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Counselling for co-founders

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Just as in personal relationships, all business partnerships experience a tricky phase



Twenty20 co-founders Todd Emaus, left, and Matt Munson

For an hour, on the floor of a Rocky Mountain retreat centre, Todd Emaus was made to sit back-to-back with Matt Munson, his co-founder in their photo app business Twenty20. All the pair were allowed to speak about was why each of them felt their partnership was at such a low ebb.

They had paid \$9,000 each for the privilege of doing this, taking four days away from their business in San Francisco for a residential retreat. It was organised by a coaching business called Reboot, in Boulder, Colorado.

That was three months ago and they say that the experience may have saved their friendship as well as making them better business partners.

“Matt and my relationship with him was in a bad place,” Mr Emaus recalls, noting that the strains of expanding had meant they no longer enjoyed the personal bond they had before founding Twenty20, a

tech start-up that enables people to sell personal photographs to picture agencies.

“We were best friends who went into business together because we didn’t really like the jobs we had been doing,” Mr Emaus says. “The problem was that we had drifted away from the way we had originally been working.”

A lot of the same tensions occur in professional relationships as they do in marriages. There is just no sex involved

- Jerry Colonna, Reboot

For Mr Munson, the hardest part of their time at Reboot came as soon as they arrived, along with 19 other co-founders from nine companies. Each participant was handed back his or her application for the programme, where they had written about recent challenges they had faced, and told to read out the words to the group.

“Type A founder types like me don’t talk about what is hard,” Mr Munson says, adding that the experience of relaying his concerns to a circle of strangers was “very normalising”.

It was Mr Munson who had suggested that they both try Reboot after meeting Jerry Colonna, one of four executive coaches who co-founded the boot camp business. “I loved the core premise [that relationships are essential],” Mr Munson says, noting that even the name Reboot struck a chord with a tech founder.

“There are lots of resources in the start-up world to help with the financial pieces of a business, or the legal pieces, but not many that focus on this,” he adds. “Starting something is an emotional journey.”

Reboot runs similar residential programmes for people joining young companies as chief executive and partners in venture capital firms. It was founded in 2013 and has offices in New York and San Francisco, but runs the residential events from close to its base in Boulder. The city is an appropriate venue for residential events because it has a critical mass of tech founders but is a world apart from the frantic pace of San Francisco and New York, says Mr Colonna, who is based in Boulder. “We tried to pick a beautiful place because after being emotionally wrung out we want you to crawl into a nice bed to sleep,” he says. “People arrive on a Wednesday night, start crying and don’t stop until they go home.”

[Relationship conflict] is among the least discussed and under-appreciated of all of the start-up challenges

- Fred Wilson, Union Square

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The need to work on your business relationship is as important as working on those in your personal life, says Mr Colonna, a professional coach and former partner in the private equity arm of JPMorgan Chase. Most failures of tech start-ups can be traced back to co-founder conflict, he says.

Entrepreneurial team relationships often stumble because one party feels rejected or disappointed with how the venture is developing, he says. “A lot of the same tensions occur in professional relationships as they do in marriages. There is just no sex involved.”

The main source of conflict identified by the Reboot events is money. The tension usually arises over disagreements about when and how to spend it, says Mr Colonna: “If you are talking about a start-up that is not profitable, or even pre-revenue, it is difficult to justify any spending.”

Reboot is not the only organisation offering a way for founders to take time out to work on their relationships. Support and coaching, for instance, is offered by networking groups, such as the international Young Presidents Organization.

Some entrepreneurs sign up to courses at business schools, such as the business growth programme at the Cranfield School of Management in the UK. One of the mantras drilled into participants on the part-time course, which involves four overnight stays, is “work on the business, not in the business”.

David Glassman, a business coach and visiting fellow at Cranfield, says trust and recognition of the founders’ codependency is critical to making a partnership work: “Successful co-founder relationships are those where at least one of the partners realises that, while the business might develop faster if they operated alone, it will go farther if they operate together,” he says.

“The ones who are even wiser recruit additional expertise at senior level to ensure that maximum advantage can be taken of opportunities outside their own ken as the business grows.”

The biggest barrier to entrepreneurs signing up to Reboot is the time taken. “If you ask people to take four or five days out of their schedule it is hard,” Mr Colonna says. The fact that most founders find this extremely difficult is precisely why it is key to the programme’s design, he adds.

Co-founder stress is one of the most under-appreciated of all the start-up challenges, says Fred Wilson, a partner at Union Square Ventures, the New York-based VC firm. “If you don’t have a co-founder, well then you have other challenges, namely having to do it all on your own. But if you do have a co-founder, or two or three, I would imagine that figuring out how to get along, stay aligned, communicate honestly and openly and not drive each other crazy is a big challenge.”

Co-founders prefer not to talk about interpersonal difficulties because they fear it will freak out employees and investors, says Mr Wilson. “That is why it is among the least discussed and under-appreciated of all of the start-up challenges.”

One of the techniques Mr Emaus and Mr Munson have applied as a result of Reboot is to schedule meetings outside work where the only rule is that they do not talk about the business. It has also been important to discuss why they went into business in the first place, Mr Emaus says.

“There was a lot of work about being vulnerable and being real,” he says. “What actually scares me more than the business failing is the business succeeding but me not feeling good about why I was doing it.”

Mr Emaus says that by reappraising his reasons for being in business he has not only revived his working relationship with his co-founder but also regained a friendship.

“We have restructured our relationship,” he says.

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