

Who Are The Founders and What Are Your Roles?

Janis Machala, Managing Partner, Paladin Partners, janism@paladinpartners.com

I come across many companies where founders are floundering in lift-off, fundraising, or scale due to team dynamics. Here are just few scenarios I've recently run across:

The founder is a solo act trying to do it all. This is a team sport!

A missing critical role in sales where technically brilliant founders have gotten their first few customers but not been able to scale further.

A husband and wife who don't understand why employees and investors might have an issue with married cofounders.

A technically brilliant founder who's operating in a big space with significant IP but without a business oriented cofounder to capitalize on the IP and show the market traction to secure funding.

A team where the founders are not "all in" and the least in is a sales exec who is hedging his bets but not doing the NewCo any favors by showing up for meetings but not closing deals and getting his hands dirty selling.

Two technical founders with same skills and personalities, no alternate views.

A founder who has a big opportunity and initial customers but everyone is working part-time for equity and she wonders why she can't raise money.

I could go on and show many variants and this is but a small sampling of the various founder situations. Are you "marrying" the right person as your co-founder? Have you considered diversity in skills set, thought, roles? Have you strategically selected your founding team, board members, advisors? What gets you there matters significantly to traction, funding, and strife. I suspect many founders put far less thought into who they co-found a company with than who they date and then marry but you spend a lot of time with these co-founders. Then there's the equity split where everyone gets an equal share and that so often causes problems down the road, especially without a buy/sell agreement so that if one of the founders leave some or all of their shares can be bought back at the same amount they paid for them.

A suggestion: when you're seeking a critical addition to the team consider how to build breadth of experience and to fill the gaps in your background(s). Before you found a company run the founder bios by investors and see how it passes their sniff test. Of course, if you're bootstrapping with your own money all this doesn't matter but if you're taking external funding it's better to test your team before you ink your deals. And if there are gaps, what industry experts can you recruit as advisors to help augment the gaps to legitimize your market acceptance? Founders should look at each decision they make in the early days through the lens of what funders will think of your choices. Team matters too much to leave it to who your friends are or who signs up to be part of the journey but without domain experience to add value.