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# Looking for the Right Co-Founders



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**Character is just as important as capability. Conviction will come later.**

Crunchbase, an online start-up database, indicates that single-founder companies do at least as well as, if not better than, two-founder companies. In fact, amongst start-ups which have managed an exit (via an IPO or an acquisition), more than 50 percent were founded by a single individual.

Single-founder start-ups are neither obligated to find a co-founder, nor doomed if they don't find one. Therefore, if a co-founder has to be brought in, it must be for the right reasons.

In my experience running a venture acceleration programme, founders often add co-founders for cosmetic effect – how they would appear in a pitch – or as zero-salary employees. Both approaches soon fail.

While it is clear how the cosmetic approach could fail, the free-pair-of-hands approach isn't set up for an enduring partnership either. In fact, founders who adopt this opportunistic concept, ironically, often lament the co-founder's lack of commitment to the cause. The reason is simple: When founders are looking for a zero-salary employee, they end up attracting

people who want a stop-gap internship.

## **The importance of character**

Given how much of a start-up journey rides on the original founder, the only good reason to on-board a co-founder has to be an eagerness to share the journey with someone. Perhaps, it is how a single parent would approach remarriage – not for the immediate rewards but for the long-term partnership. Not for capability alone, but for character.

In 1913, Sir Ernest Shackleton, the legendary explorer, was readying for an unprecedented polar expedition. His [views](#) on the people he wanted to take along are worth considering.

Shackleton was reportedly fascinated by the way one of his acquaintances, a theatre company director, described the formation of a repertory company, and how character and temperament mattered as much as acting ability.

The explorer reckoned that he had to balance his crew members too, and that their scientific ability or seamanship, though important, weighed less than the kind of chaps they were.

While capability can perhaps solve problems and win battles, it is character that provides the required endurance and grit to win a war.

## **A “now, next, later” roadmap**

A candidate with both capability and character can be hard to find. Therefore, the first meeting with such a candidate is critical. While it is tempting to use lofty rhetoric, it is much better to hinge the start of a potential co-founder’s journey on something realistic and tangible.

To increase odds of a successful first talk with a potential co-founder, I often ask founders to divide their journey in three buckets: now, next and later. While many start-ups have a clear idea of ‘later’, fewer have a sure grasp on ‘now’ and even fewer can articulate ‘next’. I feel that clarity about ‘now’ and ‘next’ is how a co-founder can find initial alignment. Also, ‘now’ and ‘next’ usually involve concrete steps while ‘later’ is mostly an abstract vision.

In a recent [study](#), Stanford University’s Professor Jennifer Aaker found that participants asked to recycle more materials reported a closer match between expectation and reality than those tasked to support the conceptual

goal of “environmental sustainability”.

I asked a travel start-up founder, who wants to fundamentally change how we sell travel, to clearly articulate his next step. Of course, this exercise takes time but it helped his co-founder pitch go from “I am going to change the way people buy travel” to “I am going to change the way people buy travel and to do that, this is what I plan to accomplish in the next six months”.

I would choose the second pitch if I were serious about a long-term partnership. The ‘now-next-later’ realism is an important tool to carry to the first meeting.

### **What to achieve in the first meeting**

The objective of the first meeting should not be to force a decision. This would be a bit like trying to ‘pop the question’ on the very first date. Not only would it scare the right person, it could attract the wrong person.

I am suspicious of co-founders committing important years of their lives after a 30-minute conversation and a cup of coffee. It is juvenile to expect commitment right after the first meeting. No matter the verbal euphoria, the most you can realistically get after the initial meeting is a fragile nod.

After this fragile nod is achieved, I often suggest start-ups to simply invite prospective co-founders to start working with them, no strings attached. In a sense, it is a bit like agreeing to date more, without any commitment.

If the relationship is meant to be, it develops rapidly; if not, it dies its own death. Fortunately, the start-up environment doesn’t allow fence-sitting for long.

### **Building commitment instead of expecting it**

While we may approach co-founder induction as an event, it is actually a process.

Conviction and commitment grow over time. They are nourished by celebrating successes and conquering adversities together. Since each journey is made up of a series of small, logically connected steps, having continuous clarity on these steps (the ‘nexts’) can set the stage for the celebration of early victories, cementing the team in the process.

Founders are the new-age explorers who are leading expeditions to push the boundaries of the world. They must attract the right kind of people to share the journey, as well as give them time and space to develop their own conviction and commitment. Awareness of the final destination is good, but clearly knowing the next steps is most important.

Much like the start-up journey, co-founder induction is an evolutionary process. It needs time and space. As Lao Tzu said: “Nature does not hurry, yet everything is accomplished.”

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