

1 Overview

Wealth and control are the two most common motivators for entrepreneurs. Yet, there is an inverse correlation between achieving each.[1] Owning a valuable startup is an unusual outcome that few can achieve. More commonly, founders must make choices that achieve one goal at the expense of the other.

2 Preferred Outcome

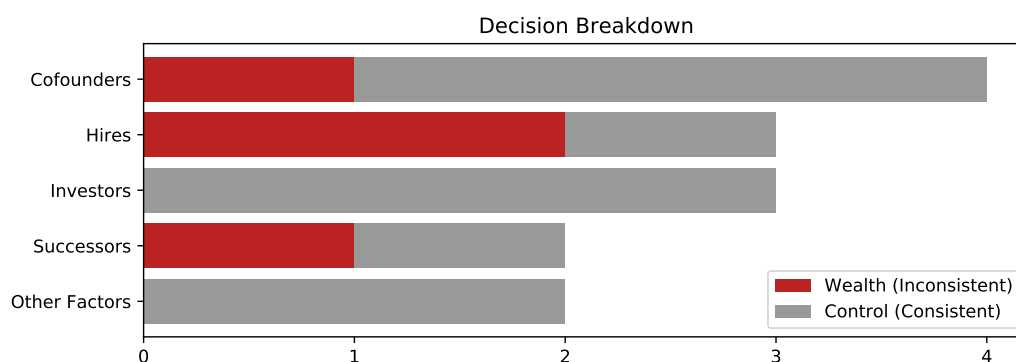
Understanding your desired outcome helps to make consistent, effective decisions. You are primarily motivated by a desire to control your venture. According to data from the Kauffman Foundation's study of 549 founders, 64% of respondents also sought after control. In contrast, 75% were motivated by money.[2] To achieve your goal of control, you must maintain assets that could otherwise be used for hiring strong talent or attracting cofounders. Control may cost financial growth.

3 Consistency

Founders that attempt to achieve both wealth and control are more likely to fail at both. Similarly, you should avoid making decisions that alternate between wealth and control. Consistent decisions give you the best chance of achieving control. You made control oriented decisions 10 / 14 times and decisions in favor of wealth 4 / 14 times. On average, you are making decisions that prevent you from achieving your goal. It is worth reconsidering your decisions or your desired outcome.

4 Breakdown

The questions fall into 5 primary categories: cofounders, hires, investors, successors, and other factors. The figure below shows the alignment of your decisions in each category.



4.1 Cofounders

Choose cofounders wisely. Founding together is a relationship comparable to marriage. Partners have the potential to bring success or make failure inevitable. You made 1 decision that will make it harder to achieve control.

Q3: Would you rather?

- Share decision-making with cofounder
- **Keep strong control of decision making (your choice)**

Why you should reconsider: cofounders with complementary skills can make better decisions than solo-founders.

4.2 Hires

Like you, the best hires will often seek wealth or control but can introduce vital ideas and resources. You made 2 decisions that will make it harder to achieve control.

Q6: Would you rather?

- **Keep control of important decisions (your choice)**
- Delegate important decision making to appropriate expert

Why you should reconsider: delegating decisions allows you to scale rapidly and sustain explosive growth

Q7: Would you rather?

- Hire more expensive, experienced "rock star" employees
- **Hire less expensive "rising star" (potentially up-and-coming) junior employees (your choice)**

Why you should reconsider: expensive employees are well worth the money if they have a large impact on the successful outcome of your venture

4.3 Investors

Not all money is good money. Who you take capital from is just as important as you hire and who you cofound with. All your decisions in this section aligned with your goal!

4.4 Successors

As the company grows and changes over time, the CEO must often change as well. How and when this happens are decisions to consider early. You made 1 decision that will make it harder to achieve control.

Q11: Would you rather?

- **Resist giving up the CEO position (your choice)**
- Be open to giving up CEO position if the next stage of growth might be beyond my capabilities

Why you should reconsider: the success of your company often rests on the quality of your board. Consider giving up control to acquire a better board.

4.5 Other Factors

All your decisions in this section aligned with your goal!

5 References

- [1] Wasserman, Noam. "Rich Versus King: The Entrepreneur's Dilemma." *Academy of Management Proceedings* vol. 2006, no. 1, 2006, doi:10.5465/ambpp.2006.22896807
- [2] Wadhwa V, Aggarwal R, Holly K, Salkever A. 2009. The anatomy of an entrepreneur: Family background and motivation. *Kauffman Foundation Reserach Paper* (July)
- [3] Wasserman, Noam. *The Founder's Dilemmas: Anticipating and Avoiding the Pitfalls That Can Sink a Startup*. Princeton University Pr, 2013.