If you are trying to get your venture off the ground, you must have by now realized how overwhelming the task is. Onboarding a cofounder would ease up the process. However, selecting “the one” is inevitable for the venture’s success. Adding to your woes is the alarming statistics of partner fallout, which hovers around 50%. If searching for a cofounder is difficult, it is even more difficult to maintain the partnership. So, who do you swipe right for?

Almost every article on ‘how to pick a co-founder?’ comprises two major advice; a) select people who have goals similar to yours and/or b) select people with resources complementary to yours. If the process involves ticking just two boxes, why do we witness such large instances of partner fallouts? Certain traits essential in the partnership are not formed early on and develop only as you assume roles in the firm.

Consider Zipcar’s founder Antje Danielson who was fired from her own company by her co-founder Robin Chase because of conflict. “As the company came together, we grew apart. We live in the same town and we still don’t talk” said Antje Danielson[1]. Such co-founder fallouts aren’t so rare. Another example is that of Mission Motorcycles, a San Francisco-based start-up that sells high-performance electric motorcycles. Vincent Ip was brought on board by co-founder Mark Seeger when the company started in May 2013. By November 2013, however, Ip was kicked out of the company. An ensuing lawsuit claims that Ip had acted unprofessionally.

We conducted a study to understand what causes cofounder conflict. By surveying 240 founding teams, we found that a mismatch in the relational schema and a mismatch in the cognitive style of the founder and the co-founder leads to conflict and eventual partner fallout. However, perspective taking and transparent contracting practice decreases the effect of these mismatches on the founding team conflict.

So, how can you use this information to avoid co-founder nightmares?

1. While selecting a co-founder look for co-founders who think about relationships as you do. Both of you should be on the same page about how benefits and resources are allocated. Suppose the team is trying to decide how to allocate vacation time among its members. In this context, the four relation schema (RS) are as follows:
Equality Matching - Members will rotate in taking a week off.

Authority Ranking - The highest-ranking member (e.g., the CEO) gets the first choice of vacation dates and length of vacation time.

Market Pricing - Members will be rewarded vacation time for important accomplishments, such as securing a certain amount of funding or meeting an R&D milestone.

Communal Sharing - Vacation time is allocated to the team member who needs it the most.

Both you and your co-founder should agree on following a similar relational schema while taking pecuniary as well as non-pecuniary firm related decisions. While selecting a co-founder provide them with various scenarios to understand their preferred relationship schema and check if it matches with yours.

2. Consider forming co-founding ties with people who have a similar preference for structure while dealing with change. You are more likely to develop conflict if you prefer structure and rules while your co-founder eschews structure.

But wait, what if you have already formed a team with people different from you or you wish to onboard a person but your relation schema and/or cognitive styles don’t match or when you aren’t clear on the matching of the above two conditions?

1. Consider following a transparent contracting practice amongst your members. Explicitness and transparency about expectations are the characteristics of an effective contract. Contracting increases agreement about how to manage the firm. Spend a considerable amount of time to articulate, deliberate, and reflect on both of your expectations. If even it makes you uncomfortable to discuss

2. Consider the presence of perspective-taking in you for your member and vice-versa. Perspective-taking is when you put yourself in another’s place. Deliberate on whether you and co-founder take into consideration each other’s viewpoint, or at least perceive to consider and have concern for each other’s needs and interests. Individuals who can take into account the viewpoint of another are viewed more positively and be perceived as showing a greater concern for the needs and interests, of others.

In conclusion, perceptions of exchange partner fairness is the key to a successful relationship.

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