What I Think You Think About Me Matters!

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"Displaying empathy allows others to open up to you and honestly communicate their challenges, successes, motives, and more. This provides a level of depth and meaning to the relationship that helps everyone truly desire shared success."-   Natanya Wachtel, psychologist and a serial entrepreneur[1]

Cofounder relationship management is often deemed as a soft skill by entrepreneurs during the early stages of their startup efforts. Certainly, when the stakes are that high, passion is boiling, and achieving goals is critical, who has the time to pause for warm fuzzy feelings? In 2009, Paul Graham, the co-founder of Y-Combinator (YC), emailed all the founders associated with the accelerator, asking what surprised them the most about starting a start-up. Founders responded with a list of unexpected things they encountered during the startup process, and the most repeated response was, "Be careful with cofounders."[2]

Founders of successful start-ups often share the difficulty in maintaining a healthy relationship with their cofounders. Research reveals that nearly 65% of start-ups fail due to cofounder conflicts[3] and 43% of entrepreneurs are forced to buy out their cofounder due to disagreements in decision making or power struggles.[4] Thus, even while sharing a common vision, expecting that cofounders would agree with each other on critical decisions seems impossible, maybe even unreasonable. To all founders, their venture is like their baby. The cofounder relationship can be like a marriage set in a high-pressure environment. Disagreements in decision-making can sometimes culminate in conflicts so fatal that, beyond causing setbacks to the venture, they can ruin even the closest of relationships. What can entrepreneurs do to enrich their relationships with cofounders?

One way to answer this question can be found in the decades of psychology research on romantic couples. Psychologists find that empathy between partners is one of the most effective ways to maintain a healthy relationship, even in times of conflict.[5] Efforts to empathize with a partner could lead to better communication, enhance understanding, and help build a strong emotional connection.

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[1] Vitasek, K. (2023). 3 Reasons Empathy Is Vital For The Solidifying of Business Partnerships. Forbes.

[2] Graham, P. (2009). What Startups Are Really Like. Paul Graham Website.

[3] Wasserman, N. (2012). The Founder's Dilemma.

[4] Johansson, E. (2019). Cofounders Are Fighting So Much That Nearly Half Are Forced to Leave the Startup. Elite Business Magazine.

Applying the lessons learned from romantic relationships, we conducted a study where we paired up 124 participants at a technology hackathon into 62 cofounder dyads. We studied how they empathized with each other. Participants reported on two aspects of empathy – directed and perceived empathy. Directed empathy was a measure of how much empathy an entrepreneur expressed towards their cofounder. Perceived empathy was the amount of empathy each entrepreneur estimated coming from their cofounder. These scores also allowed us to calculate whether the entrepreneurs accurately estimated the thoughts and feelings of their business partner.

Most interestingly, we found that cofounders who overestimated the amount of empathy their cofounders felt for them were more satisfied with their relationship. Underestimating the amount of empathy received from cofounders, on the other hand, adversely affected their relationship satisfaction. Also, we uncovered that there was a positive relationship between the relationship satisfaction between cofounders and their team performance scores.

These findings suggest that for a founder, overestimating their cofounder's empathy initiates a self-fulfilling prophecy by creating an illusory world wherein their cofounder is highly empathetic towards them. This belief fosters a feeling of security, trust, and optimism about their relationship with the cofounder, further contributing to mutual decision-making, better understanding, and fewer conflicts.

Key takeaways and suggestions for cofounders

1. **Prioritize having a healthy relationship with your cofounder(s) from day one**. Relationships are like a living organism. They need nourishment every day. Making efforts for your relationship is the only way to have an effortless relationship.
2. **How you deal with conflicts matters more than the conflict itself**. It is easy to be swept by the current of emotions during a conflict. Consciously taking a break to calm down, making an effort to understand your cofounder's perspective, paraphrasing their perspective to avoid misunderstandings, and clearly communicating your viewpoint to them are some ways to deal with a conflict.
3. **Overestimating your cofounder's empathy does not hurt**. Having positive illusions about your cofounder(s) has multiple relationship-enhancing benefits. It fosters enduring relationships with a reduced risk of conflicts and doubts.
4. **Positive illusions cannot turn into delusions**: While slight overestimation is beneficial, one cannot ignore the red flags. The best way to deal with this is to get a third person's perspective on your cofounder relationship.

As cofounders of a startup navigate the roller-coaster ride of dealing with success and failure, empathy for each other could make the experience worthwhile and enriching. If the relationship survives, there is always a new venture to prospect tomorrow.

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[5] Brandt, A. (2020). The Secret to a Happy Relationship Is Empathy. *Psychology Today.*