How Co-Founder Conflict Leads To Founder Departure

by

Kit Hickey

B.A., Colby College

Submitted to the Sloan School of Management
in partial fulfillment of the requirements for the degree of

Masters of Business Administration

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

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December 18, 2018

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ABSTRACT
While one of the main reasons for founder departure is co-founder conflict, understanding co-founder conflicts remains an important yet understudied aspect of entrepreneurial activity. This paper will examine the reasons why founders depart their ventures, identify common co-founder conflicts and explore tactics that co-founders can use in navigating their co-founder relationship.

Thesis Supervisor: Katherine Kellogg

Title: David J. McGrath Jr (1959) Professor of Management and Innovation
ACKNOWLEDGEMENTS

Thank you to Kate Kellogg for inspiring to care about people issues in OP and for taking me on as a thesis advisor seven years later. You gave me confidence that my experiences as an exited founder could help me in interviewing and analyzing the experiences of other founders. Erin Scott for teaching *Entrepreneurial Founding & Teams* with me at MIT Sloan, as much of my interest in this topic came from my work with her. Fiona Murray for her help. Bill Aulet, Trish Cotter, Maura Herson, and Scott Stern for supporting me in finishing my MBA and believing in me as a student, then a colleague, then a student-colleague.
INTRODUCTION AND THEORETICAL BACKGROUND

Founder Exit

When do founders exit new ventures? The small but growing body of literature that looks at founder departure has consistently found that the firms that are most likely to have a founder replaced are the slowest-growing and fastest-growing ventures. This results in a U-shaped relationship between growth and founder departure (Boeker & Karichalil, 2002, Wasserman, 2003).

For fast-growing ventures, founder departure typically occurs when the firm needs exceed the founder capabilities (Auletta, 1998, Daily & Dalton, 1992). Founder exit is more likely to occur when the firm sees rapid growth (Certo, Covin, Daily & Dalton, 2001) or has hit milestones such as completion of product development or raising a large round of outside funding (Wasserman, 2003). Founder exit is also more likely to occur when the firm raises outside capital, and when the firm has a higher number of outsiders on the Board (Boeker & Karichalil, 2002). Research on the life-cycle of entrepreneurial ventures has helped to explain these findings. It shows that leaders focus on creating a market in the early days, and then transition to focusing on operational excellence as the firm grows (Rubenson & Gupta, 1992). A well-balanced team at the beginning of a venture’s life may no longer be considered well-balanced later on as the venture’s needs change (Ucbasaran et al, 2003).

For the slow-growing ventures, founder exit typically occurs because the slow rate of growth signals that the founder does not have the capabilities to effectively manage the company, and the founder is replaced (Blair, 2001). However, while the U-shaped relationship has been shown, there is less probability that a slow-growing firm will have a founder replaced than a fast-growing firm (Wasserman, 2003).

While the literature on founder exit examines factors associated with founder replacement, there is no research, to my knowledge, on the factors associated with founder exit when the founder is not being replaced by the CEO or Board. Indeed, Morris and colleagues (2012) note that entrepreneurship is a “lived experience” but “if entrepreneurship is fundamentally experimental, we know surprisingly little about the nature of the experience.” Similarly, while Boeker & Karichalil (2002) studied the factors that lead to founder departure, they report that they did not look at the “specific motivations (voluntarily or not) of each founder.” And, Ucbasaran and colleagues (2003) note that, while they looked at founder exit, additional research is necessary to understand how conflict affects founder turnover.

In this thesis, I begin to address this gap in the literature by studying how founder experience relates to founder exit.

Conflict as a Key Aspect of Founder Experience

While there is very little research on founder experience, Wasserman (2013) explores this in his book, “The Founder’s Dilemma.” In his research, Wasserman finds that in order to be high-
functioning, co-founders must have alignment on three key issues: relationships, roles, and rewards.


2) **Roles** - How should the founders allocate roles amongst themselves and other senior team members? Who should be involved in making different types of decisions?

3) **Rewards** – When and how should the founders divide equity among the startup team?

While Wasserman argues that these “3Rs” must be aligned for founder success, he does not study how these impact (if at all) founder departure. In addition, Wasserman does not look at how different types of founding teams may experience the 3Rs differently.

Other literature that is relevant to founder conflict is the research on team conflict. That literature distinguishes between task and relationship conflict. Task conflict relates to decisions around what the organization needs to do and how the organizations should do it, for instance: how to distribute resources, procedures or policies or the appropriate action plan. In contrast, relationship conflict relates to personal tastes, values and interpersonal styles (Jehn, 1994, 1995, 1997, De Dreu & Weingart, 2003).

The literature does not address co-founder conflicts that relate to founder departure, and does not examine tactics to address these conflicts.

**FOCUS OF STUDY**

With this prior research to guide me, I sought to answer three main questions:

1) Why do co-founders of successful companies leave their company?
2) Does the founder experience and reason for departure differ for different types of founding teams or different types of founders?
3) What practices or levers do current co-founders have to work through common co-founder conflicts?

**METHODS**

**Research Design**
I conducted a qualitative interview-based study of eleven startup founders. Seven of these founders had left their startup ventures, and four had not. I identified these founders using snowball sampling. All founders had been at their startup between 2 – 10 years. The companies they had founded were all founded by multiple founders and had raised outside capital.
The interviews with exited founders were semi-structured and lasted approximately 45 minutes. During the interviews, I first asked questions relating to the stage, funding and Board composition of the venture. Next, I asked questions focused on the founder journey, from idea to departure. I gathered in-depth descriptions about the processes of idea-generation, splitting equity, and deciding on roles, on founder identities within the organization, and on co-founder conflicts, Board composition, and the dynamics and ultimately reason for departure.

Following a handful of interviews with departed founders, it became clear that it would be beneficial to speak to founders who were still at their startup in order to understand how they had successfully navigated common co-founder conflicts. I identified the four stable founders who are still with their company through a matching approach. I sought to find founders who were similar exited founders with respect to U-shaped sales, number of employees and external fundraising raised. The stable founders have been at their venture for longer than the average exited founder in order to interview founders who had likely dealt with common conflicts. For these interviews, I asked the same preliminarily questions. I then identified the common co-founder conflicts that had been raised in my prior interviews, and asked founders about tactics that they had used to address these conflicts.

<table>
<thead>
<tr>
<th>Founder</th>
<th>F/M</th>
<th>Yrs at Co</th>
<th>Revenue</th>
<th>Employees</th>
<th>Funding Raised</th>
<th>Voluntarily / # Co. Involuntarily Founders</th>
<th>Equity</th>
<th>Idea Person?</th>
<th>On BoD?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equals</strong></td>
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<tr>
<td>Founder 1</td>
<td>F</td>
<td>6</td>
<td>few million</td>
<td>6</td>
<td></td>
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<td>$9</td>
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<td>200</td>
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<tr>
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<td>F</td>
<td>7</td>
<td>&gt; $500</td>
<td>1,200</td>
<td>&gt; $2,75</td>
<td>Voluntarily 5</td>
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<tr>
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<td>$7</td>
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<tr>
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<td>7</td>
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<td>&gt; $3,000</td>
<td>Stayed 3</td>
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</table>

**FINDINGS**

As we would expect from the literature, the majority of exited founders were at ventures that were either experiencing particularly slow growth or rapid growth, and at ventures that had outside Board members. For the founders at the fast-growing ventures, the company had gotten to a stage where they had professionalized, brought in outside managers and had pivoted from the entrepreneurial stage to one that required organizational excellence.
However, in my research, I found five main areas which differ from current research. These findings are:

1) All founder departures were due to co-founder conflict
2) Equal and unequal founders had very different founder experiences throughout their tenure with the company and very different reasons for departing
3) Equal founders departed due to “Direction Conflict”
4) Unequal founders departed due to “Respect Conflict”
5) Co-founders can implement tactics to help manage these common conflicts

The table below shows what the literature would expect for all the ventures I studied versus what I found. While the first two columns of what the literature would expect is aligned with what I found, the third is not.

<table>
<thead>
<tr>
<th>Founder</th>
<th>Departure (M)</th>
<th>Revenue</th>
<th>Equal / Unequal</th>
<th>U-Shaped</th>
<th>Outsiders on CEO</th>
<th>Replaced by CEO or Board</th>
<th>Departed Primarily Due to Direction Conflict</th>
<th>Departed Primarily Due to Respect Conflict</th>
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<tr>
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<td>No</td>
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<tr>
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<tr>
<td>Founder 7</td>
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<td>&gt; $500</td>
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<td>No</td>
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</tr>
<tr>
<td>Founder 11</td>
<td>Stayed</td>
<td>&gt; $2,000</td>
<td>Equal</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
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</table>

**Finding One: All Departures Were Due to Co-founder Conflict**

In contrast to what we would expect given the current literature, every exited founder I interviewed left because of co-founder conflict. While the research focuses on the factors associated with founder exit of founder replacement by the CEO or Board, this was not the case for any of the exited founders I spoke to. Rather, the exited founders I interviewed told me that the reason for their departure was completely a co-founder issue, and that many times the Board had actively stayed out of the conflict. Exited founders I spoke to told me:

“If there was just one of us [founders], I probably would have stayed with the company.”

“I left because of my relationship with [my co-founder].”

“It was very apparent that we [co-founders] could not run the business together going forward.”
Finding Two: Equal and Unequal Founders Had Different Founder Experiences and Different Reasons For Departing

In my analysis of exited founders, I found that both the founder experience while at the company, and the reason for departure, was very different for equal and unequal founders.

While the “3R’s: Roles, Relationship and Rewards” were mentioned by almost all exited founders, I found that an exited founder’s ability to navigate the 3Rs differed according to whether they were equal or unequal founders. Moreover, there were additional major founder conflicts in addition to the 3Rs that varied according to whether the founding team was equal or unequal.

Lastly, my analysis revealed that being in an equal or unequal founding team not only impacted founder experience while at the company, but also reason for departure.

**Equal Founders**

Out of the cohort of founders, 50% were what I call “equal founders”. These co-founders:

- Came up with their venture idea in a collaborative way
- Split equity 50/50
- Were on the Board of Directors
- Were seen as equal leaders within the company (in most of the cases, as co-CEOs)

The exited founders of equal teams had been initially attracted to their co-founder, then to the idea. They had been very motivated by collaboration, building something big with an equal, and the emotional connection that they felt with their co-founder.

The founder experience for equal founders was generally positive throughout the tenure of the company. These founders spoke of a founder experience that was collaborative, fulfilling and generally respectful:

“We were creating something new together and building a movement. We agreed it was a big idea and we were excited and privileged to be tackling it.”

“We really felt like [the company] was a 50/50 thing. Co-creation, co-responsibilities, co-CEOs”

“We came together with the goal of starting a company…we had the thought ‘we’re going to run this together’”

“All of us founders had experiences that helped create [our venture]. Every thought and idea was collaborative and it would be difficult and hard to say that different people brought different amounts of value.”
Equal founders were more likely to have been friends or classmates before coming together, and did not have much differentiation amongst themselves in work experience, network and skillset.

**Unequal Founders**

The second group of exited founders are what I call “unequal founders”. These teams:

- Had a clear “idea” person
- Split equity un-equally
- Have founders that are not on the Board of Directors
- Have more hierarchy between co-founders

All unequal founders I spoke to were not the CEO, did not come up with the idea and had less equity.

The co-founders of unequal teams were drawn to the venture by the mission of the company or drawn to the venture because they respected and wanted to work with the “idea” person. They were very motivated by the problem and the idea that their unique skillset could round out the founding team. While they were motivated by these factors, it was always clear to them that they were not the ones ultimately in full control of the venture. As one unequal founder told me:

“It was always [my co-founder’s] idea, she invested the additional year and I had a lot of respect for that, so there was a clear decision-making hierarchy and I deferred to her.”

In my discussions with unequal co-founders, they discussed being excited about:

“It’s a very mission-driven organization. We help people, which is important to me.”

“I was very drawn to the problem and thought ‘there is a lot I could do.’”

“I think I’m very adaptable so I ended up filling in [my co-founders] gaps.” “I was so valuable because I doubled her capacity.”

Unequal founders were more likely to have been prior co-workers or came together from one founder recruiting the other. These founders were more likely to have differentiation amongst themselves in work experience, network and skillset.

The founder experience for unequal founders was generally less positive than the founder experience of equal founders. While they were fulfilled by the mission or idea of the company, they look back on their tenure at the company in a less positive light, particularly around experiences that highlighted their inequality. Some examples of these are:
“[I got much less equity]. I was like ‘really guys? You had like three meetings before I was brought on-board. I’m not complaining but as I approach things that can cause friction, this is always in the back of my mind.”

“The direction of the company was completely charted by [my co-founder].”

“I couldn’t let myself think about what I wanted out of the company because I couldn’t.”

Finding Three: Equal Founders Left Due to Direction Conflict

Equal founders typically departed their ventures due to one large conflict. In my cohort of equal founders, the two large conflicts cited were:

- Fundamental difference in how to strategically grow business
- Change from co-CEOs to one CEO

I call these two conflicts “Direction Conflict” as they represent a conflict in how the business was going to be run: how to strategically grow it and who was in charge going forward.

While the equal founders had previously worked in a collaborative way, this Direction Conflict seemed so insurmountable that they could not figure out a way forward. These founders often speak about coming to an impasse where they know one founder needs to leave:

“Initially I had approached her, the business was doing very well and I approached her wanting to buy her out and continue to run the business and I was told ‘no, not at any price.’”

Another equal founder (who was co-CEO with her co-founder) told me:

“[My co-founder started to question] her role in the business. She suddenly had the mentality ‘if I’m not in charge I shouldn’t be here at all’…she became pretty clear about her need to be CEO.” Four weeks after they switched roles “she said it was not working and she fired me.”

The founder experience until the large Direction Conflict was generally positive for equal founders. These founders typically started their venture motivated by a collaboration with their co-founder, and often spoke fondly about the early days of collaboration, brainstorming and working as a team.

Role of Maternity Leave on Equal Founders

Interestingly, for the two female equal founders, the Direction Conflict surfaced at the same time that one founder took maternity leave. Both founders spoke about the feeling that when one of the founders was on maternity leave, there was a shift and things no longer felt equal. While
both founders pointed to a separate reason for the departure, the shift in equality brought upon by maternity leave seemed to play a role.

“There was a period of time following [my co-founder’s maternity leave] when things felt more distant, I had a huge level of responsibility.”

“When I got pregnant, my partner realized I wouldn’t be able to give 110% and started to question a way forward. At the same time, I couldn’t continue to fund the business. I wanted to raise capital and grow much faster or move on.”

Finding Four: Unequal Founders Left Due to Respect Conflict

Unequal founders, on the other hand, typically cited numerous reasons for leaving their venture. These founders typically discussed many micro-conflicts that had arisen over the years and ultimately caused the founder to leave when they got to a point where they felt too marginalized to be effective.

The micro-conflicts that unequal co-founders brought up revolved around:

- Lack of influence
- Not being on the Board of Directors
- Challenges in finding an appropriate role as company grew
- Feeling under appreciated
- Feeling like an employee, not co-founder

I call these conflicts “Respect Conflicts”. No single Respect Conflict was large enough to cause the founder to leave. However, many of the Respect Conflicts end up adding up and the founder leaves based on a combination of factors. Unequal founders spoke about the Respect Conflict in ways like:

“It shifted from working with [my co-founder] to working for her.”

“I was a co-founder but felt like I was more in a support role. It felt like more a boss/employee relationship.”

“I’ve never entirely felt like an equal. I’ve always had a chip on my shoulder.”

“I had little to no impact on exit or strategy.”

While both equal and unequal founders mentioned the Respect Conflict, typically equal founders either: a) only felt under-appreciated when they were in the process of departing the company or b) had constructive ways of working through the Respect Conflict. The unequal founders on the other hand, mentioned instances of being under-appreciated throughout their time at the company and did not tend to have healthy ways to address the conflict.
Finding Five: Co-Founders Can Implement Tactics to Help Manage These Common Conflicts

To better understand the tactics that can be used to address these conflicts, I interviewed stable founders. With each stable founder, I walked through the common conflicts, and we discussed tactics that their co-founding team employed to help mitigate the effect of that conflict.

The themes that I discovered in my interviews with the successful founders are:

<table>
<thead>
<tr>
<th>TACTICS</th>
<th>Conflict Addresses</th>
<th>% DEPARTED FOUNDER</th>
<th>% STABLE FOUNDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedural Justice</td>
<td>Strategic differences, equity, respect</td>
<td>43%</td>
<td>100%</td>
</tr>
<tr>
<td>Prevent information asymmetry between founders</td>
<td>Lack of influence on company direction, strategic differences, respect</td>
<td>29%</td>
<td>100%</td>
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<tr>
<td>Proactive recognition</td>
<td>Respect</td>
<td>33%</td>
<td>75%</td>
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<td>Regular processes to deliver feedback to each other</td>
<td>Respect</td>
<td>14%</td>
<td>50%</td>
</tr>
<tr>
<td>External coaching</td>
<td></td>
<td>43%</td>
<td>50%</td>
</tr>
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</table>

Successful Tactic: Use Procedural Justice

Stable founders were much more likely to focus on how their founding team made decisions rather than on the outcome of those decisions. When they made decisions, the stable founders typically took the time to separate the problem from the solution and ensure that they have the correct information to make the right decision. In addition, stable founders would typically focus on taking breaks to gather more information and typically had a clear process that all founders agree on. Lastly, stable co-founders accepted that as the company scales, not all co-founders can be a part of every decision.

One stable co-founder told me:
“If we are on opposing sides, we take a break and come back at it tomorrow. Instead of fighting, we focus on: “what is the process with how we will make this decision? What information do we need to make the decision?”

Another stable co-founder told me:

“[if we disagree], we will have 5 – 6 sessions with each other. We look at arguments on both sides. We will discuss, take a day off [to gather additional information], discuss again, etc... We try to keep each discussion to 60 minutes.”

According to another stable co-founder:

“[Decision making] has to change because there are so many decisions to be made, and everyone doesn’t have access to the same information. You go from three founders with input on everything and strive for consensus to a larger company with different roles, different meetings, different responsibilities. So it excludes you [from being a part of every decision]. That means letting go.”

In contrast, exited founders did not have a focus on procedural justice. Rather, they spoke about not having a defined decision-making process and were more focused on the outcomes of decisions than the process. For example, one exited founder told me:

“Things were fine for a while, but we [co-founders] would debate things forever. We had unproductive conversations and we became super frustrated with each other. [My co-founder] was so controlling and focused on the wrong things, which slowed down the business.”

Because there is not a focus on the process of making decisions together, exited co-founders cited feeling marginalized in the decision-making process. From one exited co-founder:

“My ideas would get shot down. Because instead of having days to discuss together, I would get the same 30-minute meeting that any employee did.”

**Successful Tactic: Prevent Information Asymmetry Between Founders**

Stable founders had tactics to mitigate information asymmetry, and recognized the importance of building in tactics so that all founders could share important information. The stable founders often spoke about the fact that if all co-founders were given the same information, they would make the same decisions; so, building in tactics to share information was important. From one stable founder, I heard:

“If both have same info, would be rare to make different decisions. Therefore combatting information asymmetry is a priority... we sit next to each other which helps facilitate informal communication.”
A second stable founder told me:

“We do have constant communication. [Co-founders] speak throughout the week on key topics and are always talking to each other. We have a weekly meetings where we bring up key issues and we go to dinner just by ourselves regularly.”

A third stable founder said:

“We used to have weekly founders’ meetings that are now monthly. It’s really important because we can cover information that may fall through the cracks. They also are important because they show that the founder relationship is something to dedicate time and energy to.”

In contrast, exited founders spoke less to each other as their companies grew (and their co-founding relationship deteriorated), which contributed to both information asymmetry but also less of a personal relationship between co-founders. Exited co-founders were much more likely to cite the impact that lack of communication had on their relationship with their co-founder.

One exited founder told me:

“We were close socially then started to feel less so and we stopped communicating outside of work.”

Another told me:

“[My co-founder] is really good at compartmentalizing. She withdrew from the intimacy.”

Successful Tactic: Proactive Recognition & Respect

Stable co-founders recognized that as the company grew and not all co-founders shared the limelight equally, it became essential to publicly share recognition and respect. As stable co-founder told me:

“In the early days the founders are a unit...all three of us played the same role symbolically in company events. As that evolves, it becomes clear that one person is CEO and he is on stage, leading meetings and running Board meetings. So suddenly the other co-founders take a back seat. Those are distinct moments in time, but more generally the question becomes – do you still feel valued within teams? Should I even be here if I’m less important? The CEO should keep in mind that co-founders need explicit reminders. Do you want them there or not? Founders aren’t the most empathetic. They start young, are self-centered and are quirky. Most don’t have the nuanced skills to realize this is important. Recognition is important otherwise you can get resentment.”
As the founder above mentioned, one important aspect of proactive recognition and respect is the acceptance that the co-founding dynamic changes as the company grows and accepting this change. This same stable founder expressed that change as:

“It is hard to let go. The role of the CEO is well defined: they are responsible for everything. And as CEO you build the company around you. But if you are a founder that is not the CEO, you don’t have as much ability to create a company around what you need. It’s like the sun. There is only one sun and everyone has to orbit around the sun. Suddenly as a co-founder, you have to figure out how to orbit around the one sun, the CEO. And that’s a pretty big change.”

Another stable co-founder told me:

“We all express thankfulness…we have a lot of overlap but also have differences. Those differences are what we are grateful for and what we appreciate. That’s taken time. It has helped with feeling of un-appreciation that we recognize that the other [co-founder] brings things of value.”

Conversely, exited co-founders did not speak about being recognized publicly or recognizing their co-founders publicly. Rather, they spoke about feelings of under-appreciation, leading to the Respect Conflict.

Successful Tactic: Regular Process to Deliver Feedback

Lastly, stable co-founders were more likely to have regular processes to deliver feedback to each other. As one stable co-founder told me:

“Even in the very early days we would go to [the same bar every week] and give each other feedback. It would be things like ‘you know, when you email me a 10-page email at 2am it really frustrates me. It was a great way to not let things build up.”

The stable co-founders above still meet monthly to deliver feedback to each other. In contrast, a departed co-founder told me:

“We were felt underappreciated in different ways. We discussed this a lot in the early days but not so much in the later days.”

Unsuccessful Tactic: External Coaching

Almost all exited founders told me that in retrospect they wished that they had tried coaching. However, the effectiveness of coaching is more complex. While stable founders were more likely to use coaching as a tactic, they did not believe it was fully effective. As one stable founder told me:
“Sometimes [the coach] would try to create or “uncover” stuff that they didn’t think was there. But every so often a coach helps. For me it mostly helps with making decisions faster.”

When I asked another stable founder if coaching was effective, he replied:

“Yes and no. Yes, in a sense that coaches can point out what is obvious and draw attention to it. But it depends who is driving [the coaching]. I think the CEO needs to drive it and [be proactive in creating a] healthy dynamic. If the person [who feels under-appreciated] drives the coaching, it doesn’t work.”

Two exited co-founders had tried coaching as a way to resolve their differences when they started thinking about leaving the venture. In both cases, the co-founding relationship had deteriorated so much by the time a coach was used that the coach was more of a mediator between the two-founders to execute an inevitable departure. As one departed founder told me:

“The coach was awful for me. At the end of the day he saw that the relationship was fundamentally broken so he tried to focus on getting to an outcome.”

A second founder exited founder told me:

“[We saw a coach] as we were in over our heads. But I started to think about leaving rather than try to solve for issues in the relationship.”

With respect to coaching, it appears that coaching, like all tactics above, may be best if it is a preventive not a reactive measure. The co-founder who found that coaching was “awful” for her later told me:

“Any co-founding relationship needs continued work. We should have had a coach all the way through.”

CONCLUSION

While one of the main reasons for founder departure is co-founder conflict, understanding co-founder relationships remains an important yet understudied aspect of entrepreneurial activity. Who an entrepreneur selects as a co-founder, how they structure themselves (equal vs. unequal) and what tactics they develop to communicate, relate and work as the company scales has large implications for the founder experience and ultimate founder departure.

I began this study analyzing a cohort of exited entrepreneurs to understand why founders departed their companies and if there was a difference between male and female entrepreneurs. As I got further into my analysis, I realized that the more prevalent difference in this cohort was between equal and unequal entrepreneurs. By including stable founders in my cohort, I was able to further my analysis to include tactics that co-founders can use to maintain and strengthen their co-founding relationship.
From the literature, we know that founders from fast-growing and slow-growing ventures are the most likely to depart, and that factors such as outside Board members, external capital raised and a professionalizing of the venture also impact founder departure. We also know in order to be successful, co-founders must align on roles, relationship and rewards. However, the current literature does not show that co-founder conflict impacts departure, and does not identify additional conflicts that lead to co-founder departure.

This thesis contains five major findings in addition to the literature. These findings are:

1) All founder departures were due to co-founder conflict
2) Equal and unequal founders had very different founder experiences throughout their tenure with the company and very different reasons for departing
3) Equal founders departed due to “Direction Conflict”
4) Unequal founders departed due to “Respect Conflict”
5) Co-founders can implement tactics to help manage these common conflicts

Equal founders were motivated by working with their co-founder and by the collaborative nature of starting a company together. They generally had a positive founding experience and highlighted the egalitarian nature of their team as a positive. Their reason for departure was typically caused by one large conflict, the Direction Conflict. On the other hand, unequal founders were motivated by the idea or by joining their co-founder, the idea person. They generally started out feeling unequal to their other co-founder(s), although they recognized and accepted that in the early days. As the company grew, unequal founders felt more and more marginalized and unequal that they exited the venture due to this Respect Conflict.

Stable co-founders developed tactics to help them navigate these co-founder conflicts, and the tactics were often practices that the stable co-founders had to be deliberate about. Like any relationship, the co-founding relationship is one that needs attention and dedicated commitment to. Many of the stable co-founders told me that they had to develop these tactics over time and they were not things that came naturally.

The major limit of my study was the small sample size. I have additional interviews scheduled and plan to add to my study in a different context after this paper. However, for now, the sample size is small. In addition, due to the snowball method of finding founders, the cohort may have similarities that can not be generalized to the greater population.

When I left my own venture, it was an isolating and difficult experience. I received poor advice from otherwise very knowledgeable mentors. I have come to understand that this was not a unique experience. Because founder departure is a topic that is seldom discussed (both due to founders still having equity in their old ventures and the fact that most founders sign non-disclosures after leaving their ventures, even if voluntarily) it is difficult to find best practices or even people to share their learnings. I hope that by analyzing this topic, I am better able to educate and advise entrepreneurs on navigating their co-founding relationship, developing tactics to manage common co-founder conflicts and executing on their eventual departure, if it comes to that.