

**Unspoken, yet lethal:
dysfunctional co-founders relationships.**

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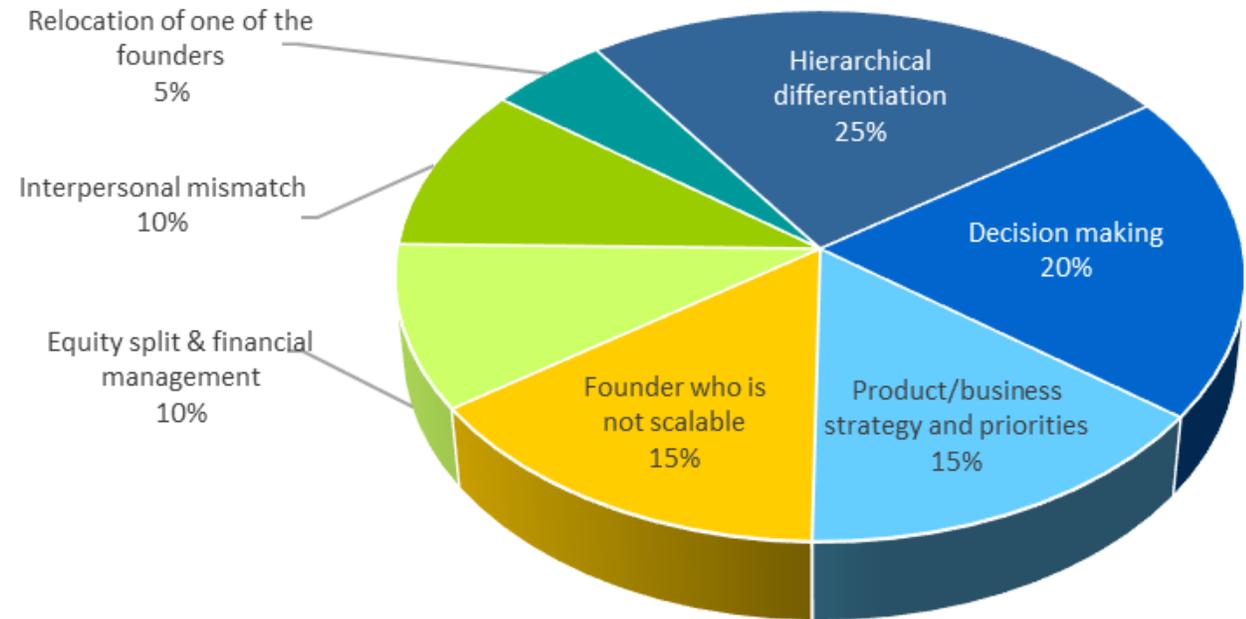
Professor Noam Wasserman wrote in *The Founder's Dilemma*, 65% of high-potential startups fail due to unresolved tensions and conflicts among co-founders.

In order to deepen the understanding of co-founder conflicts and gain insights into the psychological drivers and inhibitors that impact startup success, I conducted a study between 2019 and 2021

This study involved in-depth interviews with more than 400 startup founders at different stages of the startup life cycle and across various verticals and industries.

Following the initial research, I have continued to deepen and enhance the findings through my on-going work as a co-founder therapist, working with founders in my clinic.

Visible Reasons for Co-Founders Conflicts



Seven Visible Reasons for Co-Founder Conflict

The first reason is hierarchical differentiation.

The primary reason, found in approximately 25% of cases, for conflicts among co-founders is when one or more of the co-founders struggle to accept the leadership role of the founding CEO and fight against the hierarchical structure of the company with a founding CEO at the top.

This often results in power (ego) struggles and disagreements to accept the roles and responsibilities and strategic decisions. Resisting to align to the CEO's priorities and focus, ultimately harms the startup.



Seven Visible Reasons for Co-Founder Conflict

The second primary reason for conflict among co-founders, found in approximately 20% of cases is decision making.

Co-founders struggle to agree on how decisions should be made in their startup, and are not able to establish an effective, fast, and collaborative decision-making process, resulting in disagreements, attacking and undermining each other's decisions.



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The third root cause of conflicts among co-founders their divergent views on the product or business strategy and priorities.

This was found in 15% of cases. This often stems from differences in their beliefs and perceptions of the startup's future vision and value proposition, how to achieve Product Market Fit what is the GTM strategy etc.

The product strategy, roadmap and priorities are often a central magnet for tension between the co-founders.

The product is a critical junction for startup growth. healthy collaboration and alignment between Sales, R&D and Product units. Navigating between ad-hoc requests, tech debt, new infrastructure for scalability or new features for growth.

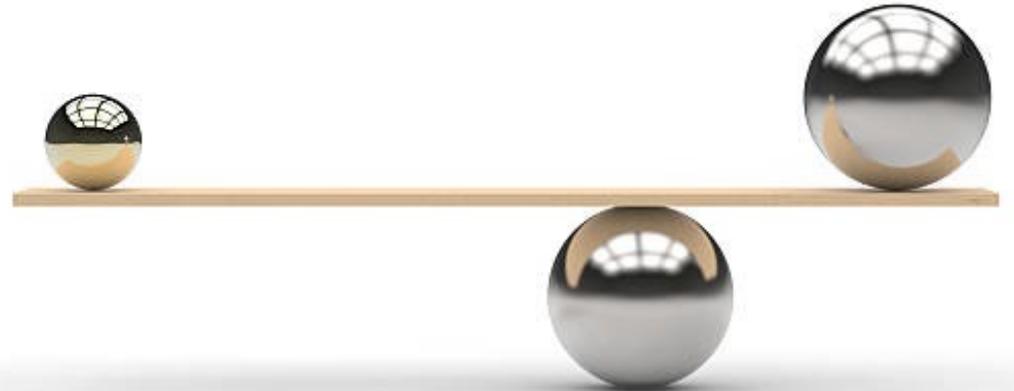


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The fourth, and often one of the most challenging and painful reasons for founding team tension, occurs when one of the co-founders is not scalable and doesn't grow rapidly to meet the business requirements.

This occurs in approximately 15% of cases.

This usually happens as the company scales and the business becomes more complex with higher expectations from employees, customers and investors. In this case one of the co-founders or the founding CEO lacks the necessary skills, performance, and capabilities to effectively lead the company forward in a senior leadership role.



Seven Visible Reasons for Co-Founder Conflict

The fifth reason for co-founder conflict is equity split and financial management (10%).

Deciding how to allocate equity is a significant contributor to founders' conflict for a couple of reasons.

Firstly, dissatisfaction with the equity split among founders tends to magnify by a factor of 2.5 as the startup grows and matures, leading to an uncomfortable discussion that many founders don't know how to handle.

Secondly, an unequal distribution of equity can lead to class divisions in daily life and create a sense of hierarchy among the founders, where those with more equity feel they have greater value and decision-making power, while those with less equity are seen as having weaker and less valuable ideas.



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The sixth reason for co-founder conflict is interpersonal misfit or mismatched personalities (10% of cases).

This factor relates to cases where co-founders don't share the same values, motivations and drivers. It also occurs when the co-founders don't share the same level of commitment to the company or do not meet each other's personal and behavioral expectations. Having mismatched personalities and different work styles

This usually transpires as a result of most founders searching and matching their co-founder only based on **professional skills** and experience without deeply exploring their **relational resume**



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The seventh cause for co-founder conflict is the relocation of one of the founders. (5% of cases)

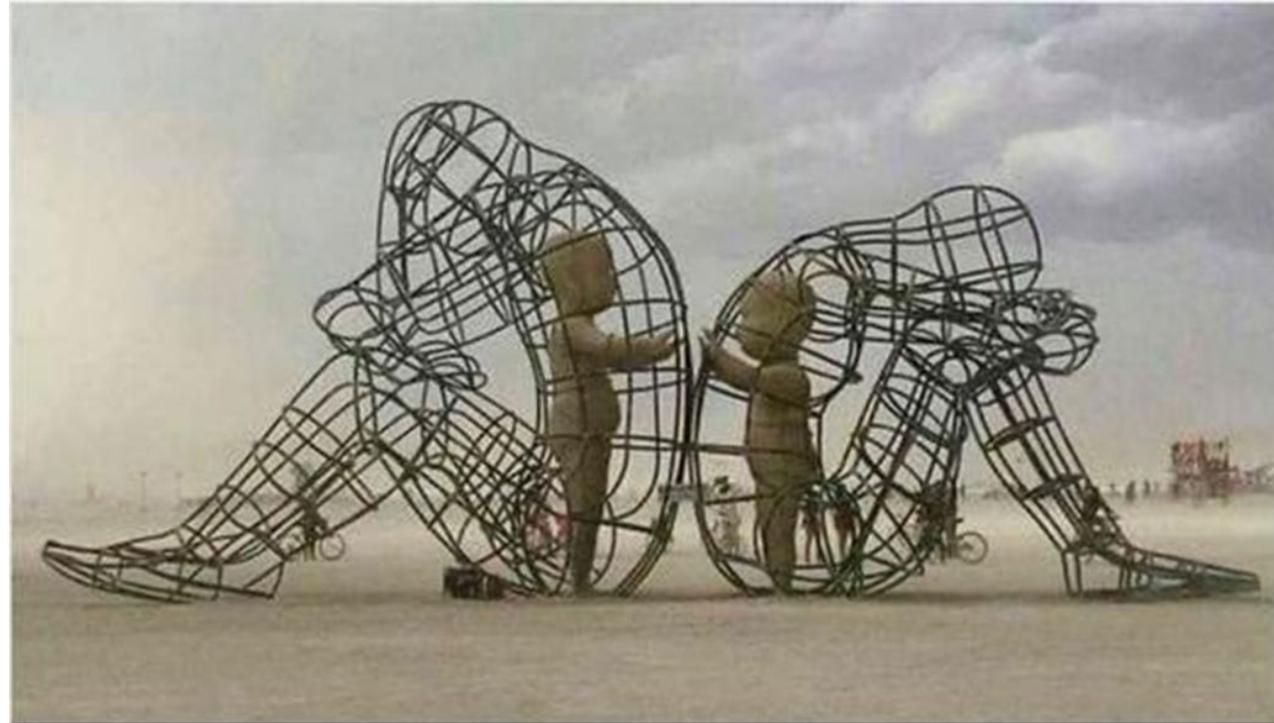
Relocation abroad usually represents growth, expansion, and readiness to scale. But we all know that virtual, long-distance relationships can be challenging to manage. The physical distance compounded by the time zone differences, make it much difficult to stay connected and maintain strong alignment and trustworthy communication.



Seven Visible Reasons for Co-Founder Conflict

Co-founders divorce is very much similar to couple deciding to break up their marriage. It has similar emotional, financial and mental implications. And just like couples in a divorce process, co-founders also need to consider how to keep their “baby” healthy and well cared for.

As a co-founder therapist who works with many founding teams, I have experienced the depth and magnitude of emotion when the conflicts evolve and co-founders find it inevitable to break up their agreement and, in this process, kill their startup: anger, frustration, envy, personality attack, blame, rage and fear, loss of many elements in each identity are manifested and leading to failure of their joint venture.



*My next article will explain the **hidden psychological reasons for co-founders' fight**. Stay tuned.*