

# The Life Lessons We Can Learn from Successful Startups

Looking to improve your personal family relationships? Entrepreneurs who started companies together offer some powerful lessons.

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We all know the benefits of entrepreneurship—the excitement and freedom of having a vision and making it a reality, of potentially making riches.

But there’s another aspect of entrepreneurship that most people don’t recognize: Starting a business with a partner can teach us a lot about how to improve our personal family relationships.

I’ve been studying entrepreneurship for almost two decades, collecting data on 20,000 founders, interviewing hundreds of them and writing deep case studies on dozens. What I’ve discovered is that many of the same elements that make for a successful partnership among founders make for successful relationships—between spouses and between parents and children.

One reason founders can offer such an education is that they typically come to know failure intimately. Given startups’ high crash rate, many business partnerships set up safeguards to protect themselves from failure, as well as becoming more comfortable with setbacks and learning from them.

They tackle difficult conversations most of us would rather avoid. They set up ways to undo tough decisions that many of us commit to blindly. They figure out the smart way to divide responsibilities between partners when most of us would rather just split things simply down the middle. And they recognize their limitations when most of us just keep pressing ahead—and end up hitting a wall when we least expect it.

Here’s a close look at those lessons from startup partnerships I’ve studied, and how we can apply them to our lives.

## **Raise painful subjects early**

Most of us have an innate aversion to raising painful subjects. But entrepreneurs learn through hard experience to avoid delays in bringing up tough issues. In a hypercompetitive environment, there is little wiggle room for balky products or ineffective team members. As a result, the best founders move quickly to identify and deal with any problem areas they see, despite the natural inclination to avoid tension-filled issues.

When three friends launched an enterprise-software startup that I studied, two of them had doubts about whether the third would really be willing to leave his day job to devote all his time to the firm. This founder seemed to really enjoy his stable, full-time job, and he had just become a father. The worry was that he might walk away with his founder shares, and the startup wouldn't be able to use his ownership stake to attract a high-quality replacement.

So, all the co-founders had a tough discussion early—they “went ugly,” as I call it. Rather than wait for doubts, anxieties and resentments to fester, they explicitly acknowledged—and planned for—the possibility that one of them would bail on the company.

It was a tough conversation, but it paid off. When the new father decided that he couldn't found a venture while founding a family, the company had a deal ready to go. The co-founders reclaimed his ownership stake, used his shares to lure a replacement executive and, down the road, attracted a buyer.

The same logic applies to relationships. Going ugly early has aided people I know in all sorts of quandaries.

One of my former students used it assiduously when dating. Rather than putting on the usual façade on a first date, he made a point of being his authentic self and not avoiding awkward conversations about such things as income prospects and where he would prefer to live. “If your partner can see you at your worst—and still love you—you know you've got a keeper,” he says.

The result: Following his new and much more effective dating process, he found his partner for life and built a strong foundation for their marriage.

A prenuptial agreement is a common way couples get ugly what-ifs out of the way ahead of time. Much as co-founders create agreements laying out the terms by which their partnerships might end, prenups can do the same for couples about to wed. Just as in the entrepreneurial world, agreements like these can strengthen relationships by surfacing issues early, revealing people's true intentions and motivations and clarifying expectations while adjustments can still be made easily.

## **Set up ‘undo keys’**

A major potential source of trouble in a startup is a big early decision that becomes hard to reverse. That's why many smart entrepreneurs set up ways to back out of those decisions if they turn out to be mistakes.

One founder I studied decided to try out a potential co-founder by working with him on a self-contained project for two months, during which he assessed the potential partner's commitment, compatibility and competence. At the end of the two months, the two decided that incompatibilities in their working styles—one preferred to be “all in, all of the time,” while the other wanted clear boundaries between work and home—were likely to cause destructive tensions, so they parted ways.

This contrasts with a transportation company I studied where the two co-founders set up a 50/50 equity split at the start—and didn't allow for future adjustments to the ownership structure. One partner ended up doing much less work, leading the other to realize too late that their early pact was “really stupid.” The agreement ate at this partner for years, especially at milestones where she was reminded that the co-founder was benefiting financially from her hard work even though the co-founder was barely contributing to the company. She told me that she wished that her life were like a word-processing application with a painless undo option.

An undo key can be just as crucial in relationship contexts. In a burst of generosity, you get the idea to have your aging mother sell her house to move across the country and live in the separate apartment in your home. Fortunately, though, before presenting this idea to your mother, you talk it through with your spouse, and you realize what you might be getting yourself into. Your marriage may not survive the intrusion by a strong-willed person with specific ideas about, say, how to parent your adolescent.

So you devise a few undo-ready options, such as having your mother rent nearby for a month or two while still keeping her old house until you gain confidence about the move.

Similarly, imagine you're thinking about taking a job in a new city, with your spouse making the leap with you. What if the new position—the rationale for turning your life upside-down—doesn't work out? Instead of relocating the whole family, why not consider commuting for a while, as I did when I took my current position? The distance may seem extreme and the cost may seem like money down the drain, but there's a benefit to what you'll learn, and you'll be able to reverse the decision if the job isn't what you want.

## **Beware of strict equality**

The ideal of equality has a magnetic pull. We learned in kindergarten that fair means equal, a lesson that is continually reinforced.

The most effective founders, however, take a different approach. They avoid equal equity-ownership allocations, because they know that over time, it is highly likely that at least one founder will lose interest or contribute less than the others. They also stay away from apportioning roles equally. They are aware that equality in roles is a recipe for heightened tensions, with team members stepping on one another's toes and people having to deal with areas that are not their strengths.

As a consequence, the most stable founding teams give each collaborator authority over a specific area that suits his or her passions and expertise.

Such a structure can be seen in the case of an online music-distribution platform I studied, where one of the three co-founders was a music guru, one was an experienced startup executive, and the third was a technical whiz. The team created three domains—music, business and technology—and handed control of the decisions in each domain to the appropriate co-founder. The company ultimately became a prominent player in online music.

Similarly, many of us believe that a spousal relationship should be a partnership of equals. But that often ends in unhappiness.

I know of a couple in which both people believed they should carry essentially the same work and family responsibilities. But this entailed endless scorekeeping and discussions about tasks and roles, and often they both ended up doing things outside their areas of competence or enjoyment. For instance, although he was a great chef, he couldn't seem to keep anything clean, and she was the opposite. Dirty plates and burned food—as well as the inevitable tensions and resentments—were a daily part of their relationship.

The couple eventually decided to take a page from successful startups: Instead of trying to split things down the middle, they recognized and embraced their differences, defined distinct domains and mapped their strengths to the domains. He handles all the cooking tasks with no complaints, and his wife cleans up. Neither of them likes to take care of the lawn, so they decided to outsource that function. All of a sudden, the two of them were more adeptly managing the venture that is their life together.

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Together, all these strategies contribute to making entrepreneurs capable of bouncing back from failure and becoming stronger than before.

Applied to our own relationships, the same strategies can improve our personal lives. The key is taking a thoughtful approach to decisions so that we aren't overly driven by emotions, because emotions don't always take us where we truly want or need to go. A thoughtful approach can help us keep our mistakes small and isolated enough that the overall “system” of our lives has a chance to grow stronger, and so that we can better take control of the startup that is each of our lives.