

Keys To Successful Co-Founder Relationships | Startup School



Video URL

Introduction

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good morning everyone my name is Kat I'm a software engineer here at YC and I lead the startup school team today I have visiting group partner Divya with me and we're going to talk about everything relating to co-founders so what is a co-founder where do you find a co-founder how do you evaluate co-founder and once you have one how to work together thanks so much for having me Kat I'm really really excited to talk about this today actually finding the right co-founder is arguably the most important part of starting a company I've seen so many startups fail or succeed due to co-founder issues and so

Meaning of a co-founder

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clarify something what do we mean by the word co-founder yeah so quite literally a co-founder is someone who starts your startup with you um so when you apply to YC we consider someone to be your co-founder if they have at least 10 Equity but in general a co-founder is someone who is there from the beginning or close to the beginning who is building your company with so if I'm hardworking and smart can I just start my startup alone so yes cat you were very hard working and smart and I don't doubt you um the short answer is yes you absolutely can

but it's it's really hard like really really hard you know a startup is a very difficult Journey for anyone and doing it alone makes it more than twice as hard and so you know we really recommend having a co-founder for the following reasons so number one is productivity so moving fast is critical in a startup and when you have two people three people you can literally move two or three times as fast you can just get so much more stuff done additionally your brainstorming can be higher quality right you can help each other see around corners and bounce ideas off each other exactly kind of maybe not get into a rut with a bad idea and have someone checking um accountability is you know a little bit more effective when there's someone else there you know you do your daily stand up and say this is what I'm going to get done today and then there's someone there the next morning to ask you whether or not you did it and then I think moral support is another huge and some times Overlook component so a startup has a lot of ups and downs there's moments of optimism there's moments of Despair and having someone that can both empathize with you but also balance you out in some of those scenarios can be just so helpful to keep moving if you're not convinced by those theoretical reasons it turns out that the empirical evidence also supports having a co-founder most successful companies have been started by more than one founder even companies that are famous for only one of its Founders actually had at least two Microsoft we all know Bill Gates but Paul Allen was around for 10 years Apple so Steve Jobs is the face of Apple um but Steve Wozniak was the one who designed and built the Apple computer and little known fact they actually had a third co-founder Ronald Wayne he left pretty early but there were three of them in the beginning yeah and Facebook or I guess meta now if you've seen The Social Network you'll know that Mark Zuckerberg had not one not two not three but four co-founders so the list obviously goes on and on but we also have some quantitative data to share so while YC does fund solo Founders yes we do we do fund solo founders of YC's top 100 companies only four were founded by a solo founder are there really only four yeah yep and in those cases there is a clear pattern among the solo Founders as well they are always able to make progress on their own so they built their own MVP they got their own users Etc yeah so I actually know some of these guys they're exceptional um and it's worth repeating then that while having a co-founder dramatically increases your chances of success YC actually does fund solo Founders we believe that ultimately you are the best

Finding a co-founder

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but if you are convinced that you need a co-founder let's talk about where to find one Divya any ideas yeah so the obvious place to start is people that you know so friends classmates colleagues if you're in school this is an awesome time to find a co-founder right you're surrounded by classmates friends people who'd be fun to work with UH responsibilities yeah fewer responsibilities for sure um if you're working at a company look to your co-workers that are smart capable

impressive people that you work well with and beyond that you know look to other people in your network friends friends of friends and if you see someone who you think might be a good match work on a project with them right like this can be a lower commitment way to test out your working relationship your skill sets than an actual startup and you can kind of get a sense for what it would be like to work with them as an added bonus the kind of person who wants to work with you on an evening or weekend project is like usually a really good co-founder material yeah that makes sense yeah these are all really great

Co-founder matching platform

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highly recommend checking out YC's co-founder matching platform here's how it works when you sign up you tell us about yourself and what you're looking for so we ask yourself like are you technical do you have an idea you're working on or are you open to new ideas how many hours a week are you going to commit what industries are you interested in can you be responsible for you know engineering sales product Etc so once you've done that our team will manually read and approve your profile just to make sure you know you're not a robot you're not a Dev shop out here and once you're approved for the platform you can then look at profiles that pass your filters it if you see someone interesting you can send them a message and if they're also interested in you they'll match with you we recently also built a new feature that we called speed dating I love that it does come from the concept of speed dating you set aside an hour to be online you match with other Founders for five minutes of one-on-one video chat at a time and it's just a really great way to quickly meet tons of people interested in starting startups which is already a pretty big filter that sounds really helpful kind of especially as part of YC's greater ecosystem cat how many users do you have am I in office hours well I do know the answer to this question so we launched co-founder matching early last year we now have 40 000 profiles on the platform and we actually just crossed a hundred thousand matches last week 100 000 matches is pretty impressive do you have any success stories you can share I do and I'm really excited about it so while it's a little bit early to say if these teams will last you know seven to ten years we have seen some really promising early signs over a dozen teams have met on the platform decided to be co-founders applied to YC together and actually got next that's awesome I have an example this is sequin so verinda was a PM at Visa where she launched credit cards like the Chase Sapphire Reserve she left her job and spent about a year working as a solo founder on a product to help women build credit she was looking for a technical co-founder who was mission-driven and had fintech experience Mark had 10 years of engineering experience at PayPal he spent six years as CTO of family oriented startups and he wrote on his profile that he cared deeply about gender Equity such a good match so they were a perfect match on paper and it turns out they were perfect match in real life they met on Zoom they just vibed instantly so they arranged to meet in person they met

every day for the next week in person and so it's really easy for them to decide to work together these guys went through YC and raised 5.7 million dollars that sounds like a dream actually it sounds like kind of a like love at first sight co-founded scenario um do all co-founder matches take so quickly or do you have examples of things that maybe took a little bit more time to to take yeah yeah so you know every story is a little different so this is kiwi biosciences they're another team from the summer 2021 batch these Founders were actually some of the earliest users of co-founder matching which is really cool like first couple hundred users Angie started a company to solve her own pains with irritable bowel syndrome David had experience in this industry he actually started a startup in the same problem space before so she renewed right away that he was the one but when they first met David was actually working on a trial project with a different potential co-founder he met through the platform plus he didn't like her idea he thought her idea would never work and so he ended up just being an advisor instead and they met once a week for a while but eventually even though he wasn't sold right away on the idea he was really impressed by Angie as a Founder he believed in her so they eventually took a very structured approach they filled out this 50 question long co-founder questionnaire and spent a month working on a trial together and by the end of that month it was easy so they also went through YC and they raised like 1.5 million dollars as an aside that's interesting that he didn't love the idea but thought Angie was awesome this is something we see in

Tips on getting the most of the platform

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um so while we're on the top of co-founder matching success um can you share any tips on getting the most out of the platform for anyone out there that's going to use it I imagine that some of this advice actually applies more broadly to a co-founder search whether or not it's on the platform but like what have you seen yeah I would love to talk about this so I have two main tips number one is just really fill out your profile it sounds basic but the difference between 10 and 100 effort is very apparent especially when you're comparing these profiles side by side so what I mean by that is you know put up a picture or a video photos are optional on the platform but it helps make you look like a real person you should brag a little so some people especially women or people from other cultural backgrounds value humility a lot but this is not the time to be humble potential co-founders don't know you they're only seeing a snapshot of you so you really want to sell yourself here yeah you want to stand out from the crowd right like this is the time to just like put your achievements front and center yeah and I think this is especially important if you are a non-technical Founder with an idea trying to recruit a technical co-founder this is a really common case on the platform but the thing is that technical Founders get lots and lots of invites and so you have to differentiate Yourself by bragging about your accomplishments and maybe show them the progress you've made on your own there's a huge

difference between someone saying hey I have a great idea I'm just waiting for someone to help me build it versus like hey I'm working on an idea I have an MVP I have some users and I want a partner to come help me build it up yeah remember people are joining you as a person not your idea right exactly and so like show what you can do as a person yeah the second thing I would say is me as soon as you can in real life if possible but Zoom is also great according to stats from our platform 70 of all Meats happen within two weeks of

Evaluate potential co-founder

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all right now that we have some avenues for finding potential co-founders let's talk about how you know if they're a good fit for you Divya you've started multiple startups what are some things you look for when evaluating a potential co-founder yeah yeah so this might sound extreme but a co-founder relationship is like a marriage and it's really important to get this right and in many cases you might spend more time with your co-founder than you do with your actual spouse especially if things are going well especially if things are going well exactly so I want to talk about a few things to align on early and we're going to talk about some of these again when we talk about working with your co-founder but early on here are some conversations to have so one is goals and values so what motivates you why do you want to do a startup um how stress so how do each of you handle stress and how will you help each other handle stress are you able to provide what the other person needs because there are going to be stressful times um communication so can the two of you or three of you have an honest and Frank conversation with each other and still move forward productively um finances are a very important one to talk about early how long can each of you go without a salary or with Benefits what salary requirements do you have is there kind of a timeline in mind which you know you need to have more of a market rate salary or raise money make sure there's some alignment on this or at least a conversation um and lastly commitment how many hours a week can you work you know like what do evenings and weekends look like are you guys on the same page around this just there's no right or wrong answer but these conversations need to be had early on and then lastly um Kat touched on this earlier but meet in person if you can it's a lot easier to communicate and get a sense of compatibility and communicate some of the Nuance on the above topics if you're actually sitting face to face with someone I'd like to also add on a Counterpoint there are some things people tend to think are important but maybe aren't actually so important so specifically what I'm talking about is complementary skills I got an email the other day from a Founder telling me they needed to find someone to help fundraise and bring in a network of potential investors and experienced board members no no you don't you can learn that actually most skills are very learnable so that includes fundraising marketing even sales it's much more important that you're compatible with your co-founder in the other ways Divia mentioned above yeah so there's one exception to this

rule actually and so absolutely right

Technical co-founder vs. Dev shops

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if you're non-technical you should really think seriously about getting a technical co-founder and one of the most common questions we get from non-technical co-founders is I can't find a technical co-founder what should I do can't I just hire a Dev shop to help me build out my product the short answer is please don't do that like if you really can't find a technical co-founder you should learn how to code Dev shops pose a ton of challenges especially for really early stage companies you know not only are they costly from day one but it can be extremely challenging to iterate quickly as you're learning from your users you know Dev shops are designed to ship clear deliverables and as an early stage startup like you don't have a clear deliverable like you're kind of like feeling around in the dark and building for your users and the requirements are changing on the Fly they also don't care about your user they're just like I'm gonna do this thing you're gonna pay me exactly and um you know iteration can just become really clunky ineffective and again very expensive

Trial projects

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can find one the last thing I want to bring up in this section about evaluating co-founders is trial projects the only way to tell if you work well together with someone is to try working together so Atco funer matching we recommend that before jumping into a full-blown co-founder relationship you work on a trial project together first essentially you agree beforehand on a timeline usually two to four weeks a tangible project goal and scope and also who owns the work at the end it's a very structured way to try working together with some mutual expectations I do want to say though remember at the end of the day just like with any other risks you take in life you will eventually need to take a leap of faith and that's especially true when you're starting a startup which is risky in all sorts of ways so find someone you're willing to take a leap of faith with yeah absolutely and you know we talk a little bit about like de-risking things and like a lot of these questions we talked about earlier are ways to de-risk that co-founder relationship but again like do risk it until the point you can and then and then you just gotta go so let's say you found someone you want to work

Splitting equity

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about so now I want to move on to an important topic which is how to split Equity with your co-founders so the general YC advice is that by default you

should just split Equity equally so there's lots of options here but you can kind of start from that Baseline and the reason for this is because you know you would like to be making equal contributions going forward and you should both be equally motivated to work hard for a very long time you should value your co-founder and if you don't like why are they your co-founder but the Divya I came up with the idea okay ideas don't matter um ideas are cheap right and if things go well first of all the idea is very likely to change over time is you listen to your users but if things go well you're going to be working together on this for the next seven to ten years or more or more exactly so you know the point in time that you came up with the idea is just such a small part of my idea right that makes sense to me so here are some other really common bad reasons we hear for splitting co-founder Equity unequally so of course I came up with the idea I started working on this idea before my co-founder did my co-founder took a salary and I didn't I'm older and I'm more experienced than my co-founder we need someone to tie break when we have arguments so there is a good point here about needing a tiebreaker but we'll talk about that in a second it doesn't need to be done through Equity exactly I launched my MVP without my co-founder my co-founder agreed to their smaller share another one is you know I raise so many thousand dollars before my co-founder joined so even if you think you got a good deal now this could potentially result in resentment later down the line yeah you shouldn't be trying to get a good deal from your co-founder like it kind of starts the relationship off on a bad foot yeah so the bottom line here is all of the work is still ahead of you you both need to be happy and motivated for a long long time startup outcomes are pretty bimodal so don't jeopardize your

How to work together

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how to get set up with a founding team it is time to get to work now we're going to share some stories and best practices on how to work with your co-founders when it comes to teamwork one thing we often hear is that communication is extremely important Divya do you have any advice for our Founders on how to keep clear and open lines of communication yeah this is a great question so communication is so important and it's as important as it is in any close relationship in your life so we talked about this earlier but you know a co-founder relationship is it's not a stretch to think of it as a marriage yeah and I imagine that setting up these communication channels starts very early in the relationship like almost before you start working together you need to align on certain expectations right I've seen co-founders enter into relationships with very different pictures of what it looks like to her together from anything from you know how many hours you worked or how much salary you're going to draw to how many meetings a week you plan to have you're so right cat talking about expectations is one of the first ways to really test out your communication with your co-founder and make sure that you can actually have hard or uncomfortable conversations while still being productive so at my first startup we initially had four Founders um all

friends still friends still friends still still very good friends um and there were a couple of topics that we should have discussed early on that just became bigger problems later than they needed to be um so first we found out pretty early on about six months in that one of our co-founders he kind of had a timeline in his mind for how long he would wait for the product to go viral um it was a totally reasonable expectation but it's not something we'd really discuss so about six months into our startup Journey he was getting very frustrated with the lack of traction and um it kind of caught us all by surprise since we hadn't talked about it and you know it was something that just kind of built up over over time and he left the company pretty abruptly another topic that we should have discussed earlier was about finances and how long we could each afford to go with little to no salary so there was a little bit of a mismatch with the founders on this of course everyone's financial situation is different this put a little bit of unexpected pressure on the company at some at one point it kind of came out of nowhere it felt like it came out of nowhere we ended up feeling like we needed to raise we started considering some like low ball Aqua higher offers um and while we didn't end up taking any of these deals I think if we'd known sooner we probably could have made some decisions earlier on to avoid these distractions and so just these conversations would have been really helpful to have had up front gotcha yeah these scenarios seem pretty common

Topics to discuss before committing

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have a list of topics you recommend that Founders discuss with their co-founders before committing yeah so this list is by no means exhaustive but here are some good ones to start the conversation so one is um how much do you want to work on your startup versus not we talked about this earlier but um you know evenings weekends vacations like kind of what are those expectations what do you guys both have in your minds it can be pretty different they can be very different sometimes people just assume and don't have the conversation just like don't assume you know put it out there um what is being available and like what do response times look like like you know if I slack you and you write back to me six hours later like am I gonna be frustrated or am I gonna think you're really responsive like you know people have different senses of this how long can each of us go without salary or benefits again this is a very important one to talk about and what do each of you need to see at different Milestones to keep working on it and to stay motivated does anyone have a it needs to be working by X date um and if so like what does working look like yeah this is such great advice I can definitely see how misalignments on these expectations can start small but

Building trust

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expectations we hear that building trust is another key element of a co-founder relationship I've personally seen this at the root of lots of relationship issues not just for co-founders but for friendships family relationships Etc we see co-founder breakups all the time at YC and a lot of them stem from a lack of trust that grows out of control Divya how has trust played a role in your co-founder relationship yeah so trust is a really big one one of the things I haven't mentioned until now is that for both my startups one of my co-founders is my husband still still my husband you're gonna ask um and for my second company he was my only co-founder it was just the two of us and one of the reasons we were able to make decisions so quickly and draw such clear lines of ownership was that we already had so much trust built up from being married but also from having run a company together earlier um you know of course not everyone comes in with this much underlying trust but having that trust made the co-founder relationship very very functional I think previously existing relationships with your co-founders could go both ways right of course personal relationships don't always translate into functional co-founder relationships yeah that's 100 True a previously existing personal relationship um could totally go both ways um and let me give you an example of one that did not go so well so um last batch last YC batch we had a company apply um we we thought the founder was great and we said why don't you come back with a co-founder and so um he went and he found a friend as someone who he'd been very good friends with for a long time they hadn't worked together he convinced him to join the companies they came back they started the batch um the CEO had been running the company for about six months and to him it really felt like his company oh no yeah yeah so he brought in this friend and from day one he just kind of micromanaged him and didn't give him enough space to succeed or fail at the projects He was responsible for and this is an important one right he would kind of jump in before the project had time to work because at a startup like things take time right and everyone needs a little bit of space and they need that trust um and so he would jump in and he would just kind of berate his co-founder when things were starting to go wrong and when you trust someone like you give them this room to fail right and the psychological safety to make mistakes in this case the co-founder relationship ended with the two so you know we got a slack message one morning and they were like the two of us we were in a bar midnight last night with a bunch of our friends the CEO was like berating his co-founder and then you know the co-founder resigned abruptly the next morning so it's just not a good situation that sounds really rough yeah I would not want to be in a situation like that we do have a couple tips to help with building trust so number one is is trust people by default trust them until they lose your trust not vice versa a lot of good Founders tell us they do this because when you operate the other way around like in the example Olivia just gave people end up feeling micromanaged they feel not trusted and all this negativity will continue to build up if you say you're gonna do something do it if you're not gonna get it done that's fine like startups run super fast you will often have more things than you can finish on your plate but if you're not going to do it you should communicate early often and honestly create space for mistakes you are going to

make mistakes all the time both you and your co-founder so don't say things like I told you so it's important to learn from mistakes together rather than assigning blame when something goes wrong and lastly the more time you can spend physically together the better this lowers the friction to asking questions talking about the little things and that can expedite making progress on both your startup and your relationship communicating in person can also help you learn or get a better understanding for the way your co-founders and that can help you build trust as well thanks Kat those are great and um you know they can kind of build a really

How to setup for quick decision making

Reference

good foundation for building a trusting relationship um so in addition to that underlying trust that you're going to be continually working at um there might need to be some structural roles and responsibilities that are defined to keep decision making really fast so on my first company we made the mistake of trying to keep everything equal um and there are many of you there are four of us yeah um so you know we talked earlier about how splitting Equity equally is a good idea and like totally agree with that the equity was not the problem the first kind of yellow flag that came up was that we decided to not have any titles like we all called ourselves co-founder um and so in and of itself that wasn't really a problem but there's kind of two issues with this one is as it correlated that we tried to make all of our decisions by consensus consensus meaning you all had to agree on the decision to move forward yeah for like any decision um so I don't think I need to go into it with this group on my why that's a bad idea but at the time it felt really equal and it felt Equitable but also the the fact that we had no type no titles was a little bit of a yellow flag because it was an early indicator that the team couldn't have hard conversations and we couldn't make decisions when there was disagreement right and so it was like the consensus and the lack of titles were like both kind of symptoms of the same thing you know having to make decisions by consensus was ultimately disastrous like we would just spin we would get stuck in gridlock um so let's talk about some ways to protect against this so you all don't repeat my mistake yeah so as Divya mentioned having clear titles or at least naming one person the CEO can certainly help none of this co-ceo stuff it helps break ties and disagreement and it's also just really good practice for having hard conversations where two people may not agree not being able to pick a CEO could be a sign that you're not able to make hard decisions together in addition to titles it's important to establish a few other things that can help with decision making so clear areas of ownership within the company who is the final decision maker for different types of decisions this could be a different person in different functions but it's important to know who it is what happens if the other person disagrees slightly versus strongly maybe the way you deal with it is different in those cases and finally it can be helpful to set up a structure for accountability so once you've made your decision at

some point you should check back in to see how that decision played out and whether anything needs to change in the process moving forward clear areas of ownership are very very important in a startup and a business and in addition in order to make that work it's also very important to understand each other's personality and communication Styles and so you know here are some tips on that so one is keep keep an eye on your on each other's mental health right like likely neither of you is a mental health professional or anything like that but you can kind of see some early indicators is your co-founder burning out are they taking care of themselves are they starting to kind of become more reactive or more emotional like these are some things to look out for and catch early related know how each of you reacts when you're under stress or or when you're having a tough conversation cat let me ask you a question when you're in a stressful tough conversation do you tend to attack or retreat I get very aggressive when I feel upset so I would say attack yeah same um I am I'm in the same boat and um this is something that I assumed was the case for everyone but it's not right like people have very different personality types I've been in a few um close professional relationships or co-founder relationships if I'm very frustrated I like you I get very spun up like I get very communicative communicative I crave engagement you want to solve the problem right now exactly like I want to get in like right now right now right it might not always be a good idea right like we might be emotional but I'm still like I wanna I wanna get through this and I've worked with people that in those situations like they just kind of want to withdraw a little bit like they want to cool down maybe they don't want to engage with me because I'm being crazy um right but like people sometimes just want like a little bit of time to calm down and I think sometimes when there's a mismatch in these Styles it can create a little bit of a vicious cycle it can self-perpetuate the more you want to talk to them the more they are not trying to talk to you right now right and I might perceive that they don't care about the problem um so it's just important to know how people react in stress a few other things so does your co-founder tend to speak up when they see a small problem or do they bottle it up until there's a huge frustration it's important to know how big of a deal things are when someone brings things up what environments are most comfortable for your co-founder to voice concerns is it you know like a walk and talk is it maybe over a meal is it in a scheduled structured one-on-one where there's time set aside for concerns here's one that might be a little bit counter-intuitive but are you both comfortable praising each other and celebrating each other's wins this can actually be very uncomfortable for people sometimes can you you know give each other positive feedback and can you graciously accept positive feedback like this can really build a strong co-founder relationship and lastly will you feel attacked if your co-founder makes a suggestion about your work because as we talked about everyone's going to make a lot of mistakes right and everyone needs to be able to talk about these in a way that isn't emotionally loaded so figure out what that looks like for you um and can you do it without taking it personally I definitely have an aggressive personal type when I'm stressed so this is all really really helpful stuff to think about let's wrap up by talking about a few habits and structures you can put in

place to try to build and Foster a productive co-founder relationship number one have regularly scheduled one-on-ones even if you talk to each other all the time it can also be helpful to keep a list of ongoing topics that you add to as you think of things and if there's something non-urgent just you know add it to the list instead of interrupting your co-founder every time there's something small in those 101s definitely Reserve time for bi-directional feedback both positive and constructive make this something that's part of the flow make it routine not something that feels like a big deal that you dread all the time actually I have a great example the founders from kiwi biosciences which I talked about earlier do something that I think is pretty cool when one person gives constructive feedback the other person doesn't interrupt or argue it's a really neat way to let someone vent without feeling like they have to defend why they feel upset and I think it also helps with feeling like it's okay to talk about even the smallest things and that leads me to the next point which is don't delay hard conversations and don't wait until things are a big problem before you mention them the thing with problems is that they're easier to solve when they're small engage a coach or counselor for tricky interpersonal situations don't feel bad about this this is really helpful I highly recommend it these coaches is literally their job to help people through these problems they've seen it all and they can help you and again it doesn't mean you have a big problem because you're engaging a coach right like you can you can tackle the problem while it's small and we've talked about this next one a couple times already but we do think it's really important avoid personal statements and normalize failure we've said this multiple times failure is going to happen all the time and you need to create space for that so don't say things like I told you so don't say Hey you always do this you always XYZ these are personal attacks and you don't really want that in your co-founder relationship argue and get comfortable arguing but you should know who ultimately is the decision maker disagree and commit at some point your team will have to make a decision unless you're you know trying to to do the consensus thing don't do that but once you've made a decision commit and move on just remember that at the end of the day no matter what happens or what details you disagree on you have the same ultimate goal right you both want the startup to succeed you're on the same team yeah and you're doing something very very hard and against the odds so you want to be marching in the same direction right so that wraps up our talk hopefully you've gained either you know the desire to get a co-founder more clarity on who your co-founder should be or maybe more insight on how to work together with your co-founder foreign

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