

1. Three pitfalls startup founders must avoid

Harvard Business Review: <https://www.youtube.com/watch?v=ep9PZdTNDNY>

Date: 2012 / **Author:** Noam Wasserman [Harvard Business School] / **Time:** 3:34

Introduction

i) Causes of failures?	i)
ii) Percentage	_____ % of failures are due to i _____ - p _____ tensions
iii) What is his research?	He has studied _____ of start-ups over _____ years
iv) His findings are...	iv)

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1. _____

Natural decision to create business with friends and family BUT dangers.

Key point	Danger
v) Same skills	<i>Creates tensions and big hole (areas of expertise) unfilled</i>
vi) Know each other	
vii) Decision making	
viii) Data	
ix) Solution	

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2. _____

How to assign titles and make decisions within the team.

Key point	Danger
x) Don't want to be CEO	
xi) Top heavy	
xii) Decision making	
xiii) Solution	

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3. _____

How to split the equity ownership.

Key point	Danger
xiv) The common model	
xv) Data suggests	
xvi) Key problem	
xvii) Solution	

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Summary

xviii) In start-ups there's a strong temptation to follow your **g**_____. But you need to **a**_____ the long-term challenges and make **r**_____ decisions about the three Rs, which will allow you to succeed.

___ / 3

Overall Score: ___ / 25

1. Three pitfalls startup founders must avoid **ANSWERS**

Date: 2012 / **Author:** Noam Wasserman [Harvard Business School] / **Time:** 3:34

Introduction

i) Causes of failures?	i) People
ii) Percentage	65% of failures are due to inter-personal tensions
iii) What is his research?	He has studied 1000 start-ups over 10 years
iv) His findings are...	iv) A lot of early decision are the pitfalls that lead to problems

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1. Relationship decisions

Natural decision to create business with friends and family BUT dangers.

Key point	Danger
v) Same skills	Creates tensions and big hole (areas of expertise) unfilled
vi) Know each other	Skip early conversations to learn about each other professionally
vii) Decision making	A good decision for the business BUT bad for the relations
viii) Data	Friends & family are common but least stable of all founding teams
ix) Solution	Create firewalls to protect venture and relationship

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2. Roles decisions

How to assign titles and make decisions within the team.

Key point	Danger
x) Don't want to be CEO	But want equal decisions
xi) Top heavy	A third of all start-ups the founders all receive a c-level title
xii) Decision making	Slow down decision making and create tensions
xiii) Solution	Founders should choose titles that reflect the long term roles below c-level

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3. Rewards decisions

How to split the equity ownership.

Key point	Danger
xiv) The common model	Quick handshake / 50:50 approach
xv) Data suggests	73% split equity within one month of founding
xvi)) Key problem	Changes in model and strategy – no mechanism for adjusting split
xvii) Solution	Renegotiate equity arrangement as circumstances change

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Summary

xviii) In start-ups there's a strong temptation to follow your **gut**. But you need to **anticipate** the long-term challenges and make **rational** decisions about the three Rs, which will allow you to succeed.

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Overall Score: ___ / 25