

## **I Am A Newbie To Entrepreneurship: What About The Process Of Forming A Startup Team? Any Advice?**

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*"I did not know how to do it, I did not know anything, I did not know whom to ask, so it took me a long time. It was existing, even if difficult and tiring. The people I found are precious to me because I struggled to find them".— A reflection of a nascent lead entrepreneur on her experience forming a startup team.*

A significant issue nascent lead entrepreneurs encounter is that they typically lack the experience and knowledge required to form a startup team. In recent years, the prevalence of nascent entrepreneurs has been noticed globally, where in different countries, more than two in ten adults are involved in early entrepreneurial activities. Unfortunately, half of these activities are accompanied by business exits, with most considered negative, reflecting the thrill and obstacles of starting an entrepreneurial journey. To deal with these challenges, nascent entrepreneurs look for co-founders to help them in their entrepreneurial journey; this process is what we call startup team formation. Accordingly, startup team formation plays a significant role in determining team and startup performance. Despite the significance of this issue and the popularity of startups run by teams, picking up co-founders remains a difficult task, especially for nascent lead entrepreneurs.

These entrepreneurs often look for suggestions on how to form their teams; their startups are usually regarded as babies by them, meaning the involvement of a co-founder is akin to choosing a partner to raise and grow their "beloveds." But who is a nascent lead entrepreneur? It is anyone facing the following scenario: *"I have never been an entrepreneur, I have no idea how to form a startup team, and I am figuring out who can help me."*

Although the startup formation process is crucial for nascent lead entrepreneurs, this issue has been overlooked in entrepreneurship. We aim to explore the process that underlines the detailed formation of startup teams, serving as a guide for prospective nascent lead entrepreneurs in establishing their teams. We do so by responding to the following question: How do nascent lead entrepreneurs form their startup teams from the onset?"

Our deep analysis through interviews and other data sources of 12 startup teams revealed several key findings. Surprisingly, nascent lead entrepreneurs' decisions reflected a high awareness of team members' inclusion. First, nascent lead entrepreneurs undergo several steps when forming their teams. These steps vary depending on whether entrepreneurs include potential co-founders they already know (i.e., from their small circle) or someone new to them. For instance, when deciding to include a person who is not well-known, entrepreneurs perform more activities to get familiar with the personal aspects of the potential co-founder after assessing their competencies. This requires entrepreneurs to put in more effort to achieve the desired team composition. We add that entrepreneurs first look for potential co-founders within their close circle, but when they don't find qualified people, they seek potential co-founders outside of that circle.

Second, unlike the dominant view of solely considering personal aspects when selecting co-founders from the close circle and skills when looking outside for weak ties, we found that entrepreneurs' decisions reflected consideration of both the skills and interpersonal characteristics of potential co-founders. Entrepreneurs use a funnel approach to find qualified individuals for the foundation effort when choosing co-founders from their close network. Similarly, they consider personal qualities when looking for co-founders beyond their immediate connection.

Lastly, ET formation can take different forms— nascent entrepreneurs can systemically choose their co-founders through a deliberate process, which we call planned ET formation, or spontaneously, which we call unplanned ET

formation. The variation in the formation form depends on the network setting. While planned and unplanned team member additions occur in the inner circle, just planned ones arise outside.

### **Takeaways for nascent lead entrepreneurs.**

We provide findings that underpin a comprehensive understanding of how nascent entrepreneurs actually make their decisions to choose potential team members from the first day of their entrepreneurial endeavors. Prospective nascent entrepreneurs striving to form their teams can obtain immense value from observing their counterparts' steps to selecting their co-founders in different network settings. Our findings show that skills and personal characteristics are constantly considered when selecting co-founders. This indicates to prospective nascent entrepreneurs the possibility of finding qualified people among their close connections while also considering the personal traits of potential co-founders distant from them.

We also observed that many lead entrepreneurs sought members from the outer world at different meeting events, serving as an encouraging sign for prospective entrepreneurs to consider distant individuals, as many times, some specific expertise they are looking for might be absent in their small circle. However, they should be aware that choosing these members requires different procedures as they are unknown to them on a personal level. In this regard, additional activities might be needed, such as gradual collaboration like their counterparts did, to help build and maintain effective relationships with weaker connections before selecting them as co-founders.

Beyond entrepreneurs, company managers responsible for assembling project teams through a recruitment process can also benefit from these findings. Although the context differs, some principles may still apply when choosing individuals collaborating toward the same goal.

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