

Entrepreneurs And Founders

# How Cofounders Can Prevent Their Relationship from Derailing

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**Summary.** Your cofounder is the key person you turn to to help you manage the emotional ups and downs of your startup, and the success of your relationship is directly correlated to the success of your business. Through her experience coaching founders and cofounders of... [more](#)

When you start and grow a company with a cofounder, that person becomes your key relationship. There's no more intimate relationship in business, and yet people often don't think carefully in advance about how to make those partnerships work. That can be fatal for your venture since, according to Noam Wasserman, author of *The Founder's Dilemma*, 65% of startups fail because of cofounder conflict.

Through my experience coaching founders and cofounders of fast-growing startups, I've discovered five key principles you can incorporate to prevent destructive antagonism with your cofounder before it happens and nourish this essential business relationship.

### **Create a Cofounder Prenup**

Unlike a marriage prenuptial agreement or your founder's agreement (which articulates arrangements like your equity split and the financial consequences if one of you leaves the business and should be drawn up by lawyers), the cofounder pre-nup is not legally binding. But just like a marriage pre-nup, it guides you and your cofounder through important topics that will affect your relationship and your company.

Some of the questions to ask each other include:

- What are your top values and drivers? (For example, do you prioritize fairness, adventure, wealth, excellence, novelty? Is wealth or fame important to you?)
- What are the words that describe the kind of culture you want to build?
- What is your vision of the company for the long run? (Do you want to keep the business small and make sure you know all of your employees' names, or do you want to build the biggest business you

can? Do you hope to get acquired, stay private, or do an IPO?)

- What's your working style?
- How do you tend to react to stress?

It might feel forced or awkward to go through these questions as you're starting your business, but it's much more painful to realize five years later that you were never on the same page. You will likely have different drivers and styles. But knowing what makes each of you tick will help you understand each other, appreciate each other, and help you resolve conflict more easily when it arises.

## **Clarify Your Roles — in Detail**

It's surprising to me how often cofounders don't really clarify their own and each other's roles and decision rights. They may choose titles — one is the CEO, and the other the CTO, for example — but they don't get into the granular discussion of who's responsible for what. That can work in the early days when the company is tiny and cofounders may make most of their decisions together. But if you keep doing that, you'll quickly turn into a bottleneck since you'll both get busy and the employees will have to wait for you to get together to discuss and agree.

Not only that, but if you haven't fully clarified your own roles, that's probably a signal that you're not clarifying employees' roles either. With this confusion in place, as your company scales and things *should* go faster, they'll actually go slower.

I once coached two cofounders in a fast-growing startup. When I asked employees for 360-feedback for them, I found that the employees were confused about who to go to for what. Not only that, they were actually using this murkiness to game the system. "When I

have a question on product,” one employee told me, “I ask Jana.\* But if I don’t like her answer, I go to Andrew, because I’m pretty sure he’ll tell me something different.”

It’s important to look at the core functions and make sure you’re crystal clear on which cofounder has the final say on each of them to prevent confusion that wastes precious time.

## **Conduct Scenario Planning**

Another good discussion to have sooner rather than later (and throughout your lives as cofounders) is what might happen in your journey together and each of your reactions to it. A good way to get at this is to ask each other, “What happens if..?”

Even though you can’t fully predict how you’ll feel in the future, covering scenarios before they happen helps each of you think and talk openly about how you might react to lay the groundwork for a good process and maintain your strong relationship, even during high-pressure, quick-turnaround decisions.

Some questions to ask are:

- What happens if one of us wants to fire an employee who is the other one’s friend?
- What happens if we have a severe disagreement over direction or strategy?
- What happens if we get an acquisition offer and one of us wants to take it and the other doesn’t?
- What happens if one of us (usually the CEO) starts to get a lot of attention from the press and the other doesn’t?
- What happens if one of us wants to leave?

I once did this exercise with three cofounders, even though they were

skeptical that it would help. We explored a number of scenarios, including the question about getting an acquisition offer, which they disagreed about. Six months later, the team actually did get an acquisition offer they weren't aligned on. The cofounders had a very productive dialogue based on our prior discussions. Because they had "rehearsed" this possibility, they had a framework to use to approach this scenario in a constructive and efficient way.

## **Spend Unstructured Time Together**

You already know you should have regular business meetings. But to make sure you're continuing to build your relationship, make sure you spend unstructured time together, too.

Informal time lets you relax together and build and maintain your relationship. It builds trust, and trust is essential to making sure you work together, support each other's decisions when you hear about them from others, and handle conflict.

Being together might be easy and normal in the early days, but as your company grows, you'll have more employees, more initiatives, and more things needing your attention. You'll also have more stress and more complicated, agonizing decisions to make. You'll have, therefore, less time for your cofounder. Little things can build up if you don't have unstructured time to sync up, share concerns, vent, and just remind each other why you decided to found the company together.

I work with two cofounders who live in different countries who have plenty of healthy disagreements that they usually resolve — unless they don't make the time to talk every couple of weeks. If they don't, small things build up, they misinterpret each other, and mature discussions turn into petty disagreements. Once we discovered this

trend, they simply scheduled a non-cancelable, recurring call. It's time consuming, but the damage to their relationship is more time consuming when they don't talk.

Make the time to schedule meals together or do things you both enjoy. For example, a pair of cofounders I work with go to concerts together, and a group of four cofounders I coached went on regular hikes or bike rides. If you live in different places, make sure you travel to see each other in person regularly. Tend to your relationship as a preventative measure.

### **Hold “Conflict Meetings”**

Many cofounders shy away from disagreement or any kind of conflict because it makes them or their cofounder uncomfortable. That prevents them from having essential straight talk with each other, and when there are thorny issues to work out, they haven't built the muscles to constructively disagree and talk out the problems.

You have to prepare for inevitable conflict, and the way to do that is to practice. Put time on the calendar a few times a month to proactively bring up tough topics. At first this might be hard, since in the early days of your relationship, there may not be much to disagree about — but it will become critical later on.

I introduced two very conflict-averse cofounders to “conflict meetings.” I asked them how they felt about a set of topics to encourage them to raise some areas of disagreement. When we got to the topic of working in the office versus working remotely, they both confidently gave their answers at the same time — and completely disagreed. At first it was simply uncomfortable and they both clammed up. But as I reminded them that this was the purpose of conflict meetings, they were able to articulate their points of view. They didn't leave that meeting with a decision, but they did leave with

an experience of being able live through their disagreements. That was incredibly useful as their startup got bigger and they had more points of disagreement.

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Your cofounder is the key person you turn to to help you manage the emotional ups and downs of your startup, and the success of your relationship is directly correlated to the success of your business. Using these tools to be proactive about caring for your partnership can help you keep it on track.

*\* Real names have been changed for privacy.*

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