

Starting up and Scaling up - (re-)laying the right foundations

The Foundations Process by the Resolution Pod



the resolution pod

65% of start ups fail because of
issues within the management
team

(The Founder's Dilemmas, Anticipating and avoiding the pitfalls that can sink
a start up, Noam Wasserman, Princeton)

“The most common decisions -
cofounding with friends, splitting equity
equally among cofounders etc are the
most fraught with peril”

From Noam Wasserman, Author of *The Founder's Dilemmas*

The team: Sophie Clifford - Adrian Black - Eva Edel

- Qualified and experienced **mediators** - 20 years + experience with **international** experience **across sectors** - from the UN to bootstrapping startups via large corporates, SMEs, charity, public sector
- A mix of **lawyers** (employment and IP) and **business** experience (sales and property)
- **Specialised in tech and creative industries** since 2014



We help you make the right
decisions for your business

We help you **have the discussions** that are necessary (but easily avoided)

We help you **prepare**

We **facilitate the conversation** to make the conversation easier and help you reach the best outcome



Overview of the process

What we will help you discuss

- Roles
- Titles
- Decision making at the top
- Equity and reward split
- Stress testing
- (or anything participants want to bring to the table)

Process

- We are neutral, impartial and independent
 - Outcome is for the participants to decide
 - 5-step process
1. Information - what should you be thinking about
 2. Preparation - individual confidential sessions
 3. Facilitated dialogue - session with all participants
 4. Write up and recommendations on next steps
 5. Review - Quarterly touch points over 1 year

1. Titles and Roles

CEO

“Which cofounder receives which title is usually one of the toughest early negotiations between cofounders. And rightly so, because it is a very important one.”

Noam Wasserman, Author “The Founder’s dilemmas”, Princeton University Press

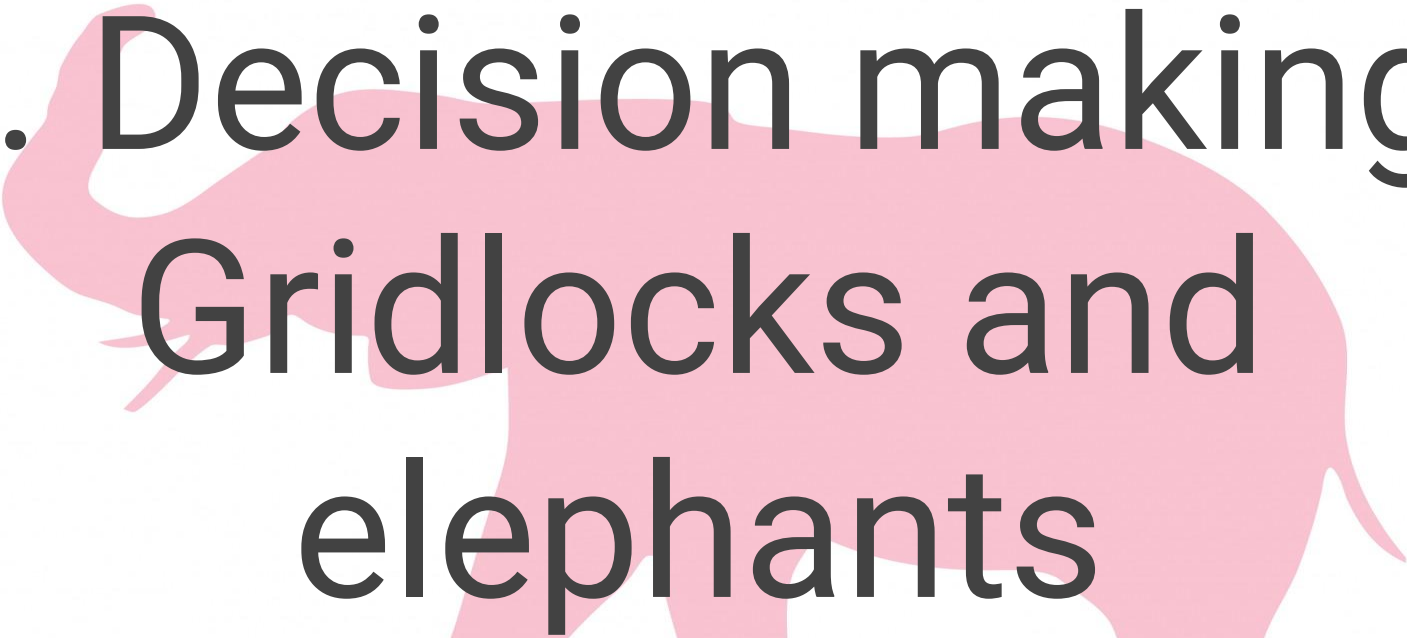
Clarity on **roles** and **titles**

Avoid: title inflation, wrong roles, overlapping roles, no attributed roles.

We help you take account of relevant factors

- ❖ Levels of commitment
- ❖ Fitness for role (what you bring: skills, experience, human capital, vision)
- ❖ Pros and cons of overlapping roles or dividing labour
- ❖ Egalitarian v pyramidal decision making - pros and cons
- ❖ Options - Chairperson, Board presence etc

2. Decision making. Gridlocks and elephants

A light pink silhouette of an elephant is positioned behind the text. The elephant is facing left, with its trunk curled upwards and its tail pointing to the right. The text is overlaid on the elephant's body.

Decision making - gridlocks and elephants

- How will you make sure you speak about elephants in the room
- What happens if you can't agree
- What if you come to irreconcilable disagreement

We help you brainstorm ideas

- Involve an external party as “objective arbitrator” for decision making or “impartial mediator” to help parties reach their own decision
- Create a framework for speaking about elephants in the room
- Disaster planning - prepare your exits



3. Equity split and reward

“It was killing us”

Evan Williams, founder of Blogger,
on his equity dispute with his cofounders.*

* The Founders' Dilemmas, Noam Wasserman @ 147

Get Reward right

Getting your timing right

What is the right and lasting equity split

What about reward more generally?

- ❖ Benefits / downsides of equal splits
- ❖ Dynamic v static
(Slicing pie model, Agile Partnerships)
- ❖ Basing the split on the right criteria
(past contribution / opportunity cost, future contribution / idea premium)
- ❖ Interaction between reward and equity

**We help you reality test your
decisions**

What happens if one person is fed up
and wants to walk?

Case studies

Case study - setting up

Two friends decide to set up a business. They think they should go in 50/50 (although one brings more experience than the other, has a wider network and feels he probably should be more rewarded).

They go through the Resolution Pod's Foundations Process and

1. realise there are other options for equity split such as Slicing Pie which they decide to adopt as it will feel fairer to them both
2. set up a mechanism to ensure they do not avoid difficult subjects in the future
3. decide to appoint an independent adviser who will act as arbitrator if they cannot agree on key decisions so that disagreements do not damage their relationship.

The Foundations Process **brought out subjects for discussion** they did not realise they needed to have and **enabled them to tackle important conversations** they would have otherwise avoided until too late.

Case study - revisiting early decisions

Two founders met and started up. They decided on 50/50 and broad roles. Fast forward a few years. One feels he is contributing much more than the other and is resenting it.

They attempt to discuss it but clearly founder 2 sees things differently. She had the idea after all.

Founder 1 is tempted to back down. After all they have to get along. She is worried tackling it head on again is going to cause a real clash which their relationship will not recover from. But it is “sand under the saddle” and will cause friction over time.

They call in the Resolution Pod to go through their Foundations Process to help the business look at a number of key decisions with an eye to scaling in the future. The conversation enables the founders to **clear the air**. Turns out Founder 2 felt Founder 1 was lacking some key skills. The founders **agree to new ways of working enabling them to focus on growth**.

Case study 3 - scaling

Tech company has been going for 5 years and is now 200 strong, looking to be bought by a VC. They know the next stage requires some rethinking of their existing set up.

The exec team use the Foundations Process to help them decide

- Who of the two co-founders will be CEO
- Whether those in C level positions need to be replaced by people with more experience and if so how to handle that fairly

The Foundations Process enables them to structure these conversations, have them **safely** and **constructively**.

FAQs

★ **How long does it last?**

A day or two (split over half days) and quarterly checks up for a year. Adapted if required.

★ **How much does it cost?**

Early stages 2 founders - from £3k (+ for additional participants). Scale ups - starting at £6k based on number of participants and complexity.

★ **Do you give us the answers?**

Only you can decide what is best for your business as you are the ones who have to live by it. We help you have the conversations so you can reach the best decisions for your business. We provide you with a write up with recommendations if appropriate (discussions you still need to have, what you could do to help you resolve them).

★ **How do you know you can help**

We have advised a multitude of founders and executives on tricky situations and helped them find resolution.

This process
will help you
succeed.



What clients say about us

"I cannot express my gratitude for what you have done for us both. You have really made what could have been a very painful and drawn out thing into a positive experience that has lead to a mutual understanding. I am hugely relieved and positive about the results and that would not have happened without your intervention." A co-founder of a creative agency

"The parties came to a very robust agreement to which they are both genuinely committed. This outcome was a credit to the comprehensive structure and process that you steered the parties through."

An observer to one of our mediations

"Sophie's skillset as both a mediator, conflict coach & employment lawyer combined with a clear and compassionate style has helped us to quickly resolve some difficult workplace issues. Sophie clearly understood how to unlock difficult situations and move us forward positively."

Simon Douglass, CEO, Curated Digital

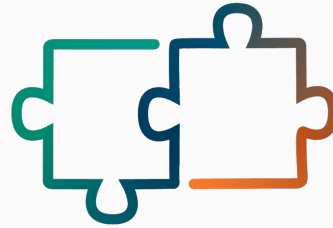
"A single day of mediation with Sophie shifted what was a difficult, seemingly intractable and deteriorating relationship to a sound and solid platform to work from. She was able to create a safe space to have an open conversation which we simply could not have had without her intervention. This was instrumental in us gaining a better understanding of the past facts and agreeing on clear strategies for the future. I would heartily recommend her." Richard Clarke, Head of the City Agency & Development Team, Matthew & Goodman

Get in touch

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