



For Richer or Poorer

PICKING **THE RIGHT CO-FOUNDER** IS ARGUABLY THE MOST IMPORTANT DECISION AN ENTREPRENEUR WILL EVER MAKE. BE SURE YOUR PARTNER CHECKS THESE BOXES.

BY JEFF SKLAR

When it comes to personal relationships, the old saying goes that breaking up is hard to do. That's why people date and get engaged *before* getting married. The theory is that, with enough quality time upfront, we will pick the right life partner and enjoy a fulfilling "forever after."

So why do so many entrepreneurs ignore this same issue when picking a co-founder of a new business?

There is no question that starting a new business with another person is exciting and emotional.

Imagine that you have found someone who shares your vision and passion for an innovative product or service. You brainstorm late into the night sharing radical and transformative ideas that you are sure will solve a problem and maybe even change the world. You spend hours laboring over your deck and business plan, making them absolutely perfect, united by a common goal of launching this new venture.

But as you and your new partner race through this honeymoon period, how much time did you spend getting to know each other *as people*?

Sure, you talk, text, connect over video chats, trade DMs, and maybe even meet in person every single day and late into the night. How could you not know each other, right? Wrong.

Too often, entrepreneurs rush headlong into a new joint venture, focusing on everything *except* getting to know their co-founder. This is understandable in some ways. Speed to market is key when launching a new technology or business and, on top of that, who wants to spend scarce time talking about such fuzzy things as, "Where do I see myself in 10 years?"

But, as many entrepreneurs have learned the hard way, if you don't get to know your co-founder and choose wisely, you may pay for it with significant time, stress and treasure later.

So what can you do in order to maintain the momentum as you launch your new business while also spending at

READING LIST

LEAD WITH WE

The Business Revolution That Will Save Our Future

By Simon Mainwaring

Simon Mainwaring is the founder and CEO of We First, a branding agency that helps businesses define their purpose and share it with the world. We First has worked with myriad big companies, from Sony and TOMS Shoes to the XPRIZE Foundation and Virgin Unite. Mainwaring's third book (previous titles include *We First* and *Mark, Mutuality and Mental Health*) explores how companies should begin *leading with we*, or putting the collective above the individual.

Lead With We is broken into three easy-to-digest sections about how businesses can become true leaders and create lasting changes that will help others and the planet at large. You'll come away from the book with keen insight into how your company can be both profitable and philanthropic.

"We must all lead (proactively decide to do something meaningful, to affect change) with (accumulate like-minded collaborators along the way) we (aim toward a collective, positive future, encompassing all)," Mainwaring writes. "A leadership opportunity awaits for companies that seize this moment most fully and execute accordingly." (November; Matt Holt Books; \$26).

S NOTES

least some critical time upfront getting to know the person who may be your business spouse? My co-founder and I successfully started and have grown our law firm by adhering to these simple principles, and our experiences with clients have proven how important they are to mutual success.

R-E-S-P-E-C-T

Keep an eye on how your partner treats you and others in your orbit. Do they speak with you and others professionally and respectfully? What about underlings and service providers? Do they treat them fairly? Are they clear and patient? Do they cast blame on others if something goes wrong? It is easy for everyone to be on their best behavior when things are going smooth, but how do they act when the pressure is on?



This is about more than just your feelings.

One thing is for sure: If they are not respectful and professional upfront, it will get worse later, especially if the business is successful and real money is involved. Now, maybe you are OK with this style and it doesn't bother you (and maybe you even feel that it complements your own personality). But you need to make a very conscious decision upfront about the type of person you want to work with.

In addition, you need to make a decision upfront about the type of culture you want to create in your new business and whether you and your partner view the culture in the same way.

This is about more than just your feelings. Although you may be willing to tolerate your co-founder's "idiosyncrasies," other key players may not, and that may impact the overall success of the business.

COMMUNICATION AND COMPROMISE

Are you a communication match? Does one of you need to talk things out while the other needs time alone to cool off when there's a dispute? Can you have open dialogue between yourselves about your disagreements without those conversations becoming stressful or explosive? And how successful are you at reaching compromise?

If you and your co-founder are not a communication match, you are destined for some rough roads ahead. You do not need to agree on everything, that is for sure. But you do need an effective mechanism in order to exchange ideas without unnecessary drama and stress. And keep in mind that if the two bosses are screaming at each other, it will undermine your whole team.

VISION OF SUCCESS

What does success look like and do you view success the same? For some, success is a steady and manageable small business that pays reliable salaries. For others, success is an IPO on the New York Stock Exchange.

Although it is impossible to predict success upfront, it is a good idea to at least talk about how you would feel about the possible outcomes and make sure you are aligned.

Even if you define success differently, that is not a deal-breaker for your partnership. It just means that at some point in the future, your roads may diverge. You can either have that be a stressful surprise later or an open conversation upfront.

RISK TOLERANCE

As an operator of a business, you will have many decisions to make that are a function of your risk tolerance.

Even if you are completely different in this category, it might benefit both of you, as the risk-taker pushes the team further and the conservative partner keeps the whole car from going over the cliff. That yin and yang can be a huge advantage, as long as you are a match in the other categories, especially communication and compromise.

INTEGRITY AND HONESTY

Two people who are honest and have integrity can go far together, even if they are otherwise polar opposites.

On the flip side, a partner who lacks integrity or honesty is like having a hole in the boat—you will be destined to sink if you set sail with such a person, even if you get along on all other fronts. If you cannot trust your partner, your relationship will fail.

One final thought: Despite the lack of money and the need for speed upfront, you should absolutely work with an experienced lawyer who can help you prepare a partnership agreement or comparable documents between you at the outset of the relationship. Entrepreneurs have a variety of reasons for not doing this (money typically being the key consideration). They say we will do it later, if we are successful.



Jeff Sklar

Unfortunately, without agreements upfront, you will have no mechanisms to resolve a dispute later other than slugging it out, which is much more expensive than if you spent a little money on an agreement at the outset.

So spend a few minutes today to size up your future partner. Take an honest look at yourself, while you're at it. Are you a match? ♦

SKLAR IS THE CO-FOUNDER OF SOUTHERN CALIFORNIA-BASED LAW FIRM SKLAR KIRSH LLP, A BOUTIQUE LAW FIRM THAT PROVIDES EXPERT ADVICE IN THE AREAS OF CORPORATE, REAL ESTATE, BANKRUPTCY AND ENTERTAINMENT LAW AS WELL AS COMMERCIAL, REAL ESTATE AND ENTERTAINMENT LITIGATION.

Bad books were *so* last year.
Leave them there with help
from a BELAY Bookkeeper.



VIRTUAL ASSISTANTS • VIRTUAL BOOKKEEPERS
WEB SPECIALISTS • SOCIAL MEDIA STRATEGISTS

MODERNIZED SMALL BUSINESS STAFFING FROM BELAY.

SCAN TO LEARN MORE:



BELAYSOLUTIONS.COM