

How to Set Up a Healthy Co-Founder Relationship

Esther Perel's guide for fortifying your partnership from the start.

In my recent First Round Review article, I wrote about the co-founder relationship. **Relationships are pivotal to building a successful company — and all too many of them go sideways.** In fact, 65% of startups fail because of interpersonal tensions within the founding team.

In the article, I shared my tips for how co-founders can deal with conflict (and its root causes) amid the stressors of company building. But of course, not every team has gotten into well-worn grooves of disagreement yet. For co-founders just starting out, there's an entirely different set of considerations to keep in mind.

- ◆ If you're building a business with a close friend, how can you maintain the relationship over time?
- ◆ If you're considering partnering up with someone you don't know as well, how can you get to know them quickly on a deeper level?
- ◆ What do you need to know about someone before you start a company together?

In this guide, I'll draw on my more than three decades of experience as a couples therapist and organizational consultant to answer these questions.

Starting a company with a close friend:

I get asked all the time if it's possible to grow a company and maintain a friendship, with good reason. It's not an easy task. You have to shift from “friends that stumbled upon an idea” to “partners that need to build an organization together” — and **that's a transition that people don't always know how to navigate.**

This is especially true for younger co-founders who pair up in college or after a first job. Things happen quickly: Someone has an idea, one person is good at tech, the other is good at sales, and lo and behold it turns into a company.

Here's what usually happens next: It scales far too quickly to put any scaffolding in place. Eventually there comes an inflection point where it becomes clear that more structure and process is required. Hard decisions need to be made and tough conversations need to be had.

But if you're very good friends with your co-founder, it's all too easy to fall into the "Let's not talk about this, let's just go and have a drink" trap, which muffles problems until they reach their breaking points.

Here are two tips for getting ahead of the curve. →

Get a coach and make structure your friend:

In my opinion, co-founders who start as incredibly close friends frequently need a coach. Good startup coaches help you translate your struggles, and help each of you realize that you can't do it alone. You need someone from the outside to hold your feet to the fire and work on your issues (instead of avoiding potential conflict in an attempt to keep the peace).

If you can't get started with a coach, set aside a deliberate, sacred time to discuss your relationship, just as you would schedule a Q1 plan review. You have to establish some boundaries between the personal and the professional, and creating a firm structure can be helpful.

Find virtual villages:

There's an enormous need for entrepreneurs to come together in groups and talk through the issues they're facing. Mastermind groups are very effective at this. When we don't know what's going on with our fellow entrepreneurs, we're unaware that they're facing the exact same struggles, and so we feel isolated and alone.

Creating virtual villages helps too. This is why I started "How's Work?". In listening to real-life therapy sessions with other co-founders, you can hear your own story in their difficult conversations, and learn the vocabulary you need to start the conversations that you want to have.

*"Instead of the filtered, curated stories we see on social media, we need **real conversation**. I'm not talking about boasting about how your startup is 'crushing it,' but the nitty-gritty details of how you feel like you don't know what you're doing, or how you and your co-founder are struggling to align on the company vision."*

— ESTHER PEREL

Pairing up with a perfect stranger:

In some ways, there are benefits to starting a company with someone you don't know very well — you can “date” or interview and deliberately choose your co-founder.

In this scenario, you're looking for a business partner, not another friend, and as a result, those personal and professional boundaries will likely be more clear from the start.

But of course, there are obstacles of a different sort. Without a pre-existing relationship in place, you will need to put in the legwork to determine if a potential co-founder could be a good fit. And making the wrong decision can be disastrous.

With couples, there's premarital counseling and discussions to be had before tying the knot, such as whether or not to have kids, where you're going to live, and how you'll approach finances. For co-founders, it's less clear what you need to know about each other before you decide to start a company together.

Use these tips to find out as much as you can about someone before partnering up. →

Meet them in context:

Too many people make it all business, meeting in a sterile, interview-like environment of the office. **But meeting a potential co-founder out of context is the least rich place to learn about a person.** Instead, go do something together.

Go to an exhibit, a lecture, a birthday party — any setting where you can put them in better context. If you go to a restaurant, how do they treat the waiters? If you go to an event with their friends, how do they engage with close contacts and acquaintances? How do they manage interruptions or changes in plans?

Don't just get down to business:

Think about playing pool. You want one ball to go into the pocket, but you need to hit another ball at just the right force to make it happen. Relationships are the same.

The art of relational intelligence rests on your ability to look at the interplay of pieces, which means that understanding the relationship resume people carry with them, the way they establish trust or repair breaches, whether they value autonomy or loyalty, and so on.

These details are critical to working together and communicating effectively.

*"If you want to figure out whether you should co-found a company with someone, **don't just talk about work.** Finding out about they leveraged their marketing skills or how they sold their company for a nine-figure exit will tell you squat about what it will be like to work with them every day."*

— ESTHER PEREL

Ask these questions to learn more about your potential co-founder:

To help you uncover the information you need to know before embarking on a co-founder journey, I've listed some of my favorite questions below. You don't have to ask them all in one swoop, but they will help you broaden your conversation.

1. How do you stay in touch with people that matter to you
2. What do you do when you have 20 emails in your inbox?
3. What's your idea of a great weekend?
4. What would you do if you had a different career?
5. What's the best piece of advice you've ever gotten?
6. How do you deal with surprises?
7. Have you ever changed your mind?
8. Have you ever been rejected?
9. Is there someone that you would that you feel owes you an apology or that you owe an apology to?
10. When you make a mistake, do you have a tendency to blame others, or do you have more of a tendency to blame yourself?
11. Do you lean towards forgetting, or do you lean towards remembering?
12. Have you ever been vindictive?
13. What's a conversation you wished you had with your parents?
14. Were you among the people who ate lunch alone at school? Did you want to be known or were you happy to be left on your own?
15. What part of your identity is legacy versus chosen?
16. What do you need more: security or adventure?
17. Were you raised for autonomy or for loyalty?

