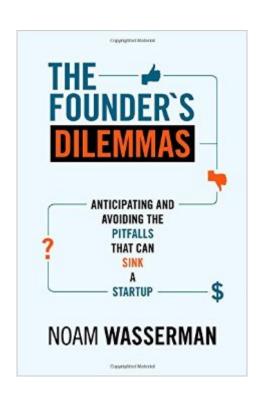
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The Founder's Dilemmas: Anticipating And Avoiding The Pitfalls That Can Sink A Startup (The Kauffman Foundation Series On Innovation And Entrepreneurship)





Synopsis

Often downplayed in the excitement of starting up a new business venture is one of the most important decisions entrepreneurs will face: should they go it alone, or bring in cofounders, hires, and investors to help build the business? More than just financial rewards are at stake. Friendships and relationships can suffer. Bad decisions at the inception of a promising venture lay the foundations for its eventual ruin. The Founder's Dilemmas is the first book to examine the early decisions by entrepreneurs that can make or break a startup and its team. Drawing on a decade of research, Noam Wasserman reveals the common pitfalls founders face and how to avoid them. He looks at whether it is a good idea to cofound with friends or relatives, how and when to split the equity within the founding team, and how to recognize when a successful founder-CEO should exit or be fired. Wasserman explains how to anticipate, avoid, or recover from disastrous mistakes that can splinter a founding team, strip founders of control, and leave founders without a financial payoff for their hard work and innovative ideas. He highlights the need at each step to strike a careful balance between controlling the startup and attracting the best resources to grow it, and demonstrates why the easy short-term choice is often the most perilous in the long term. The Founder's Dilemmas draws on the inside stories of founders like Evan Williams of Twitter and Tim Westergren of Pandora, while mining quantitative data on almost ten thousand founders. People problems are the leading cause of failure in startups. This book offers solutions.

Book Information

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Customer Reviews

The Founder's Dilemmas by Noam Wasserman is another book that belongs on every entrepreneur's bookshelf. It's excellent. I met Noam for the first time last week when I was at HBS. I was on a panel of VCs (me, Mike Maples Jr., Kate Mitchell, and David Frankel) talking to a room full of HBS alumni who are VCs. Noam and I had exchanged several emails over the past few months and he sent me a review copy of the book but it got lost in my infinite pile of books to read. After seeing him and talking to him briefly, I decided to put it on the top of the stack. I laid on the couch all day yesterday with Amy and the dogs and demolished a pair of books. The Founder's Dilemmas was the first. I get asked endless guestions about founder dynamics, solo founders, optimal number of founders, equity allocations between founders, roles of founders, alignment between founders, and investor - founder relationships. I've been involved in many conflicts between founders, transition in roles between founders, emotional struggles with founders as businesses grow and change, investor conflicts (other than me) with founders, and the list goes on and on and on.I've never seen a book before that was particularly helpful - to a founder - about the wide range of issues a founder will face. There are plenty of books lots with stories, anecdotes, and suggestions, but none that are particularly systematic about going through all of the issues. Noam's book is the first I've read - and he totally nails it. He covers it three ways - with data, with analysis, and with stories.

Book Review of The Founder's Dilemmas: Anticipating and Avoiding the Pitfalls That Can Sink a Startup by Noam WassermanJust occasionally you read a book that you wish you had read 25 years ago. I worked in the entrepreneurial/venture capital sector 1984-2007 and I so wish I had read this book in 1984. Unfortunately it was not published until 2012 so it was not possible but if you are (budding) entrepreneur, potential start-up hire, angel investor or venture capitalist you should really read this book. This is the first book that really gets to the human side of entrepreneurship but is based on the evidence of a ten year study of some 2000 technology and life science start-ups for the period 2000-9.Note the title; it is dilemmas not dilemma. In this book Wasserman identifies a number of defining moments in the trajectory of a start-up where the entrepreneur must make a choice which while it may appear to be operational or tactical ends up having significant strategic consequences For example a the first decision for an founder to determine what is his or her motivation? Is it wealth-or-control ("do you want to be king or want to be rich?"). This really resonated with me. For 12 years I was the Executive Chairman of Nanyang Ventures which had three early stage funds doing Series A & B investments. One of innovations when I introduced at

Nanyang Ventures was to psychologically profile the entrepreneurs. What we discovered after five years is that our winners had three key characteristics.1. They had high numerical intelligence. They could understand the numbers. We thought we could compensate for those who had high general and verbal intelligence but low numerical IQ with a competent CFO. We were wrong.2.

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