



IgniteX CONCEPT BOOKLET

Module 10

Lesson 1: Finding Co-Founders and Mentors

Context:

Starting a new venture is challenging, and finding the right cofounders and mentors can significantly enhance your chances of success. Running a business is a multifaceted affair. In reality, doing this all by yourself does not always work. Bringing a co-founder on board can help you distribute this massive workload.

Mentors can be crucial for startups to succeed because they can help founders navigate the complexities of running a business and avoid common mistakes. This collaborative approach mitigates risks and accelerates the path to achieving business goals.

Program overview, & your **Venture Journey** over 14 weeks

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| 1. Problem Identification | 2. Customer Identification & Needs Validation | 3. Solution Idea Generation |
| Week 1 | Weeks 2-3 | Week 4 |
| <ul style="list-style-type: none"> Orientation Develop Macro Industry-Problem view Discover 'Real World' Problems Analyze Problems | <ul style="list-style-type: none"> Identify customer segments Outline 'jobs-to-be-done' Develop Initial Customer Personas Understand Customer Validation Validate Customer-Problem fit Refine Customer Personas & Problem | <ul style="list-style-type: none"> Understand Ideation techniques Generate Solution Idea Map Solution-Problem fitment |
| 4. Opportunity & Competition Mapping | 5. Prototype Development & MVP | 6. Opportunity Feasibility Assessment & Sizing |
| Week 5 | Week 6 | Week 7 |
| <ul style="list-style-type: none"> Identify & map Global competitors Review Industry Trends Size the Market | <ul style="list-style-type: none"> Understand Prototypes & MVP Build a Prototype Use Prototype for early Validation | <ul style="list-style-type: none"> Determine your Relative Market Position Estimate Opportunity Size and its Scope |
| 7. Business Modelling | 8. Marketing & Sales Strategy | 9. Financial Management for Profitability |
| Week 8 | Week 9 | Week 11 |
| <ul style="list-style-type: none"> Understand Revenue Model Understand Lean Canvas Build the LC for your Startup | <ul style="list-style-type: none"> Understand Marketing & Sales Understand & Define Go-To-Market (GTM) approach Understand Sales Process | <ul style="list-style-type: none"> Understand Startup Costs Understand Profitability Getting Started with Financial Planning Understand & Explore Bootstrapping options |
| 10. Team & Talent Requirement | 11. Orientation for Scale | 12. Venture Idea Feasibility Presentation |
| Week 12 | Week 13 | Week 14 |
| <ul style="list-style-type: none"> Building a Founding team (A Team) Founding team members (Co-Founders & Mentors) Defining your Team Requirements | <ul style="list-style-type: none"> Thinking Beyond the Prototype - Scale Opportunity & Orientation Getting Story Telling Right Pitch preparation | <ul style="list-style-type: none"> Practice Pitch Final Pitches |

Concepts Covered in this Lesson

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| Finding Co-Founders: <ul style="list-style-type: none">• Understand why having a co-founder is important.• Traits of a Co-founder• Reasons for conflicts with cofounders.• Ways to avoid conflicts with cofounders. | The Need for Mentors: <ul style="list-style-type: none">• Who are mentors?• The importance of having mentors on board. |
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After completing this lesson, you will be able to:

- ⇒ Recognize the significance of building a strong team of co-founders with complementary skills and a shared vision to drive startup success.
- ⇒ Understand the benefits of seeking guidance from experienced mentors who can provide valuable insights, advice, and support to navigate the challenges of entrepreneurship.
- ⇒ Learn the importance of conducting thorough due diligence when evaluating potential cofounders and mentors to ensure alignment in values, goals, and expectations
- ⇒ Develop effective networking skills to connect with potential cofounders and mentors, utilizing various channels such as events, online platforms, and professional networks.

Steps for you to take:

- Review your solution.
- Analyze and identify the team skills required to deliver the solution.
- Review current team skills.

- Identify areas that require cofounder skills and also mentor support.

Who is a Co-founder?

A cofounder is an individual who collaborates with others to establish and develop a startup or company. Cofounders typically share the vision and goals of the venture, contributing their expertise, resources, and efforts toward its success. They often have significant decision-making authority and jointly bear the responsibilities and risks associated with building and growing the business

Co-founders can offer complementary skills, such as technical expertise or business problem-solving, that make up for places where a founder lacks that expertise. Startups with balanced founding teams are often more attractive to investors. They see a team that can handle diverse aspects of the business. While founders typically own equity in the startup, owning equity is not a strict requirement to be considered a co-founder.

Why to have Co-Founders?

Launching a startup involves diverse challenges and responsibilities that are often too overwhelming for a single founder to handle effectively.

Co-founders can:

- Share the financial, emotional, and operational burdens.
- Bring in complementary skills and expertise that one person lacks.
- Provide motivation and are a sounding board for ideas and concerns.

Terms associated with Co-founder:

Due Diligence: Due diligence is the process of thoroughly researching and evaluating a potential investment or partnership to ensure its viability and mitigate risks.

Equity Split: Equity split refers to the division of ownership shares or equity among co-founders or partners in a business venture

Traits required in a Co-founder

- Complimentary skills and experience: Good synergy between a founder and cofounder fosters innovation, improves problem-solving, and strengthens the overall capability of the founding team.
- Shared Vision: This is essential for maintaining alignment on the startup's goals and direction. Common understanding leads to cohesive decision-making and a united approach to overcoming challenges and achieving long-term success
- Work ethics and commitment: Cofounders must demonstrate strong work ethics and unwavering commitment, ensuring they contribute consistently and responsibly to the startup's goals.
- Trust and chemistry: The cofounder needs to have solid interpersonal chemistry and compatibility, helping to establish a singular company culture.

Reasons for Co-Founder Conflicts

Co-founder conflicts are among the top 5 reasons for startup failures. The reasons may include:

- Disagreements about the company's direction: Cofounders may have differing visions for the startup's goals and strategies.

- Disputes over equity distribution and compensation: This can lead to feelings of unfairness and resentment among cofounders and undermine trust and collaboration
- Lack of clarity about each co-founder's role: Clear delineation of responsibilities is vital for effective collaboration and ensures everyone contributes optimally to the startup's objectives

The impact of co-founder conflicts can be very severe; they can cause immense emotional turmoil for the individuals involved, the team, the customer and the investor perception of the organisation can be hugely impacted and can change the trajectory of the business.

Here are some real-life examples of start-ups who lived to tell the tale and some who failed to survive the cofounder fallout:

1. SNAPCHAT

The story between Evan Spiegel and Reggie Brown regarding Snapchat is a classic example of a co-founder dispute.

The Birth of an Idea: Reggie Brown, a Stanford student, allegedly came up with the concept of disappearing photos and pitched it to Evan Spiegel, another Stanford student, who saw its potential.

Building Together: They brought in Bobby Murphy, a programmer, to develop the app. All three worked collaboratively for a few months, culminating in the launch of a prototype called "Picaboo" in July 2011.

A Change in Course: Shortly after launch, things soured. Brown claims he was pushed out of the company, with Spiegel and Murphy changing passwords and cutting him off.

Legal Battle: Brown wasn't about to give up. He sued Spiegel and Murphy, claiming co-founder status and seeking his rightful company share. The legal battle dragged on for years.

Settlement: In 2014, Brown finally reached a settlement with Spiegel and Murphy for \$157.5 million. This settlement acknowledged him as a co-founder and gave him a significant financial reward.

The exact details of their falling out remain somewhat murky. Spiegel claims Brown's contribution wasn't comparable to his or Murphy's. Brown maintains he was a vital part of the initial idea and deserved recognition.

Impact on Snapchat: This conflict undoubtedly caused internal strife and may have slowed the company's initial growth. However, Snapchat persevered and ultimately became a social media giant.

While the dispute between Evan Spiegel, Bobby Murphy, and Reggie Brown posed significant challenges for Snapchat, the company managed to navigate through the conflict and continue its trajectory of growth and innovation.

2. The Uber Story

The co-founder dispute at Uber primarily involved Travis Kalanick, one of the co-founders and the former CEO, and Garrett Camp, the other co-founder. The company's tumultuous journey involved a broader

clash between Kalanick and various stakeholders, including the board of directors, investors, and employees. Here's a detailed narrative of the events:

Early Days: Uber was founded in 2009 by Travis Kalanick and Garrett Camp. The idea was born out of the frustration of not being able to find a taxi in San Francisco. The company quickly gained traction, disrupting the traditional taxi industry with its innovative ride-hailing app.

Travis Kalanick, as CEO, led Uber with an aggressive and competitive style. His approach focused on rapid expansion and market dominance, often at the expense of regulatory and legal challenges.

Aggressive Expansion: Under Kalanick's leadership, Uber expanded rapidly across the globe, raising billions in venture capital and becoming a leading player in the ride-hailing industry.

However, this aggressive growth strategy led to numerous legal battles with local governments and regulators, labor disputes, and a culture of internal strife.

Internal Culture Issues: Uber's corporate culture under Kalanick faced criticism for being toxic, with numerous reports of harassment, discrimination, and unethical behavior.

The company's "win-at-all-costs" mentality contributed to a high-pressure work environment and several public scandals.

Major Turmoil and Public Scandals: In 2017, a series of high-profile incidents severely damaged Uber's reputation. These included:

- **Susan Fowler's Blog Post:** A former Uber engineer, Susan Fowler, published a blog post detailing systemic sexism and harassment at Uber, leading to a public outcry and internal investigations.
- **Waymo Lawsuit:** Alphabet's self-driving car unit, Waymo, sued Uber for allegedly stealing trade secrets, adding to the company's legal troubles.

Boardroom Conflicts: The series of scandals and negative publicity led to mounting pressure from Uber's board and investors. High-profile investors like Benchmark Capital demanded changes in leadership. The board hired former U.S. Attorney General Eric Holder to investigate the company's culture, resulting in a scathing report and recommendations for major changes.

Leadership Crisis Leading to Kalanick's Resignation: In June 2017, amid increasing pressure, Travis Kalanick resigned as CEO. His resignation was influenced by a letter from five major investors demanding his departure for the company's future well-being.

Despite his resignation as CEO, Kalanick remained on the board, retaining significant influence over the company.

The co-founder dispute and subsequent turmoil at Uber underscore the complexities of managing a rapidly growing startup. The aggressive leadership style that propelled Uber to global prominence also led to significant internal and external challenges.

The transition in leadership from Travis Kalanick to Dara Khosrowshahi was instrumental in evolving leadership and organizational culture to

sustain long-term success. Uber's story serves as a cautionary tale of the potential pitfalls of unchecked growth and the importance of ethical leadership and governance.

3. Housing.com

Birth of an Idea: Housing.com was founded in 2012 by a group of twelve IIT Bombay students, with Rahul Yadav emerging as the public face and CEO of the company.

The platform aimed to revolutionize the Indian real estate market with a user-friendly interface and innovative features.

Rapid Growth: Housing.com quickly gained popularity and attracted significant investment. By 2014, it had raised \$90 million in funding from investors, including SoftBank. The company expanded rapidly, increasing its workforce and operations across multiple cities in India.

CEO's Controversial Actions: Rahul Yadav's leadership style and behaviour began to cause friction within the company and with its investors. He was known for his brash and unconventional approach, which included public spats with journalists and other startup founders.

In early 2015, Yadav publicly criticized the company's board and investors, accusing them of lacking vision and being overly controlling. He sent a resignation letter that was later retracted, but this incident highlighted the growing tensions.

Clash with Investors: The conflict reached a tipping point when Yadav sent a scathing email to Sequoia Capital's managing director, Shailendra Singh, accusing him of unethical practices. This email was leaked and widely circulated, further escalating the situation.

Boardroom Drama: In June 2015, the board of Housing.com decided to remove Rahul Yadav from his position as CEO. The decision was based on his conduct, which was seen as detrimental to the company's interests.

Yadav's departure was messy and public. He accused the board and investors of ousting him unjustly and continued to criticize them even after leaving the company.

Impact on the Company: The leadership crisis led to significant turmoil within Housing.com. The company's growth stalled, and it faced difficulties in retaining talent and maintaining investor confidence.

The turmoil also impacted Housing.com's brand image and market position, causing it to lose ground to competitors like MagicBricks and 99acres.

Rebuilding Efforts: After Yadav's departure, Housing.com appointed a new CEO and tried to stabilize its operations. However, the damage

had been done, and the company struggled to regain its former momentum.

The co-founder conflict at Housing.com led to significant turmoil, demonstrating how internal disputes and leadership issues can derail even the most promising startups. The case highlights the critical importance of effective governance, clear communication, and aligned vision among founders and investors to ensure sustainable growth and stability.

These examples highlight the turmoil caused due to co-founder conflicts. As you embark on the start-up journey, look at how you can navigate this territory and create a team culture based on shared vision and values.

How to avoid co-founder conflicts

- **Comprehensive Founder Agreement:** It should cover equity distribution, roles and responsibilities, dispute resolution mechanisms, and exit strategies.
- **Open and Honest Communications:** Regular check-ins, whether daily stand-ups, weekly meetings, or monthly strategy sessions ensure that co-founders stay aligned on goals, progress, and challenges.
- **Personal Bonding:** Building a personal relationship beyond the professional one can strengthen trust and understanding. Engage in team-building.

To find co-founders, leverage your network, attend startup events, and utilize online platforms. Join local entrepreneurial communities, co-working spaces, or startup hubs where you can meet other founders

and professionals who can offer advice, support, and potential cofounder opportunities. Seek referrals and recommendations from trusted mentors, colleagues, or industry contacts who may know potential co-founders.

Who are Mentors

Mentors offer invaluable guidance, insights, and networking opportunities based on their own experiences, helping founders navigate challenges and make informed decisions. They typically serve as trusted advisors, offering encouragement and perspective to facilitate growth and development.

Why have Mentors

- **Guidance and Support:** Mentors offer valuable guidance on business strategy, operations, fundraising, etc.
- **Networking:** They can open doors to potential partners, customers, and investors, expanding the startup's network.
- **Validation:** Mentors help validate ideas and strategies, offering an objective perspective that can save time and resources.
- **Emotional Support:** A founder's journey can be isolating; mentors provide moral support and encouragement through the highs and lows.

Finding Co-Founders and Mentors

Networking broadens your pool of potential co-founders and mentors, significantly increasing your chances of finding individuals with the complementary skills and expertise essential for your startup. Engaging with people from diverse backgrounds and experiences can offer valuable insights and innovative ideas. So, where how can you expand

your network and reach the right people? Here are a few avenues open to you:

Networking Events and Meetups: These gatherings provide opportunities to connect with like-minded individuals, share ideas, and establish relationships that could lead to potential partnerships.

Incubators and Accelerators: These programs offer resources, mentorship, and support for startups, creating a conducive environment to meet potential co-founders and mentors actively involved in the entrepreneurial ecosystem.

Online Platforms: Websites and social media platforms dedicated to entrepreneurship, such as LinkedIn and co-founder matching sites, facilitate connections with potential co-founders and mentors from around the world.

Universities and College Networks: Academic institutions often have vibrant entrepreneurial communities, including alumni networks and entrepreneurial clubs.

Hackathons and Competitions: These events bring together individuals with diverse skills to work on projects and compete.

Specialized Platforms: Dedicated platforms for startup collaboration and mentorship provide curated spaces to find co-founders and mentors with specific expertise and interests aligned with your startup's needs.

Call-To-Action

Work on Team Building

- Identify capability areas or skills that are vital for your startup.
- Prepare a plan for how and by when you will onboard the right talent, both for cofounders and relevant mentors to support in specific areas.

- Research and review the kind of events you may need to participate in to onboard such talent.