

Who we serve: Front-line workers and customers need us more than ever. There are now more unemployed / underemployed workers who need us direly. Our customers need us to help them manage ups and downs of their mission-critical operations. Both sides need to know that we are open for business and here for them.

Leveraging our biggest strength



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- Now we move into benevolence and motivating with mission:
- You need to remind people why they are there and inspire them. You can do this with customer stories—remind people who you serve and why their problems are important to you.
 - Here is another example from Wonolo. Yong started with a quote, and then reminded the team that Wonolo serves frontline workers. He said, They need us more than ever—there are now more unemployed and underemployed workers, and our job is to make those people live better. Additionally, you can share the story of an individual customer your company helped.
- You can also talk about the culture that you're trying to create and why now is the moment to leverage your biggest strength.
 - This slide also reflected back survey results from Wonolo's team about what parts of their culture they were most proud of: compassion, adaptability, optimism and flexibility—exactly the traits you need in a challenging moment.

Motivate with Mission

Remind people why they're there, using customer stories and cultural tenets.

I wanted to look back and forward with you. I launched Otter on Monday October 26, 2020. Around 10am, a caregiver called me, frantic about having run out of snacks for the kids she was watching. At first, I panicked too, but then I realized I could make her life easier by just ordering a delivery of fruit and Graham crackers to help things run smoothly for the day. For good measure, I added some dark chocolate because she'd mentioned to me during our first call that dark chocolate was the only snack her kids didn't eat so she got it to treat herself.

Things like this don't scale, but they do help parents who are otherwise stretched thin feel seen, while making it easier for them to be present with the kids in their care. We have an incredible opportunity to make our earliest caregivers feel championed, celebrated, and cared for – and this is aligned with our mission to create a world of care and opportunity. By taking care of our caregivers, we'll help them access the economic opportunity that is at the core of our mission.

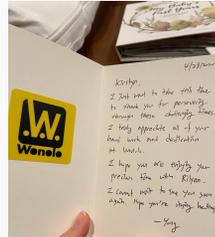


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- Here's an example that Otter CEO Helen Mayer allowed us to share. Otter is a marketplace for caregivers who take care of people's kids.
- Helen shared a very personal story which demonstrated how you can go above and beyond for customers, how a small gesture can make caregivers feel championed, celebrated and cared for. Helen reinforced that this is what Otter needed to do.
- Sharing customer love in a dark time can be very powerful and motivating.

Be Present, Be Human

Show up, authentically. You don't have to be perfect. Create fun rituals.



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- Lastly, be present and human.
- You don't have to be perfect. Rather, you need to show up authentically.
- During a dark time you might feel pressure to showcase your competency, your ability to have the perfect plan. But people don't trust people who are too perfect. So these are the moments to show a little of your quirky side, whatever that is.
- Don't take yourself too seriously. It actually increases trust when there are fun rituals. These are some of the moments when the team can bond the most.
- This slide shows Carl dancing at VMware summit. The bottom shots are something we created at Polyvore called the Polyvore Olympics where the team pushed each other around in office chairs and did silly competitions.
- The top examples are from from Wonolo. Yong mailed handwritten notes to every employee. And there is a fun tradition (which Yong did not start) where the Wonolo team sends a flat cardboard cutout of Yong around to different people across the company and they take selfies with it.

“People will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

MAYA ANGELOU

- Maya Angelou said: “People will forget what you said, people will forget what you did, but people will never forget how you made them feel.”
- You don't need the perfect words. You don't need the perfect plan. More than anything else, you need to think about what feeling or emotion you are trying to evoke in your team:
 - Are you trying to make them feel inspired? Are you trying to make them feel like they can trust you? Are you trying to make them feel determined that you're all going to get through this together?
- Being intentional about how you create those feelings in the way you talk to your team is the key to effective leadership.

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