



## Stanford eCorner

### Lessons Learned As a Novice Entrepreneur

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From his first experiences as an entrepreneur, William Hagstrom, CEO of Crescendo Bioscience, relates the importance of strategy and its integration into the business model. Added to this vision, he believes a CEO of a healthcare firm must have a thorough knowledge and understanding of the technical and scientific aspects pertaining to the business. Because there is little margin for error, the company leader must also be a multitasking dynamo with sound judgment who can deliver results. In short, the CEO must do more than talk, he must act.



#### Transcript

So, let me take a couple minutes to talk about things learned in that first 10 years as an entrepreneur. So, there are things we learned in big companies. And you'll see really different things when we talk about this slide. And you'll see really different things when I get to my third slide later. It's just integration of the strategy. How it ties to a business model, the efficiency of the business model. What your growth matrix are and financials. They've got to be ultimately extraordinarily integrated and all work together to spell success. There's great complexity in this field tree. You've got clinical or medical dimensions and considerations with advance scientific insight.

Biology, let's say it work in patients and then a wide range of technical dimension that come into play. And it's especially critical for the CEO to understand what are these concepts and how this concepts integrate. You can't just delegate these things. You've got to have pretty good understanding at your level. There's just extreme need for multitasking. Unlike anything I saw in the larger company experience. I've got my big three, four, five raises for the year maybe in a big company and staff of 80 people. So, here, we're a group of 8 to 10 people and there's an amazing range of things that have to be happening. And if anyone of those fall down, it might mean death of the company. And at the same time, there's very limited margin for error.

So, you've got to be right on almost all the decisions that you make. Particularly when you are really under the gun as we were, 60 days to find whether there's business here or we should shut down because the technology didn't get us there. The importance of culture, focus on patients is something really, really important. There's all kinds of things you could try to gear people towards. And that can range from, "Where going to build a company. We're going to take it public and people are going to make a lot of money." To me that doesn't cut it. The fact that we're going to build a company that's going to change a field and we're going to improve patient outcome survival, that's something to sign on to. And in fact, I recall that the deciding factor for me in hiring the chief medical officer, I did was, this was a person who lost his father and his mother to cancer. So, it was personal. It mattered to him.

We have a lot of people like that. Power of team interactions, collaborative impact, removing barriers along the way. This is great exercise we did one time. We had about 20 of us sitting around the room and each of us were given 21 questions to solve or problems to solve. Nobody got more than 10 or 12 right. We then broke into teams. Not one team got more than 18 right. It wasn't until we all got together, we got 21 right. These were some of the brightest people, MDs PhDs, MBAs and otherwise. But in last week, let our barriers down and really worked together collectively, we wouldn't get as far as we could.

Leadership needs to be acted out and not just talked about. This is a lesson I learned really after the fact. We went through those dark times of putting a company through a financial reorganization. And I commented that not a single person left in that period. I didn't know till later when someone told me, "Because you were confident, because you didn't waiver, we didn't leave." So, that was something you had to act on because you really, really believe it. It wasn't something you could just talk about. The importance of vision for the long term balance with deliverables. This was something I had to learn on more than one occasion. I love vision and the strategy side of things. And if you don't have a vision, you don't really have a future.

But if you don't deliver in the near term, you never get a chance to live out the vision. And then this understanding of company lifecycles. Different things need to be in place at different stages. You recruit certain people. At some stages, you won't get other stages. Or some people want to leave once it gets to a certain stage. So, understanding that's important.