

URL: <https://ecorner.stanford.edu/videos/transitioning-from-rd/>

Kaplan talks about how roles change within a company when a transition from R&D happens. A vice president of sales when you are trying to get 3 test customers is not a good executive if you are planning to expand to different regions and have a large sales force, he says. You must keep in mind that when transitioning and scaling up, you might have to change management and get in the heavy hitters with experience, he adds.



## Transcript

What do I think about the transition from what you typically call like an R&D phase.. One of the most interesting aspects of that is you often meet different people.. Different people become more important, the roles change when you go over that kind of a transition.. Planning for that and managing for what is important.. The last company that I started on, we hired a bunch of people.. Now when you're starting a new company you are small and there's not enough money and it doesn't mean that you have an office when you're interviewing people at Starbucks.. You know, it's hard if you come aboard.. And one of the carrots you may be tempted to throw out in front them is you say, "Ok, I'll make you the vice president in sales if you join us." I can be vice president in sales.. That's great! But the problem is they may be good vice presidents in sales when you're trying to get three test customers and not a good one when you are trying to hire a field force that has to be in 17 different regions.. They have no experience with it, they don't know how to do it and they are probably not good at it..

So what I did with the last company is I didn't give into that temptation.. Everybody is hired and most senior people are director of this and director that.. And the reason or two is we are going to make you rich even if we don't make you ego-happy because we're going to be so successful that we have to hire somebody else who has been doing that for 20 years at Oracle or Cisco or wherever he might be to be vice president of sales and you'll be director of sales.. You can learn a lot and if it upsets you just always remember this: you have 20 times as much stock as that VP.. And that's a great argument.. So be careful when you hire people early on to recognize it as the company grows, you've got to change the management.. You have to bring on people with different sets of skills and that's what you do with those transition points.. You are about to scale it up? That is when you bring in the heavy hitters and the bigger guns...