MBA STARTUP RECRUITING 101

Everything you’ve ever wanted to know (and probably more) about recruiting for startups and high-growth companies as an MBA.
There’s no such thing as “typical” when it comes to startups, but based on our data, the **median opportunity for an MBA** looks something like...

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**The Company:**

Series C or D  
San Francisco or New York HQ  
Total funding $10-50M  
Software, FinTech or Ecommerce

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**The Role:**

Business Development Manager  
Reports to VP or Director  
Growth responsibilities, possibly new markets

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**The Offer:**

Salary: $110,000  
Signing Bonus: $2,000  
Bonus Potential: $10,000  
Stock Compensation/RSUs: $20,000  
Equity Grant: 0.05%

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Stock and equity granted by private companies often vests in 4 years.
MBAs & STARTUPS HAVE A TUMULTUOUS PAST...

“When valuing a startup, add $500k for every engineer, and subtract $250k for every MBA.”

Aaron Patzer
Founder/CEO Mint.com

Yikes. If you’re an MBA looking to get into the world of startups (especially if you’re looking west), you’d best understand the history.

MBAs of the late ‘90s flocked to Silicon Valley, with generalist skillsets and massive egos in tow. When the dotcom bubble burst, many founders were left holding the bag while the MBAs left for more established companies. The hangover from the 90’s was enough to sully the name of the MBA, especially in the Valley, for years. PayPal cofounder Peter Thiel even remarked, “Never hire an MBA; they will ruin your company.” Ouch.

But the times, they are a-changin’. MBA curricula increasingly emphasize hard skills like data science, quantitative decision-making, and coding. And the startups are growing up too – with almost 200 unicorns (private companies valued at +$1B) in the US, MBAs are getting hired by the hundreds for roles in product management, business development, and operations.

We compiled this guide to help answer the (many) questions about how to navigate the process of landing a job at a startup as an MBA. Please reach out with any thoughts, feedback, or suggestions.

Enjoy.

“Today’s MBAs bring some interesting knowledge and relevant skills to the table.”

Ben Horowitz
Cofounder/Partner Andreesen Horowitz
Okay, duh – it’s mostly in tech.
Maybe a graph wasn’t necessary. But the point is, tech seems to have wised up to the fact that MBAs can – and do – help drive growth and (dare we say the p word?) **profitability** in the technology sector.

**Significantly more late-stage companies find use for MBA talent**
Makes sense, right? Late-stage (Series C and beyond) firms have the greatest need for business talent, since they’re focused on growth, profitability, and (if you’re not Uber) a path to IPO. For the earlier-stage companies, graduating MBAs take director-level titles or above 80% of the time.
WHERE DO MBAs FIT WITHIN A TYPICAL STARTUP?

Most MBAs hired for “traditional”, more generalist functions
Business Development – that pesky catch-all category often filled with not-quite-sales, not-quite-strategy roles with maybe some M&A thrown in – takes the top spot in a fragmented spread of post-MBA roles. Some job titles include Director of Partnerships and Business Development Associate.

Marketing (PMMs, Digital Marketing) and Ops (Logistics Manager, Business Operations Associate) closely follow.

...but more technical jobs like Data Science, Product Management, and Engineering make up 30% of all hires.
Product management has become the belle of the MBA ball in tech, especially for those with technical backgrounds who want to attain more strategic roles post-graduation.
On average, MBAs entering full-time positions with startups make...

-$15,377

...less in salary than MBAs accepting jobs at established corporations.
HOW MUCH CAN A STARTUP PAY ME?

TL;DR: Not as much as MBB, ladies and gents. The biggest hit you’ll take is salary, which falls $30k below consulting offers at top firms, and over $15k below overall median compensation for graduating students. If you’re looking at the Bay Area (as almost 1/3rd of all startup-bound MBAs do), consider cost of living by using this great calculator from CNN Money.

Tradeoff between salary and equity
Wealthfront wrote a nice piece back in 2012 about how to evaluate this tradeoff. There are many factors to consider – opportunity cost, perceived risk, dilution caused by future rounds, etc. – so get out your spreadsheets, MBAs.

The experience is worth it to some
Overall, MBAs headed to startups after graduation report 12% higher overall satisfaction and 10% better ratings on the impact of their work. They pull 53-hour workweeks, which sits just in line with the average graduating MBA. Says one second-year student taking a role in a seed-stage company, “We work hard, but at the end of the day I’m getting experience in dog years...It’s a crazy life but worth it to me.”

### MBA Full-time Startup Compensation by Stage

<table>
<thead>
<tr>
<th></th>
<th>Pre-Seed</th>
<th>Seed</th>
<th>Series A</th>
<th>Series B</th>
<th>Late Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$84,255</td>
<td>$93,056</td>
<td>$96,600</td>
<td>$99,083</td>
<td>$114,759</td>
</tr>
<tr>
<td>Bonus Potential</td>
<td>$9,000</td>
<td>$12,563</td>
<td>$8,929</td>
<td>$10,063</td>
<td>$12,991</td>
</tr>
<tr>
<td>Signing Bonus</td>
<td>$6,000</td>
<td>$313</td>
<td>$0</td>
<td>$1,042</td>
<td>$3,462</td>
</tr>
<tr>
<td>Other Compensation</td>
<td>$0</td>
<td>$0</td>
<td>$202</td>
<td>$1,571</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Compensation</strong></td>
<td><strong>$99,255</strong></td>
<td><strong>$105,931</strong></td>
<td><strong>$105,731</strong></td>
<td><strong>$111,758</strong></td>
<td><strong>$131,211</strong></td>
</tr>
<tr>
<td>Stock / RSUs</td>
<td>$8,750</td>
<td>$5,000</td>
<td>$4,583</td>
<td>$3,750</td>
<td>$19,804</td>
</tr>
<tr>
<td>Equity</td>
<td>22.50%</td>
<td>19.67%</td>
<td>0.16%</td>
<td>0.08%</td>
<td>0.06%</td>
</tr>
<tr>
<td>% Reporting Equity</td>
<td>60%</td>
<td>56%</td>
<td>64%</td>
<td>75%</td>
<td>72%</td>
</tr>
</tbody>
</table>
In the last two years...

...of MBAs offered full-time positions at startups were granted equity.
Stats say MBAs are most likely to negotiate offers with small firms

With just over 40% of startup offers reported as successfully negotiated, MBAs shouldn’t consider the first offer as the final one.

Most negotiation happens with later-stage companies (Series B and beyond), but every funding stage shows a high likelihood of successful bargaining. Even more importantly, the average increase from successful negotiations rang in at over $12K per offer – higher than the all-industry average.

Some ideas on how to negotiate your startup offer...

1. **Leave your ego at the door**
   According to Accenture, only 1 in 7 new grads want to work at large companies...so startups generally have a big talent pool to pick from, relative to their size. It’s wise to negotiate, but be careful of appearing entitled. Sometimes it helps to be transparent about your situation (read: massive loans) to create some empathy.

2. **Do your research**
   Depending on the startup stage, your offer may have been set by a hiring manager or an HR team of one. Chances are they don’t exactly know the prevailing rate – even in their industry – for someone like you. Walking into a negotiation discussion with solid benchmarks will increase your chances of success.

3. **Negotiate based on future performance**
   It’s easy to be myopic about compensation negotiation – and focus purely on salary, signing bonus, or stock/equity. But thinking outside the box can benefit your chances. After all, startups need maximum performance per individual given their limited resources – think about negotiating a 1-year bonus based on discrete performance metrics *(editor’s note: I did this with success at a previous seed-stage startup!)*

GET OUR FULL MBA NEGOTIATION GUIDE
On average, top MBA programs send...

7.1%

...of grads to startup companies.

Source: TransparentCareer user-reported data for MBAs in their first job post-graduation. Does not include students starting their own businesses.
WHAT ARE TOP MBA PROGRAMS DOING ABOUT THE TREND TOWARDS STARTUP RECRUITING?

Top MBA programs focusing heavily on entrepreneurship curricula
Classes on data science, entry-level programming, value proposition discovery, and entrepreneurial finance abound. At Chicago Booth, long known as a finance hub, entrepreneurship is now the #1 concentration.

MIT Sloan, HBS, Booth, Stanford, Haas, McCombs – all have startup accelerators in-house with hundreds of thousands in prizes.

Wharton has an executive option for a semester in San Francisco. An astounding 14% of Stanford MBA grads start companies right away, with a much larger percentage working at other nascent companies in non-founding roles.

Establishing relationships with hot companies
Later-stage private companies like Airbnb, Nerdwallet have rolled out MBA internship programs. Hundreds if not thousands of applications are submitted for usually few spots. Job postings at Wharton from startups increased from 130 to 400+ in just a year, according to Poets & Quants.

What should you do to land a job or internship at a startup?

1. Leverage your alumni network
Your .edu email address is your best friend now. Draft some cold email outreach asking for advice. Used LinkedIn to do your research and get some 15-minute chats scheduled.

2. Consider a stepping stone
Startups can’t afford to make hiring mistakes, so it will be a tougher path if you don’t have hard skills or industry background. Some firms want very specific experience – scalpels, not multi-tools – so think about a larger company where you can attain that experience first.

3. Do your research
On the company and industry, then stand out in your application. One of our MBA interns came prepared for a coffee chat with a full analysis of our monetization opportunities. Write a blog post about the company. Just do something to stand out.
But what if I want to start my own company during or after b-school?

4.6%

Of MBA graduates report "entrepreneurship/self-employed" as an outcome.¹

¹ Employment reports of top 25 MBA programs ranked by US News 2016, excluding those with no statistics reported: Darden, Fuqua, Tuck, Berkeley, Johnson, Kenan-Flagler, McCombs, McDonough, Goizueta, Olin, Kelley
SOME MUST-KNOW RESOURCES FOR MBAs RECRUITING FOR STARTUPS

**AngelList**

A job search and social networking platform in one, it’s kind of like LinkedIn for the startup world. Create a profile and you can monitor various opportunities in your preferred locations.

**LaunchTicker**

A simple daily email digest that’s great for staying on top of the startup world. One strategy some MBAs follow is to pick some industries and monitor funding announcements – chances are companies raising money are also hiring in droves.

**Crunchbase**

The Library of Alexandria for startups and VCs. Research funding rounds for any company, research founders names and roles, check out acquisition history.

**CB Insights**

Produces a data portal for privately-held companies used by analysts and investors. More importantly, sends out a daily (hilarious) newsletter, full of irreverent commentary and fantastic visual industry summaries.

**LinkedIn (duh)**

Despite the new and not-improved interface, it’s still an incredibly useful tool for career research.

**Medium**

Startups (including us) LOVE talking about themselves on this popular blogging platform. Follow people in your target industry, comment and share their stuff, eventually you might build a rapport. It’s also a low-barrier way to start your own blog, like this Booth MBA did as she was aiming to get into VC.

**TransparentCareer**

Pardon the shameless plug at this point, but we DO have the most comprehensive database of MBA-specific career data and jobs on our platform. Contact us if you need some custom data to help you navigate your startup journey.
www.transparentcareer.com

The only data-driven career platform for MBAs and undergraduate business students to identify, research, and land their dream jobs. Sign up for free and start exploring opportunities.

For press inquiries, please contact kevin@transparentcareer.com

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