



# Eight traits every startup leader needs

By Nancy Brown | July 27, 2016

To paraphrase Elon Musk, founder of Tesla Motors, healthcare needs to “embrace change if the alternative is disaster.”

And make no mistake, healthcare in the U.S. is facing a \$3 trillion disaster that could potentially bankrupt the country. The result is plenty of change – which can feel daunting, but offers tremendous opportunity for smart, audacious entrepreneurs.

This opportunity has not been lost on venture capital firms, which invested a record \$16.1 billion in U.S. healthcare companies in 2015.

But we venture capitalists are investing as much in leaders as in particular solutions. At Oak HC/FT, a \$500 million venture capital fund that invests in healthcare and financial services technology, we’ve identified a set of common traits shared by successful startup leaders.

## 1. They have a clear vision and hypothesis about the marketplace.

Successful leaders are 100 percent committed to their vision and their mission – enough to charge

the wall again and again until it works. They work every day to clarify their vision and articulate it to employees.

## 2. They put the right people on the bus.

Visionary leaders are willing to let go of employees who are not on board, and change everything to reflect the mission in everyday practice. One 50-location network of family health and specialty clinics in the Midwest recently decided to make the switch and become a true ACO. The CEO got the leaders of his individual hospitals together and told them: “If you’re on board with the mission, come back. If not, go to HR and we will support your transition to somewhere else.”

He then proceeded to change his company’s compensation structure and hiring profile to support the new reimbursement structure. The right group of people can weather any storm together.

### **3. They understand that culture breeds success.**

Inspirational CEOs are their companies' culture. And not just any culture will do. The most successful leaders create an environment of shared positive regard that embraces continuous teaching and learning for everyone, including the CEO.

Perhaps most importantly, the best leaders make sure that every aspect of culture is explicitly translated into related action, creating a shared yardstick by which all decisions are measured.

Quartet Health, an Oak company, has created a technology platform that connects physicians and behavioral health providers. The company's leaders have developed their culture by hiring people who care deeply about the mission – most of whom have been personally affected by mental illness or substance abuse.

Leaders are also deliberate about keeping the patient experience in the minds of all employees at all times. They make sure that all employees, even those who spend most of their time behind computer screens, go out in the field to see the technology at work. And they do this while preserving the entrepreneurial spirit of the company, cultivating “doers” and empowering them to make the right decisions based on the shared mission.

### **4. They have the ability to react quickly.**

The very best CEOs are highly flexible while remaining true to their guiding vision. They understand they may need to change tactics, operating models, or even strategy – so they are constantly surveying the market, synthesizing information, and adapting accordingly. In fact, these leaders embrace this kind of change and welcome the challenge.

### **5. They are willing to make bets without complete information.**

At some point, no amount of information is going to get you to the right decision.

### **6. They have confidence, tempered with humility.**

The best CEOs have enough humility to keep learning, but enough confidence not to get discouraged. Confidence means they keep going – all of them have moments, in their companies' early stages, where others would have given up, but they do not.

### **7. They are willing to ask for help.**

True leaders know it's not a weakness – it's actually part of the job – to seek help and guidance when the organization could benefit.

### **8. They are committed to the concept of team.**

The best-positioned leaders know they need a balanced portfolio of skills to be successful – and they're not afraid to hire people smarter than they are. (Oak often pairs visionary entrepreneurs with seasoned CEOs, to leverage the crucial strengths of both.) And they are willing to change the team quickly if they've chosen incorrectly or the market has changed.

After all, some of the skills on this list can be taught. Some cannot. But all of them can be hired. Smart leaders understand how to shore up their weaknesses and build the team that will drive their organization's success.

Anyone can build an app. We're looking to invest in leaders who want to build companies.

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