

# Change of Founder's Role in Tech Startups

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"Master of Business Administration"

supervised by  
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## Affidavit



I, **Liudmyla Masliaieva**, hereby declare

1. that I am the sole author of the present Master's Thesis, "Change of founder's role in tech startups", 76 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

Vienna, 15.07.2018

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Signature

## **Abstract**

The main objectives of this master thesis are to identify and analyze how the startup founders' role changes during startup development and which factors drive these changes. After the review of available international literature, the interview method was chosen to receive a deep insight into the founders' role development in tech startups. Interviews with founders in Europe and US were conducted, which showed that founders see their role's development as evolutionary, but full of challenges. An empirical study confirmed that the acquisition of human, social and financial capital requires the attention of founders and balancing with multiple priorities. Hiring, delegation and building a culture within the team were emerging issues for the founders. They devote significant part of their time to those activities and sometimes even change the way of doing things and how they communicate with the team. The biggest supporters in those challenges were the founders' own experience and advice from the founders' community. Therefore, networking was identified as an important driver for the founders' development.

**Keywords:** Founder, tech startup, delegation, culture, networking

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## List of Abbreviations

CEO	Chief Executive Officer
CTO	Chief Technical Officer
CPO	Chief Product Officer
COO	Chief Operation Officer
e.g.	For example
et al.	And others
GEM	Global Entrepreneurship Monitor
IPO	Initial Public Offering
KPI	Key Performance Indicator
M&A	Mergers and Acquisitions
MVP	Minimum Viable Product
OKR	Objective and Key Results
VC	Venture Capital

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## **1. Introduction**

Entrepreneurship is about people and their processes around the discovery, evaluation and exploration of business opportunities (Shane & Venkataraman, 2000). According to the Global Entrepreneurship Monitor (GEM) report in 2015 around 472 million people are entrepreneurs worldwide (GEM 2015/16 Global Report, 2016). Entrepreneurship creates new companies, opens up new markets, and nurtures new skills (Promoting entrepreneurship, (Promoting entrepreneurship - Growth - European Commission, 2018).

The accelerated development of internet and technologies brought with it the creation of a special category in entrepreneurship, known as technological startup (tech startup) (Storey & Tether, 1998). The purpose of a tech startup company is to develop business main aim of which is bringing of technology products or services to market. These companies deliver either new technology products or services or bringing existing products or services in absolutely new ways. In 2015 around 1,35 million tech startups were registered worldwide according to the GEM report (GEM 2015/16 Global Report, 2016).

Researches and media pay more and more attention to tech startup founders, such as Steve Jobs (Apple), Mark Zuckerberg (Facebook), Evan Thomas Spiegel (Snapchat) to discover who they are and how to duplicate the creation and development of successful startups. Indeed “*technology is critical, but it is ancillary to the people who take advantage of the business opportunities around them*” (Blank, 2005).

Founders of tech startups need to manage the cumbersome and long way from taking the decision to start their own company and then to move this company through the whole lifecycle of a startup and overcome all the challenges that arise on the way. At the beginning, the founders usually use their



own knowledge and skills (human capital), their own network and connection (social capital), as well as their own money and resources (financial capital) to create value. But as time passes, the founder needs to shift from a one person company to a fast growing organization, by hiring more employees (human capital) (Gimeno & Folta, et al.,1997), interacting with partners, vendors (social capital) (Hoang & Antonic, 2003) and engaging investors (financing capital) (Shane, S. & Stuart, T., 2002). However, attracting all these resources often comes at the cost of ownership stakes and decision-making control (Wasserman, 2014). Therefore, the development of a startup brings to its founder different challenges on every stage of the lifecycle, from attracting the resource he/she misses at each stage of the startup development all the way to a change of their own role when all resources are in place and maybe even giving up some control.

Managing these changes in a startup as well as in themselves, both on personal and professional level, is not an easy task for the founders (Joseph C. Picken, 2017). This is why in this thesis research is set up to learn about these challenges and changes that occur in the founder's and the startup's life.

### **1.1. Problem formulation**

Aim of this particular master thesis is to deep dive and research into the following problems:

1. How and does the role of the founder change during the different stages of a startup lifecycle?
2. Which factors driving and accelerating the need for change?
3. Does acquiring of new capital (human, social, financial) influence the founder's role, and to which extent?

The first problem was formulated to be able to discover how the founder's role is changing over time and how the lifecycle of a startup is influencing the founder's role change. A thorough understanding of the upcoming needs and changes could show why and how transition of roles and duties is required for the founder to keep their startup on the development path and insure its success.

The second problem was formulated to discover main drivers, which influence founder's need for changes. As well within discussing of this problem, I would like to understand how founders overcome challenges during their development.

Addressing the third problem helps to take a deep look on how the need for hiring new employees, networking, and onboarding of financial capital influences the role of founder and whether acquiring new capital influences the founder's priorities. This problem covers as well the main influencers for a successful transition of the founder's role.

The results of this research could be helpful to increase knowledge about development of founders' role in technical startups in the current economic situation and to provide insight on how founders practically overcome the challenges of their role changes.

Based on the problem formulations above, following objectives were specified in this master thesis work:

Objective 1: To identify, analyze, assess and indicate changes of the founders' role within the development of technological startups.

Objective 2: To identify, analyze, assess the factors, which drive the needs of changes

Objective 3: To identify, analyze, assess and indicate what are the influencers for these role transitions when new capital (human, social, financial) is acquired.

## **1.2. Method overview**

This subchapter describes the method of approaching problems and objectives. First of all, the currently available literature was reviewed in regards of research about startup lifecycle , founders' personality, capital acquisition, founders' dilemma, founders' turnover, succession of founders in startups. Despite researchers giving attention to founders, there is limited information available in terms of transitions which founders should make and what and who could help them to make these transitions. Therefore, due to fact that identified problems have an exploration character, the interviewing method was selected to explore the topics qualitatively.

I made a series of semi-structured and open-ended interviews (Myers, 2013) with founders of technical startups. I used interviews with technological startup founders as expert interviews. All interviews were done in closed-ended and open-ended manner to be able to pay attention to the interpretations of the experts and explore the experts' experience.

I used the sampling strategy (Shadish et al., 2001) in selecting and approaching the interviewees. In terms of boundaries, I selected the type of startup and location. I approached only founders who established technological startups in Europe and US. The interviews were made via phone and video conferencing in May-June 2018.

### **1.3. Structure of the Thesis**

This master thesis consists of five chapters. Chapter 1 includes the introduction, formulation of problems and objectives and the research method overview. Chapter 2 is devoted to determine current state of the art by doing an international literature review, in particular the review of the lifecycle of startups, challenges which the founders have at every stage and the founders' dilemma. Chapter 3 consists of information about the investigation approach and the processing of gathered information. Chapter 4 presents the results of interviews and Chapter 5 illustrates key findings, while Chapter 6 concludes this master thesis, giving conclusions, highlighting the main finding of this work and providing recommendations.

## **2. The role of startup founders – theoretical background**

This chapter provides an overview of international literature and available research about the lifecycle of startups, analyzing available information about founders' role change within the lifecycle of a startup and the role's transition. Therefore, in subchapter 2.1., available information about startup creation and startup lifecycle is reviewed and elaborated in order to understand which stages a startup could have and what their characteristics are. In subchapter 2.2., changes and challenges during the various startup phases are described. Subchapter 2.3. covers the role changes which founders could have during those stages.

### **2.1. The development stages of a startup**

Researchers, journalists, founders, and business leaders provide different definitions of a startup. The business dictionary, for example, defines a startup as: *“Early stage in the life cycle of an enterprise where the entrepreneur moves from the idea stage to securing financing, laying down the basis structure of the business, and initiating operations or trading”* (BusinessDictionary.com, 2018). According to Paul Graham, the cofounder of Y-Combinator, a startup is a company designed to grow fast (Pahwa, 2018). Some believe that a startup ends with the exit strategies of founders such as M&A, employee buy-out, initial public offering (IPO), or liquidation (DeTienne and Cardon, 2006)

Interest for startups or startups' stages of enterprise evolution was developed over some time. The creation and the evolution of a startup started to attract more scientists lately. Several approaches exist in describing the phases of business development. There is a division of studies regarding new venture creation into the following categories: static frameworks, stage models, process

dynamic models, and quantification sequence models (Salamzadeh, A., 2015). Some of the studies are focused on particular events or milestones or the time between stages. Based on it, in some scientists' opinions, they present the development of a company in two steps: functionally and entrepreneurially managed firms (Schumpeter, 1934). Other scientists have developed a framework, which consists of three (Smith, et al., 1985) or four (Baird and Meshoulam, 1988) distinct stages. Others have developed even more detailed models using twelve or fourteen stages in their models (Carter, et al., 1996). Quite often researchers divide organizational life cycles into phases such as: emergence, early growth, later growth, maturity (Hite and Hesterly, 2001). From a financing perspective, stages are often specified as: pre-seed, seed, series A, series B, series C (depending on the typical finance capital which is involved) (Law, 2017). From the perspective of complexities of the founders' role, we could be differentiate between early, middle, and mature/exit stages (depending on the priorities/tasks/duties which the founders have) (Dutia, 2015). It is important to mention that stages could overlap and therefore, there is not clear line between one and another stage.

However, despite the number of phases, each scientist describes a similar development of the business progression, where a firm first emerges and then experiences growth. It is the early stage when the founders/entrepreneurs start their venture to make it a profitable business (Salamzadeh and Kesim, 2015). At this stage, the founder uses their own resources, savings, to turn their idea into reality. The bootstrapping stage could be defined as a way of acquiring resources without borrowing (Freear and Sohl, 2002). At this stage, uncertainty is surrounding the startups, the situation being even more complicated due to additional uncertainty connected with innovation (Smith, 2009).

The aim at this early stage is to position the venture for growth by developing a product, demonstrating product feasibility, building a business model, hiring the initial team and gaining customer acceptance (Brush and Carter, 2006). In other words, the purpose of this stage is to move from idea to business model. From a financing perspective, this stage is characterized by the usage of the founders' financial capital.

The next stage - early growth or seed stage (Salamzadeh and Kesim, 2015) is characterized by teamwork, initial prototype development, entering to market, valuation of the venture, looking for accelerators or incubators and average investments. Usually "seed" terminology is used in regards to financing of the startup for the initial capital which is used to develop the product and/or service (Manchanda and Muralidharan, 2014). Usually, a startup uses the financial capital of its founders and maybe angel investors at this stage. This is the riskiest stage of a startup, when time is spent to test, review and change the MVP (minimum valuable product) many times, form and engaged team and find investment. The purpose of this step is to test your product hypothesis with the smallest possible investment of time and capital. Hence, a lot of startups fail during this stage, since they need to convert from an idea to a selling mechanism.

The next stage is later growth (Gartner and Brush, 1999) or the creation stage (Salamzadeh and Kesim, 2015). This stage is characterized by sales of the product, hiring employees, establishing an organization and management structure, and the development of a company culture. At this stage, usually financial capital comes from VC (venture capitalists).

## 2.2. Changes and transition of a startup during different phases

Startup transition from one stage to another is often painful and creates challenges for its founders. The biggest internal challenges for small company is to find external capital and biggest external problem is customer contact (see Table 1.)

Internal problem areas		External problem areas	
Adequate capital	13.7 %	Customer contact	34.5 %
Cash flow	12.9 %	Market knowledge	24.4 %
Facilities/equipment	10.9 %	Marketing planning	18.2 %
Inventory control	10.6 %	Location	14.0 %
Human resources	10.4 %	Pricing	10.6 %
Leadership/direction	9.6 %	Product considerations	9.6 %
Organization structure	9.3 %	Competitors	7.9 %
Accounting system	9.0 %	Expansions	7.0 %

**Table 1.** Small business companies' identified problems

**Source:** Dodge, et al., 1994

Fielden, et al. (2000) in their study highlighted as well that the main obstacles of organization running are financial issues and the attitude of banks. Additional challenges are connected with the lack of knowledge about management and business organization; therefore it is critical to have contacts with those who could provide support on these topics (Greve, 1995). Difficulties connected with employees like hiring, delegation, and communication are specified as well as major problems of small businesses (Thomson and Gray, 1999).

Many challenges are connected either with the lack of financial and human resources, and supporting mechanisms, or with the ability to adopt those resources into the new venture to create value and to grow. In other words, at every stage of development, the startup needs some resources to function.



Therefore founders have to acquire the needed resources at the appropriate time to develop the startup. By resources we could understand human capital – skills, experience, knowledge; social capital – network, connections; financial capital – money, funds (Sapienza, et al., 2003). Therefore, firm growth and development depends on resource acquisition (Hite and Hesterly, 2001). Disability to attract missing resources could be dangerous for the growth and by that the chance of failure for the new venture increases. Another important detail to mention is that the startup acquires external resources at different stages of its development, therefore previous decisions and previously acquired resources could have significant influence on the acquisition of the next resources (Ko and McKelvie, 2015). It means that resource acquisition is dynamic and its mechanism is critical to understand for the startup.

### **2.3. Changes of founders' role during the different stages of a startup**

Founder - one who establishes something or formulates the basis for something (Wasserman, 2014). A startup founder is a person who pursues the possibility to create a venture by themselves. Motives of founders could be different: the most popular are self-realization, wealth, and making the world better. Founders would like to develop their venture despite their motives or their final understanding of success.

Research identified two different types of transitions which the organization needs to make at different stages of development in order to insure that the company continues to grow successfully (Flamholtz and Randle, 2007). The first type of transition is connected with the strategical goals and “architectural design” of the startup. Such transitions could include changes in systems, structure, processes as well as changes to what the company actually

does (for example a business model change). Another type of transition is the “personal transition”. This includes understanding and anticipating the changes in the founders’ role that need to happen for an effective management of a more complex organization, the development of new skills, and adaptation to a new mindset, and the change of one's managerial style.

Every stage of the startups’ development brings new challenges to the company and the founders need to react on them. *“Early-stage: In the beginning, a startup’s growth is tied closely to the founder-CEO, who is usually at the center of decision making and integrating the different pieces of the business model”* (Dutia, 2015). Indeed the founding of a startup is a self-initiated action. Therefore, at the beginning, the founders associate themselves with the venture. At this stage, the founders usually own resources and they use their own human, social, and financial capital. There are a lot of studies which show a positive impact between own human (Jong and Song, 2013) and social capital (Ruef, 2010) of the founder and the performance of the firm. In particular, founders having previous work experience related to the industry in which the startup operates positively influences the growth of a tech startup (Colombo and Grilli, 2010).

On the mid stage of a startup’s development, the founder is facing their first hiring problems, delegation issues, problems with identifying the right partners and managing relations with them. Learning about customer behavior, changes in product development, identification of markets and readiness for a quick growth of the customer base are putting more duties and pressure on the founders. On top of that, this stage is characterized by the need of acquisition of some financial capital. Acquiring of external capital could be risky for the founders’ control over their startup, and therefore this stage is often

characterized by the personal decision of the founders to the “founders’ dilemma” (Wasserman, 2014).

Mature growth characteristics usually include the following: products become more complex, revenues grow, and the next stage of strategy is connected with growth and expansion into new product/service lines (Dutia, 2015). This stage is characterized by the need of acquiring significant financial capital, which could often come only from involvement of venture capitalists (VC). Establishing relations with VC, creation of a complex organization and management design, development of a company culture further describe this stage. Founders need to balance between their own vision and the needs and requirements of customers, employees, and investors. Scientists found that onboarding of financial capital from VC could influence the change of the founders’ role completely and at this moment founders could even completely lose their role (Ewens and Marx, 2018).

In the development of a company, the founder should simultaneously overcome multiple operational and management challenges. Joseph Picken (2017) highlighted in his work essential challenges for founders – the eight hurdles (see Table 2.). The scientist specified in his research the following list of founders’ challenges which the founders face: setting goals and maintaining focus, positioning products in an enlarged market, maintaining customer engagement, developing efficient structure and supportive processes, establishing financial capability, building a company culture, and mitigating risks and vulnerabilities.

<ul style="list-style-type: none"> <li>• <b>Setting a direction and maintaining focus.</b></li> </ul>
<p>The entrepreneur must be clear about his goals, view the situation realistically, and establish and communicate a clear direction (target customer, offering, value proposition, business model, and key milestones) to keep the organization focused on the proper objectives.</p>
<ul style="list-style-type: none"> <li>• <b>Positioning products/services in an expanded market</b></li> </ul>
<p>Customer relationships and distribution channels must be developed and the product/service offering expanded, refined, and repositioned to meet the needs of an expanded market.</p>
<ul style="list-style-type: none"> <li>• <b>Maintaining customer/market responsiveness</b></li> </ul>
<p>With growth, functional specialization and organizational layers slow the process, and new processes and practices must be developed and implemented to maintain customer responsiveness.</p>
<ul style="list-style-type: none"> <li>• <b>Building an organization and management team</b></li> </ul>
<p>The development of the management team is critical. The skills required and the organizational demands change significantly as the firm grows, requiring careful planning and flexibility to ensure alignment with strategy and business requirements.</p>
<ul style="list-style-type: none"> <li>• <b>Developing effective processes and infrastructures</b></li> </ul>
<p>Effective decision processes, along with efficient operational and management processes and infrastructures, are essential to support growth. As the firm gains traction in the marketplace, new systems and infrastructures will be required to deliver value to customers, adapt to a changing environment, and support the growing business.</p>
<ul style="list-style-type: none"> <li>• <b>Building financial capability</b></li> </ul>
<p>It's not just about raising money. Investors are also interested in the efficient utilization of resources, effective controls, efficient management of working capital, reliable financial projections, and clear and effective stakeholder communications.</p>
<ul style="list-style-type: none"> <li>• <b>Developing an appropriate culture</b></li> </ul>
<p>Founders have an opportunity to shape and mold a culture that reflects values, beliefs, and norms supportive of the firm's business purpose and strategy. The failure to do so risks the unwitting development of a dysfunctional culture that precipitates the failure of the firm.</p>
<ul style="list-style-type: none"> <li>• <b>Managing risks and vulnerabilities</b></li> </ul>
<p>Rapidly growing ventures are particularly vulnerable to sources of risk; a narrow revenue base; inexperienced employees; key employee defections; inadequate infrastructures, information, and management systems; and a bias toward entrepreneurial risk-taking.</p>

**Table 2.** The eight hurdles of transition.

**Source:** Picken, 2017

Every stage brings to the founders not only challenges connected with company development and resources acquisition, but as well personal challenges if the founder is in right position for the company. Self-awareness is critical for the founder to be able to answer the questions about what he or she wants to do and if they could do the best. And a board of directors of the startup should help the founder to identify the best decisions, which are those that serve

all shareholders and not only investors, management, or the ego and lifestyle of the founder-CEO (Dutia, 2015).

Research developed studies which evaluate the correlation between the founders and startup success. Entrepreneurs' characteristics are important evaluation criteria which investors use (Higgins and Gulati, 2006). Human capital gives a signal about the founding team's ability to help their organization succeed (Hallen, 2008). The ability to build networks and to cooperate supports the startup growth (Burt, 2000). Successful resource acquisition by the cofounders, new hires, and investors could help the development of the startup (Sapienza, et al. 2003). All of those studies confirm that the founders should be in a continuous process of development.

This thesis focuses exactly on this transition of the founders' role, the most critical challenges founders are faced with and how they overcome them or how they change their practices of dealing with issues within time.

### 3. Method

To examine the problems of founders' role change and the factors, which influence this change, the interview method was used as a research method for this thesis. Interviews were conducted with business founders of technological startups in order to receive a deep insight in their development.

The interview method is a qualitative research technique, which includes “conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation” (Boyce & Neale, 2006). This method has advantages and disadvantages (see Table 3.).

<b>Advantages</b>	<b>Disadvantages</b>
high return rate	time-consuming
fewer incomplete answers	small scale study
can involve reality	never 100% anonymous
controlled answering order	potential for subconscious bias
relatively flexible	potential inconsistencies

**Table 3.** Advantages and disadvantages of the interviewing method.

**Source:** Alshenqeeti, 2014

There are three different formats of interviews: structured, semi-structured and unstructured (Dudovskiy, 2018).

Structured interviews include pre-determined questions, which should be asked in order. The analysis of data is usually structured and straightforward, because it is possible to compare the same samples of questions and answers.

In the case of unstructured interviews the questions are not prepared in advance. These interviews often considered as biased because it is hard to compare answers, when questions were asked differently.

Semi-structured interviews contain the components of both, structured and unstructured interviews (Dudovskiy, 2018). Semi-structured interviews consists of a set of the same questions. But additional questions could be asked during interviews to specify, clarify and better understand a point of view.

For this particular research the semi-structured format of interviews was used. Before starting with the interviews, an interview guideline had been developed with questions for the founders. The questions in the interview are both open and close ended. The interviewing guideline was slightly adapted over time based on information obtained during the first interviews (see Appendix 1: Interview guideline). The interview questions helped understanding the founders' background, to review the creation of the founders' team, to receive an overview of the product development stage and the growth of sales, to analyze challenges which founders had with the acquiring of human, social, and financial capital, and to understand what are the future plans in terms of his/ her role changes.

More than 20 founders were approached during research, but in the end, only 8 founders agreed to participate in interviews. All interviewed founders came from my personal network. They were not from the first circle of the network, but from second or third. Before every interview, information about the founder and their startup was gathered by me from publicly available sources, like the website of the startup, LinkedIn, Facebook, and Crunchbase profiles. Such a way of preparation allowed for concentrating on questions which were important for the research. Every interview took from 40 minutes up to 60 minutes and it was conducted via telephone or teleconference.

Every interview had a short typed transcript, which was used for content data analysis. The whole interview transcript for each person was used as a data

document. Data coding was done in a few steps and, after that, grouped by themes and subthemes (see Appendix 2: Content Data analysis).

To make sure that the analysis was unbiased and complete, all participants were informed about the main purpose of the study in written and verbal form. The same questionnaire was used for all participants, with the exception of questions which were needed to clarify one or another topic and the detailed transcript was recorded for each person after every interview.

All interviewed founders are part of the founding team of technological startups located in Europe and/or US. The group of interviewed founders consisted of 3 women and 5 men aged 27-35 years. Part of founders had entrepreneurial experience before, part of founders were at their first own company.



## **4. Results**

Within this chapter I will present the results of my empirical study, in particular the outcome of eight interviews, which I conducted with startup founders during May-June 2018. I conclude this chapter with data analysis and elaboration about key findings.

### **Interview 1: Startup A. Founder EM.**

Startup A is a company based in Europe (EU) and operating in the fintech industry with focus on cashless payments in restaurants, cafés, bars. It was founded in 2016 with the idea to bring to the CEE market an application, which will allow payment with mobile only. The product is presented in two versions: mobile application and web, it does not require registration neither from the user nor the venue before a payment can be made. No integration with venue POS (basic case) allows platform to connect new venues within minutes. Currently the product is in Beta testing phase.

Chief Executive Officer (CEO) – EM participated in the interview and provided his insights into the development of his role. EM has graduated from the University of Technology and Design, then worked as an Account and Product manager in several companies. Startup A is not his first entrepreneurial experience. Prior to Startup A he had an on-line shop and ran another startup platform for hotel direct bookings and a payment engine with a built-in guest loyalty program. Currently, EM is focused only on Startup A activities.

EM explained that the idea of a platform for cashless transactions came based on his experience as an employee at one company where he worked. He, together with a few other people started to work on it, but to keep a stable team was not manageable, because the startup required full involvement and cannot

pay salaries. Therefore from the initial team of founders only EM and his wife continued with the implementation of the idea. At that moment EM is the only one legal founder of startup A. His wife supports him in some activities, mainly in design.

Despite the fact that Startup A is still on an early stage, EM told me about the change of his role and priorities over time. Initially he concentrated the most on product development and it took approximately 90% of his time. At that time he did not devote enough time to market identification, in his opinion. Another time consuming part was the clarification of all legal and financial aspects of functioning for the mobile payment application due to the fact that the finance area is highly regulated by the government.

Hiring people was challenging for EM and the main issue which he observed was the lack of entrepreneurial mindset and prior startup experience among employees. The growth of number of employees brought more conflicts in the team. He explained that the combination of lack of financing and lack of right people in the team influenced each other and even his own belief in success.

EM explained that after the development of the initial product, his activity for product development has decreased to approximately 10%, but when he received feedback from market and lack of interest from investors, he once again moved priority to product development and changes of his business model, therefore it currently takes approximately 70% of his time. Nowadays EM's priority is run first pilot in one EU city.

EM mentioned that he spent a lot of time and energy to find financial capital for his startup development in its initial stages, but all attempts were unsuccessful. Therefore he explained that it is more important to finalize the product and not to concentrate on raising funds in such early stages. At this

moment Startup A has an angel investor, who is especially interested in the development of the blockchain features in the product. EM highlighted that besides the financial capital which was brought by the angel investor, he provided also advice connected with the ICO and blockchain and EM does not see a significant influence of the investor on his role or any risk in losing control over the company activity.

In terms of networking, EM mentioned that he does not devote a lot of time for it, he considers it a nice initiative, but it does not bring finance capital if to network for this purpose.

On long term prospective EM, does not want to keep his CEO role. He shared that in case he met an opportunity to sell his startup, he would do it and start something new.

### **Interview 2: Startup B. Founder VR.**

Startup B is a software creation company with a focus on the world of digital education. This company is based in California, USA. It was founded in 2016. The main product is a web tool for teachers which supplements in-class teaching with immediate feedback on students' understanding. To use the web-based solution, the teacher creates questions, adding to the in-class lesson, then activates the questions and provides the students a code to answer the questions on their own device. Teachers can then review students' answers in real-time, offering an understanding of students' level and giving teachers the opportunity to adapt the lesson accordingly.

The team of cofounders was created based on previous experience and connection between them prior to starting the company B. Initially, startup B had two cofounders and a third one was converted from employee who worked

on the project for the startup. From the three cofounders, two were interviewed during my research. One of the cofounders who was interviewed – VR, has the role of CEO (Chief Executive Officer) and mainly concentrates on the development of business on the US market. The second interviewed cofounder – VS, has the role of CTO (Chief Technical Officer) at the moment and concentrates on product development. The first interviewed cofounder – VR, has been previously employed in another startup. The success of that project provided him with financial capital, which he was ready to invest into his own business. The second interviewed cofounder – VS, initially worked as a partner for development of the technical part of the startup. Based on his interest, his ability, and his commitment he was onboarded in the team of founders and obtained the CTO role. Therefore, the founders' team changed over time and as mentioned, it was evolutionary change.

VR is 30 years old and CEO (Chief executive officer) of startup B. It is his first start up and prior to starting his own company, he worked as an employee for a few other companies, including startups. VR worked in product management of financial technology, strategic and operative management of web-based technology products, digitalization of processes. He mentioned that even when he was working as an employee, he concentrated on the launching of new business, building new departments and creation of new processes. VR has business consultancy experience, which helped him to look into market trends of industries and selected education as an area for development of his own startup because it has big market potential. Therefore VR could use his own knowledge of launching new technological products, but he needed to learn about the educational market. The third cofounder had connections in this market, which helped to run a pilot project of product.

Initially, startup tasks were not strictly distributed, but now product development is a topic where all cofounders are involved, but VR as CEO is concentrating on the development of the company on the US market and another cofounder concentrates on the development of the startup in Europe. VS, the cofounder in the CTO position is responsible for the tech part, which does not have any significant differences regardless of the geographical area where it will be used.

VR explained in the interview that his main initial priorities were product development, bringing an actual working solution to market and checking product competitiveness in 2016. After the successful pilot, the company made a public launch of the platform. In 2017, VR was concentrating on finding right ways of monetizing the platform, identifying the right pricing strategy, sales and marketing. VR mentioned that he considers that the startup is in its early stage of development and he assessed that the startup should have 20k USD revenue to move in the middle stage of development. Based on his prior experience, he knows how startups develop, which resources he needs and how to find them, so changes of his own priorities are natural for him.

In terms of obtaining new capital, be it human, social or financial, VR highlighted that the right human capital is the most challenging to obtain in an early stage of the startup. VR considered that the first 20 employees are critical for the startup, therefore he is personally involved in people selection, but most of the employees are those with whom he worked before as partners, providers, etc. He mentioned that any “in and out” person could have huge impact on the “big picture” of the startup development. In terms of people management, he highlighted that it is important to be transparent with employees, that everyone knows about the results, the numbers and all discussions are open. He mentioned

that employees have an equity part of the startup, because salaries are below market average and employees need to be motivated on long term perspective. VR thinks that forming a culture is important from the beginning of the startup and despite of its small team size and the fact that team members are distributed in several countries, he together with the cofounders managed to devote time for discussing values during every face to face meeting (a few times per year).

In terms of obtaining finance capital, company B did not involve external capital so far and did not plan to involve it at the beginning. Two of the cofounders had savings, which they could invest in the startup, and the third cofounder did not have any salary during his first year of working in the startup. VR mentioned that it is critical for cofounders to have “skin in the game”. Despite the fact that founders did not use external financial capital, VR mentioned that he communicated with investors from the beginning, when starting the new company. The reason for this is that he built relations with investors initially and could show them a good track of development now. VR said that investors need to see evidence of successful development and most probably his startup will raise external capital when several deals with schools will have been signed. In his opinion, it is a full time job to raise capital, but it is not hard because “investors are afraid of losing a great opportunity more than they are afraid to lose money”.

VR explained that networking currently takes approximately 20% of his time, but it is a processes which is natural for him and does not require extra efforts. He thinks that sharing information about the startup is needed, because only by using feedback could the product and the company develop. VR built relations with customers, investors, founders of other startups, consultants.

He did not notice that his working style and working habits changed significantly, but he mentioned that he worked previously in startup environment, therefore the daily routine of a person working in a startup is usual for him. Interesting to mention is the fact that VR and his cofounders took a lot from their experience in terms of what they do not want to see in their own startup, comparing to other startups.

In acquiring new capital (human, social, financial), VR sees an opportunity for the startup. But he carefully considers the choice of capital to acquire. He looks into a four years horizon in terms of involvement of any of the capital types and if capital acquisition will have a positive influence onto company development. He found that the best way to manage challenges in startups is experience. But at the same time he thinks that nowadays when information is open everyone could find solutions in books and on the internet. He as well considered the community of startup founders as a big advisor in solving many specific problems which his startup has. Therefore he recommended to share information about the startup and its challenges with investors, with the community of startup founders, and customers but not to make own assumptions.

In long term perspective VR mentioned that he does not consider selling this startup and his goal is rather to build a company which brings high revenue. But VR does not know at the moment if he will keep his CEO role on long term, as this title is not critical for him.

### **Interview 3: Startup B. Founder VS.**

One more interview was made with another cofounder of company B – VS, who has the role of CTO (Chief Technical Officer) at the moment. He is 28 years

old, obtained technical education and worked in a few startups in different countries. Prior to joining startup B as a cofounder he had 7 years of experience as an employee in different startups. VS worked as a software engineer, he developed a project from scratch, trained and managed teams. Startup B is the first founding experience for him. VS had previous experience of working with cofounders, initially he cooperated with company B cofounders as a provider, but after that he was onboarded as cofounder and CTO.

VS mentioned in his interview that the CTO role is the optimal role for him, based on his previous knowledge and his strength. Together with the other two cofounders they discussed role distribution and used the strengths of everyone during role distribution as well as how they all see the startup development and their roles' change, including the exit strategy.

VS mentioned that the role of CTO had transformed over the time, but he considered this change evolutionary. Initially he had to devote 90% of his time to product development, but currently he assesses involvement in product development only for 50%. Instead of it he is working more and more in user experience and networking. VS explained that after the pilot, which was run in Zürich, the team assessed the results and the current product is significantly different from the initial one. The biggest difference is that the initial product solved a very specific problem, but current product is scalable.

VS mentioned that networking helped a lot to develop the product and the startup. Cofounders did not have previous experience in the education field and it took time to develop connections and receive feedback about exact problems with which teachers are confronted. He recommended to develop knowledge and network in the area in which the startup will operate even before starting your own company. In particular he recommends to discuss the product with an



audience of teachers before building it. But VS mentioned that he was surprised that the community of teachers was very open to provide feedback and use technical solutions.

In terms of people management, VS identified that hiring of new members was made mostly from the founders' network, based on previous contacts and experience. An issue, which he highlighted, is distance, because employees are located in different cities and countries and sometimes the lack of face to face communication influences the speed of sorting out tasks. He believes that team culture and identifying values is important from the beginning of a startup's formation and he implements best practices from his previous experiences.

In terms of role change, VS specified that his role changed naturally because of the startup's priorities. In the process of role transition, such as developing more the user experience versus product development, the need to delegate and devote more time to networking, VS identified that previous experiences, especially work and life abroad helped him to manage this transition. As well, he mentioned that he took from previous companies not only good practices, but used negative experiences to avoid making mistakes as a cofounder. One of such examples was the structure of meetings. VS as well mentioned that startup B was part of an online accelerator, which was useful for his role transition.

On long term perspective VS sees that his role becomes less and less technical but rather he will concentrate on people management and user experience. At the moment, like the other cofounders, he wants to build a global company and keep his position in it rather than sell it.

#### **Interview 4: Startup C. Founder TM.**

Startup C is an US based company, focused on a powerful tool to discover and compare pricing from all over the world. Before tapping into the B2B segment, Startup C already had an Android app and a website where users could discover fashion brands at 50% or more off. The company reached 25k downloads organically before the idea to transform the product into a professional solution emerged from their feedback. After that, Startup C converted into a Big Data research platform, helping SMEs research fashion products for their inventory for resale and increase their revenue/profitability by providing analytical data and discovering authentic brands from the top retailers at the lowest possible price around the world. In 2017 the product turned into an influencer marketing tool that helps find the YouTube vloggers' emails by main keywords of their video titles. It's an easy way to find not just the superstar vloggers with hundreds of thousands of subscribers, but even beginners or people who cover niche topics.

The team consists of 2 cofounders. The CEO is responsible for the technological part of the business, while the COO (Chief Operations Officer) is responsible for sales, marketing, finance, pricing, people management, legal and tax aspects of business. TM is the COO of company and she participated in the interview.

TM is 34 year old, serial entrepreneur for whom startup C is her 6<sup>th</sup> startup project. Prior to that, TM obtained a degree in management and participated in a few other companies, which concentrated on e-commerce and mobile applications. TM explained that duties in startup C are distributed naturally based on personalities, strong sides and prior experience.

TM explained that she initially had the role of COO, but her priorities and duties changed over time. The company was looking for the right business model and it changed over time. TM covered all operational aspects of the company, including marketing and sales. But with time and with help of her partner she handed over most of the day to day duties of sales to an outstaffed sales team. Therefore currently she is responsible for communication only with main/big customers. TM highlighted that, together with her cofounder, they keep the startup in a very lean manner and consider that additional employees create more difficulties, therefore outstaffing of personnel is a very effective model for them, as they have 5 sales people, but they do not need to concentrate on the managing of personnel. TM explained that her prior experiences helped her to delegate all simple tasks, but on another hand she still feels a risk in delegation. She mentioned that hiring employees and retaining them is a difficult exercise and it is not easy to find people with an entrepreneurial mindset.

TM said that usually her working days are divided in a few blocks, she prefers to avoid working more than 3h without a break. TM explained her main activities at the current stage - 50% of her time is taken by sales, marketing, and legal tasks, and other significant parts of her time are taken by networking and planning of the future. She is not involved a lot in hiring, people management, building culture, as that duties are with the outstaffing partner.

In terms of acquisition of capital, TM said that obtaining financial capital is extremely hard nowadays. Startup C so far did not involve external capital, because on one hand, together with her cofounder, they had savings from previously sold businesses and on another hand in their opinion obtaining financial capital is a full time job for one person. TM mentioned that it does not make sense to have a full time person if the startup does not make significant

increases in sales, because investors are interested in traction and sales increase. Based on it, TM and her cofounder did not spend time to obtain financing on an early stage, but they were looking for a person from their network who is capable and interested in CFO responsibilities, including the obtaining of external financing. They plan to onboard such a person soon and he/she is planned to be part of founders team. TM does not see a risk in the involvement of investors, because she had an experience of work with them and sees bigger opportunities for companies rather than a loss of control over the startup.

TM shared her thoughts regarding social capital. In her opinion networking is critically important for founders of startups. She shared that when she moved to San Francisco she visited different networking events almost every day. Of course, many people in her opinion visited them with the hope to sell their product or to obtain financing, but she didn't have such goals initially. She said that she started to visit networking events to improve her English and find advice on how to sort one or another operational issue.

On long term perspective TM plans to successfully sell startup C and use the capital for building new companies. For her, new projects are very interesting. At the end of the interview she shared that the startup business is not about the idea, because an idea is simple. It is about starting to make steps to implement this idea into reality.

#### **Interview 5: Startup D. Founder DP.**

Founder DP managed several projects. At the moment of the interview, the biggest one, startup D was closed a few months ago due to lack of finance. But I discussed with Founder DP his role change and challenges during his 2,5 years of startup development.

Startup D was founded by two cofounders in 2015 with the idea to create a platform that allows businesses to offer their services via messenger applications – personally or fully automated. Cofounders identified the messaging trend, they built a prototype, adapted it based on customer feedback and eventually identified a space to grow on one dedicated platform across the most important messaging networks.

Founder DP obtained the CTO role in startup D. Prior to joining it, he had obtained a degree in Software Development and Management and had worked in a few other startups as an employee.

At the beginning, the distribution of duties in the startup were not distributed, both cofounders were working on product development. But quickly after starting the company one of the cofounders took a lead in customers, marketing, business development and another needed to concentrate on the technical part of the product. Therefore DP took the role of CTO. Half a year after the launch of the company, the first employee was hired. With time, the team of developers was growing and DP's role shifted from a CTO role towards a Chief Product Officer (CPO) role. DP explained that even if duties were distributed between cofounders, they substituted each other if needed. For example when DP's cofounder concentrated on fund raising, DP took over the responsibilities for marketing and sales.

DP explained that the startup grew to 7 employees and it worked like one cross-functional team. The two main priorities were product development and marketing & sales. DP did the hiring of employees together with his cofounder. As DP was responsible for the team of developers, his decisions were final in terms of hiring in the tech team. Half of employees were hired from their network and half by standard recruitment. Time for hiring is usually around 2

months. DP explained that the main challenge was to find not only people who could do the job, but also who fit the company culture and values. He shared that delegation was not an easy task for him and he learned a lot on how to communicate with different people as well as how to articulate tasks which he wanted to delegate. His personal transition happened as learning by doing, he explained that books and advices were helping in some stages, but only through practical experience he learned how to delegate.

DP, together with his cofounder, focused on establishing a culture at the early stage of the startup and identified the core values. DP shared that the Objectives and Key Results (OKR) system was used to establish and follow up goals for employees. The team used Telegram as an internal channel for communication, where any work-related topics were openly discussed. Employees could work from the office in Vienna as well as from any other place if they wished.

Obtaining financing was a very challenging task for the startup. DP explained that, together with his cofounder, they managed to raise around 150k USD for the pre seed stage. But they did not raise the next round of financing in time, when they needed to have around 500k USD. DP sees that the main issue was with the slower growth of startup revenues than they predicted and quick burning of money. He explained that investors are looking into the growth of a startup and it is critical to show a good trend on it.

In terms of networking, DP mentioned that that he devoted some time for networking, but he noticed that connections are stronger till the person has money. As soon as he ran out of money, the network connections disappeared.

DP shared that the cofounding experience in Startup D helped him to learn a lot and this experience is important, but not everything that happened in that

startup could be useful for any other startup. Because every new cofounder brings to a startup different things which makes the company unique. Market and timing could create different situations for a startup. Therefore some practices could be applied from previous experience, but not all.

### **Interview 6: Startup E. Founder NV.**

Startup E was founded in 2017 and it is operating in the field of legal tech. Its main product is a chat bot, which is operating 24/7 for the registration of trademarks and for receiving legal advice on the registration process. The chat bot of startup E simplifies the procedure through interactive automation. It follows 5 simple steps: 1.) submitting a request to search and check trademark availability; 2.) filling in the form for application; 3.) paying for the trademark application; 4.) tracking the application process; and finally, 5.) getting the certificate. Currently startup E operates in Ukraine, in the EU and in the USA, and it is scaling up to China by mid-2018.

Five founders launched startup E and I had an interview with the Chief Executive Officer (CEO) – NV. Cofounder NV is a 31 years old lawyer, who together with four other founders decided to develop their own product in an interesting niche of legal technologies. NV has prior experience in entrepreneurship, she had an on-line shop, developed and sold toys for kids' development and currently she is running a law firm, which specializes on intellectual property.

Five cofounders are not a usual number for founding a startup, therefore I was interested to understand how it had happened and how the company is functioning. NV explained that it was just by occasion that five cofounders started this project, but none of them are involved in the startup full time at this

moment. All cofounders have either jobs or other projects. NV explained that the cofounders have distributed duties and responsibilities and she does not observe any issues, because of the high number of founders. The distribution of roles happened pretty fast, the cofounders divided their roles based on previous experience, their interests and the strong sides of every one of them. NV, as CEO, has a representative function, coordinating all process in the company, assigning tasks for employees and controlling them. Two more founders are working on the business and strategy development. One more cofounder is specialized on contracts and the legal aspects of the startup functioning in one or another country. And last but not least, the fifth cofounder is working on financial capital raising, participation in accelerators etc.

NV explained that her role and duties changed over the time, even if without a position title change. It was driven by startup development and the long term strategy of the company. She said that initially, the founders had an idea to start from one function for the chat bot in one country and after that, to replicate the same function but in multiple countries. Another part of the strategy which startup E has, is to increase the number of functions which the chat bot could execute on top of trademark registration. The startup cofounders would like to add copyright on blockchain and patents registration. Currently they are working on technical realization of those functions.

Within the year chat bot is functioning in Ukraine, EU countries, US and in summer 2018, it will function in China, as it was planned by the founders. NV explained that it was pretty easy to make a chat bot for markets which founders know, but it is harder to run business in countries where the knowledge of the cofounders is limited. Therefore, constant learning and learning by doing was critical for all team members.



NV explained that, despite the fact that the company is working on product development, they are confident in what they are doing and where they are going. So neither product development nor market identification are their big challenges. She explained that the technical team (hired employees) is working on improving the technical architecture of the product and adding more Artificial Intelligence functions there. In terms of markets, NV said that the goal is to cover 117 countries and after that, to make patenting functions for the same number of countries.

We discussed with NV hiring and managing people. She explained that many people were found through their network and that the most challenging part is to motivate people, as startup business does not bring big salaries and all cofounders do not have any salary at all. Therefore being optimistic and finding ways to keep the team engaged and motivated is an area of her constant attention.

NV said that the team is using chats as main communications channel in the startup. She thinks that startup E works very open in terms of communication environment and everyone could share their opinion. But she mentioned that with the growth of the startup, she needs to coordinate more and communicate a lot of information and she is working on improving ways of communication in order to insure that all needed information reaches founders and/or employees.

NV shared her opinion about networking and explained that all five cofounders' networks create a lot of opportunities to know more people. On the other hand, she mentioned that nowadays people are very reachable through internet technologies, so it is not so hard to be in permanent contact with people, but rather to find the people you need.

Obtaining financial capital is the biggest challenge for startup E, based on NV's opinion. She shared that her startup received 35k USD as pre seed capital

and the opportunity to be part of accelerator in China, but the next round of funding will be needed soon, therefore the founders team is working on it. They will go on with capital raising only after the startup achieves certain milestones – entering the Chinese market and introducing copyright on blockchain. NV mentioned that startup E was in contact with investors from the launching stage, because it is important in her opinion to share information with investors about startup progress, growth of sales, and achievement of milestones.

We discussed with NV her role transition and she shared that role, duties, and priorities changed very fast, but it was evolutionary and according to the plan of the startup development. She explained that numerous factors helped her in this transition. For example – brainstorming with cofounders, potential investors' recommendations, mentors' advice, trainings etc. NV mentioned that her personal challenge is to “know what I do not know”, she explained that sometimes from a book or a training, she took only one sentence or insight, but that she spent a lot of her time to find it and to learn it. Another personal challenge for her is procrastination, she said that she was working on it, but still, she observes that sometimes she avoids or postpones hard tasks until the moment they convert into very urgent and stringent. She explained that she is constantly learning from literature, watching YouTube videos where other founders are sharing advice, attending trainings etc.

On long term perspective, NV sees herself as a CEO for the next 2-3 years, but in 5 years she hopes that startup E will be attractive enough to sell and start something new.

### **Interview 7: Startup F. Founder KK.**

Startup F is a company specialized in testing of mobile applications and seen as testing-as-a-service platform. It was founded in 2012 by two cofounders, who had worked as testers previously. The cofounders won Angelhack and were part of the Techstars Class in 2013. In 2014, the startup had its first customers. In 2015, the founders raised seed funding of 1mn USD and grew 500%. The same year, startup F became profitable. Founders invested in building an infrastructure in European and US offices. In 2016, startup F raised a series A funding of more than 6mn USD and continued its development.

Chief Executive Officer (CEO) KK discussed with me the changes in her role and duties during startup F's development. Prior to starting her own company, KK graduated with a degree in IT Systems Development and worked as QA Analyst (tester) in London. Together with her partner, KK saw an opportunity to develop their own company in the field of testing, therefore KK and one more cofounder set up an own company. KK did not have prior founding experience, but her cofounder had some startup experience.

KK explained that at the early stage of their startup, she and her cofounder were involved in all processes together and it looked like everything was high priority like product, customers, sales, growth. But with time they distributed roles. She started the company therefore took on the CEO role. This role includes representative functions and all external activities of the company. Her cofounder is responsible for all operations inside company, he had the CTO role (Chief Technical officer), which with time turned into COO (Chief Operation Officer). KK mentioned that now, when 60 employees in two locations are working in the startup, hers and her cofounder's duties moved from the stage

where they were managing all projects to the stage where they are managing people, who in turn are managing projects.

KK shared that initially she and her cofounder spent most of their time on product development (approximately 90%), but currently it takes less than 30% of their time. The market was identified initially and because the company works globally, KK considers there is a huge market for further development.

KK explained that she devoted a lot of time and energy to hire employees and to create the right culture in the company. She considered the creation of a culture as a very important element of her job and devoted time to it from the very early stage of the startup's development. She explained that for her, culture means right people and right behavior, therefore she is spending time and energy to hire passionate people and to create a collaborative environment. Because the company is global, a lot of communication is virtual. KK told that usually the team is using Slack as a tool for communication and work. Every week, the company receives updates and every year all colleagues from both offices meet together.

In terms of acquisition of financial capital, KK shared that it is challenging and initially she and her cofounder did it purely by themselves. KK shared that every investor with which they work brought a lot of opportunities for the development of startup F. Participation in an accelerator in 2015 helped startup F to develop the needed connections, seed investors supported them with resources and "know how". Series A investors helped with the growth, sales and marketing. KK shared that investors select startups and startups select investors. Her personal experience is very positive, she and her cofounder managed to keep control of the company even after series A and they see onboarded investors very positively.

We discussed with KK the transition of her role and duties and she shared that it was natural, even if not easy. She explained that in most cases she was looking for advice in startups founders' community. KK highlighted that it is critical to communicate ideas, share challenges and look for advices in the startup world. She mentioned that you can never have enough connections and it is important to devote time to the development of your network.

On long term perspective, KK and her cofounder would like to continue to be part of startup F and they do not have any plans to sell this company. Their current plan is to gain as much as possible of the global market share.

#### **Interview 8: Startup G. Founder TS.**

TS, together with two more cofounders, started startup G in 2012. It was his first founding experience, but at that moment TS founded a few more projects where he is involved in daily operations. In this interview we focused on his role's changes in startup G mainly. Startup G creates a lightweight solution for project management with focus on Lean & Agile Software Development. This tool supports the organization in managing projects in an efficient and clear manner for all stakeholders.

Prior to starting the company, TS gained experience as a software engineer and technical director in a few companies. TS explained in details the phases of the startup development and the changes of his priorities as a founder. The first phase which he mentioned was the transition from an idea into a concrete product. The second phase TS characterized as a phase when he shared his idea and looked for people who are ready to convert the idea into a product together. The next phase was a stage of software development and showing the prototype to customers in order to receive feedback. This stage took approximately 1 year

of time, when cofounders concentrated almost all the time on the technical specifics and the development. During the fourth stage, he concentrated on two things in parallel – getting customers and looking for financing. TS shared that at that stage, not all customers were happy, but it did not prevent him to obtain financial capital from VC. The next stage was devoted to growth and sales.

TS mentioned that in his opinion, he started to obtain feedback from customers much later than he could have done it. But he mentioned that reacting on absolutely all feedbacks from customers could be very dangerous too, because founders could lose focus and stop to believe in their product. Therefore he uses the principle of 80% is vision and 20% is customers' feedback in his business.

TS explained that the first three stages were pretty smooth, cofounders developed the product that they believed in. But on the next stage they understood that as people with technical backgrounds, they need to learn marketing and none of them wanted to do it. TS took a lead and started to learn about marketing and customers, so his role started to be different from the other cofounders and at that moment, a clarification of job roles happened. TS took the CEO role, one cofounder took the COO role and another the CTO role. Distribution of roles helped a lot, but within time, tension because of customers complains created conflicts between cofounders and the cofounder on the CTO role left company. TS and the cofounder on the COO position had to distribute duties between the two of them until they hired a new CTO.

Hiring of new people who are not part of the founding team is hard, based on TS's opinion. Issues are usually not with bringing employees up to speed in terms of their knowledge or skills, but rather their values. TS shared that delegation is still not easy for him, even if he is overloaded, sometimes he prefers

to do things by himself. He said that it is critical for him to see in hired employees the fact that they care about what they are doing even more than TS cares.

We discussed with TS role of networking in his transitions and he explained that in the early stages of the startup, he thought that networking was a waste of his time. But after a few meetups in US, he understood that networking events could bring people who are in similar stages of development together, with whom he could brainstorm, ask for advice, develop new ideas. Nowadays he devotes 50% of his time to networking.

TS shared that his interactions with investors were positive. He said that most probably he and his cofounders were lucky, because they did not do an extensive research into the VC who was ready to invest in them, because the startup needed money and investors talked nicely. He explained that, of course, he does not recommend to any founders to rely on luck and always check the history of investors. Their investors were supportive and helped with the development and growth of the startup. TS did not observe any risk for his role within the startup development.

On long term perspective, TS plans to keep his role in the company's development. In his opinion, for founders who are in direct contact with the customers and who care about them, it is hard to give up control and sell the company.

## **5. Key findings**

All interviews gave insights in the roadmap for the founders' development, challenges and achievements. After a detailed data analysis (Appendix 2) of the eight interviews, the key findings of this research are detailed below.

### **The change of founders' roles, duties and priorities happened evolutionary and organically**

Three from eight founders clearly stated that they had either founded or worked in another startup before, and therefore they clearly understand how their duties change and at which point a shift of priorities happened. Those founders for whom the startup is their first entrepreneurial experience did not have a clear vision of the stages of development, but their priorities changed naturally and therefore they needed to adapt but they did not consider it as a significant and unpredictable change. Stages of a startup such as the phase of formation of the founding team, the phase of product development, the phase of sales and marketing, and the phase of growth influenced the priorities which founders had.

Most founders mentioned that initially they had the feeling that they involved in all activities together with the other cofounders, the specialization of each founder's role was limited. But with time, especially after the product development stage, when the startup needed to develop sales and to look for financing, they observed that the roles amongst the cofounders had higher specialization, differentiating between CEO, CTO, CPO, COO, identification of areas of influence and the level of decision making. All cofounders emphasize that hiring of employees beyond the founders team creates a shift from managing tasks to managing people.



Regardless of the stage of the startups' development, all interviewed cofounders think that their role and duties developed evolutionary, they did not identify any factor, situation, or person which changed their priorities inorganically.

Many of the founders mentioned previous experiences helped them a lot in managing all the different changes. Especially useful was prior startup experience and experience in managing people. Founders received important advice from other startup founders' community, investors or books. But, as well, they mentioned that now, because of the internet, every person could find the answers for many questions online.

**The structure of the founding team influences the founder's role and duties.**

All interviewed founders were not alone in launching their startups. Seven from the eight interviewed cofounders did it with one or two other cofounders, one person had four more cofounders. Startup founders who had prior entrepreneurship experience tend to distribute roles between cofounders initially, even if on the initial stages all decisions are made together. Founders for whom starting a company was their first startup experience distribute roles on a later stage, in particular after product development, when founders should concentrate on multiple priorities.

Five from eight interviewed founders have the CEO role, which they characterized as a role which combines representative and coordinating functions together with one or more other functions which link to technical development or marketing & sales. Another three founders which were interviewed had more specialized roles like COO (Chief Operation Officer),

CTO (Chief Operation Officer), and CPO (Chief Product Officer) in their startup. Smaller founding teams (2 founders) tend to outsource/outstaff some activities to other companies, for example the technical development of products or the sales department. Bigger founding teams (3 or more founders) tend to distribute the duties of technical development, marketing sales within their own team.

Cofounders mentioned that role distribution between the cofounders was done based on previous experience, strengths, and interests of the cofounders and the business needs of their startup. Therefore, it can be concluded that the distribution of roles between cofounders depends on the people involved. One of the interviewed cofounders even highlighted the fact that having different cofounders could create an absolutely different startup.

All interviewed cofounders knew the other cofounders before starting the startup which was discussed in the interview. The cofounders were either their life partners or people from their network, therefore the conclusion that prior connection and experience (life or professional) is common for the selection of cofounders.

### **Product development is a crucial duty for all cofounders during the early stages of a startup**

All founders in the interviews, regardless of the founding team structure or stage of the startup development, mentioned that the product development stage was a phase where they were all, despite of role, equally involved. All of them confirmed that, in the beginning, product development could take up to 90% of their time.

Four out of eight interviewed cofounders mentioned that after the first prototype/pilot was presented to the market and feedback was received from the market/customers, founders significantly changed their business model. All cofounders recommended speeding up the entrance on the market as much as possible.

**After the product is developed, cofounders divide areas of responsibility and prioritize sales and marketing**

Either based on previous experience or through learning by doing, all interviewed founders highlighted the importance of sales and marketing in their priorities. All founders mentioned that a product is critical for every startup, but as well they explained that after the major product development stage, their roles started to be more specialized. In startups where roles were not formally distributed between cofounders, still the role distribution happened. For example some cofounders took the Chief Product Manager or Chief Operational Officer or Chief Technical Officer roles and some cofounders keep the Chief Executive Officer role with focus on marketing and sales.

On that stage of a startup, founders started to look into sales and found solutions for how to grow sales. In particular, one of founder entered cooperation with a partner, to whom she ousted the team of sales people, led by a sales manager and through that, she managed to shift from the challenge of managing people to managing just one partner. A few other founders established connections on specialized conferences for potential clients. A few more founders concentrated on digital marketing and entering new markets for their product.

### **Hiring and managing people as trigger of founders' duties change**

Interviewed founders found hiring and managing employees as one of the most challenging parts of their duties. Two founders specified that the acquisition of human capital was the most challenging issue in their work and the rest identified hiring and managing people as the second challenge after the need to find external financing.

Founders explained that it is critical to find not only a good specialist, but as well a person who will match the team culture. Five from eight founders mentioned that they actively work on establishing a company culture. One of the founders explained that it is easier to teach an employee technical skills than to bring them up to speed with company values.

All founders explained that as soon as the team is growing beyond the founders in terms of employees, it is important to establish core values and a culture. One of the founders specified that culture is about right people and right behavior. In terms of right people, all cofounders agreed that the first 10-20 employees are critical and any changes in the team are painful and could negatively influence the speed of development. Therefore, they devoted significant parts of their time to selecting right candidates. In terms of behavior, cofounders mentioned that they try to create very open communication in their team with clear KPI/OKR, where all employees know about the achievements and the losses. Founders use the following tools for communicating within the startup: Slack, Telegram. Depending on the distribution of employees, founders tend to make regular meetings with teams and engage all employees in the discussion of values. It is critical for founders to find employees and create a culture where employees will care about the product and the customers in the same way as founder.

Founders explained that it takes time to find the right person, sometimes 2-3 months they spend in the process of recruitment for just one position. Four founders out of eight mentioned that they hired many employees based on their connections and their network. Entrepreneurial experience or mindset could be useful to consider during this stage. As well, founders mentioned a specific motivational perspective in startups. Usually startups cannot pay the highest salaries on the market, therefore people need to believe in the idea and the first key employees receive some percent in the startup equity.

The next priority after hiring is usually delegation. All of the founders mentioned that, with time, they learned how to delegate more, but their first experience in delegation was not easy. Many founders explained that it is important to start with delegation early and to learn from mistakes. Two cofounders highlighted that the right communication is the key to successful delegation. One cofounder mentioned that he feels comfortable to delegate activities only if he sees that employees care about the task more than the founder.

### **The investors as influencers on the founders' role**

Founders shared during the interview their steps in acquiring financial capital. Three founders are using purely their own capital, which they got from previous projects. One founder has own capital plus an angel investor on board. Two cofounders have own capital and some accelerator investments. And two founders have VC involvement among other financing sources.

Founders see fund raising as the most challenging duty in their work. Three founders mentioned that they think fund raising is a full time job and, to make it properly, one of the cofounders should deal with it. Therefore it is important to

summarize that the founders' lesson was to speed up proper fund raising and they recommend to free one founder from other duties for the proper preparation of fund raising.

Founders gave clear recommendations that it is important to start establishing contacts with investors on the very early stage of the startup's development. Interviewed founders connect with investors during meetings, conferences, looking for direct introduction within their network. The main aim of founders initially is not to raise funds immediately, but to establish relations with potential investors. It helps if, after that, they send regular updates about the startup progress, newly acquired clients and contracts.

Therefore, founders establish clear KPIs of a startups' and founders' work upfront and then update investors about progress regularly, even if they do not ask for funds.

Founders explained that investors are looking for a positive dynamic of the startup, growth of sales, founders' development, achievements of milestones, and therefore it is important to build trust and relations with potential investors in advance, before the actual fund raising.

All interviewed founders shared that their investors brought more opportunities for the startup and they did not feel that investors have influenced their role negatively. Most of the founders explained that investors brought, besides financial capital, also advice and connections, which were important for the growth of the startup. Investors support both the growth of the company as well as the founder, but interviewed founders did not experience pressure on decisions or role distribution by investors.

Two interviewed founders have VC among their investors and they see the VC more as an adviser than a risk. One of the cofounders mentioned that maybe

he was lucky with VC, because he and his team did not do deep research about the investors, but he highly recommended to get feedback about the VC before signing the contract. Another founder mentioned that she is confident in VC, because of the signed contract she has and the trust they established between founders and VC. She sees investor as mentor, who advice on startup development, but does not push decisions.

### **Networking as a catalyst in founders' development**

I discussed networking with every one of the interviewed founders. All of them are using networking for different purposes, but some founders are more open for networking than others. It looks like it depends initially on the personal characteristics, but with time, networking is part of the job for founders who obtain the CEO role. However, some founders mentioned that in the case that the startup or the founder is not well known or successful it is harder to build connections and acquire social capital, than when they are well known and funded.

Most of the cofounders think that networking is a catalyst for their personal and professional development, because during networking events and meetings, the founder could share ideas, ask for advice or feedback, and find the needed professional connection. Founders mentioned that meetup events with other founders helped them in terms of self-identity as a founder and the understanding of their role. They shared that they found practical advice for changing their behavior when they had challenges with hiring, delegation or managing people, when they were looking for changes in the business model, or when they were looking for personal motivation.

### **Customer contact as the key in solving the “founders’ dilemma”**

The “founders’ dilemma” was a topic of discussion with all interviewed founders. All of them shared their choice between “rich” or “king”. Three cofounders shared that they like their business but if a good offer comes, they will sell the startup and will start a new project. Another four founders would like to continue to develop their startup, gain a bigger market share and become a global enterprise, and therefore they do not plan to sell the startup. One interviewed founder could not discuss this topic, because his startup was closed in July 2018.

One of the interviewed founders elaborated on the founders’ decisions and mentioned that the same founder could have different decisions in the dilemma in regards to different startups. As well, he suggested that the product which the startup provides is the key for the founders’ decision to sell the startup and be rich or to keep control and be king. In case the startup’s product required establishing long term relations with customers, most probably the founder will not sell the company. But in case the product does not require regular or long term interaction with the customer, most probably the founder is less attached to the clients and will exit the startup easily. The answers of seven interviewed founders confirmed this finding.



## **6. Conclusions and recommendations**

The final chapter provides discussions and conclusions based on the results of the empirical study conducted in this work. The main aim of this research was to understand how and why the founders' role changes. In particular the evolution of the founders' role, the factors driving this change of founders' role, the influence of human, financial, and social capital on the founders' duties were reviewed.

At the beginning of this work, an existing literature review was made and after, an empirical study was conducted by interviewing eight tech startup founders. The data analysis of the interviews with the founders confirmed that they experienced role and priorities changes during the development of the startup.

Founders specified important phases of startup development and explained priorities and challenges on every one of them. They mentioned a stage of idea creation and formation of the founding team, a stage of product development, a stage of marketing and sales, and a stage of growth. Acquiring of human, social, and financial capital were challenges for all the founders. Therefore the founders had to find ways to manage them and make this transition successfully.

Founders see the change of their duties and priorities as an evolutionary and organic process. Regardless if they initially had a clear vision on their development or it happened on the way, they consider the transition as predictable. But founders with prior experience in startups saw changes as more deliberate versus those who did not have prior entrepreneurial experience.

Initially, the founders were involved in all activities together with the other cofounders, meaning they had limited specialization within the founding team. But with time, especially after the product development stage, when the startup

needed to develop sales and to look for financing, they observed that the roles between cofounders had a higher specialization and a formal distribution of roles and duties happened. Changes, connected to shifts in the founding team members, or employee turnover were emerging. Delegation and/or communication are skills, which most of the founders highlighted as an area of their personal development. The creation of a company culture and motivating the team in long term perspective were as well duties, which founders did not always anticipate fully at the beginning of the startup creation. Founders mentioned experience and advice from the founders' community as the main supporters during the self-identification of founders' roles and duties transitions.

All founders discussed the formation of the founding team. Distribution of roles between cofounders depends on the startup needs, the involved people, their experience and interests. Therefore it could be concluded that the fact of having different cofounders could create an absolutely different startup. Prior connection and experience (life or professional) was a common factor for the selection of cofounders. Most of the interviewed founders have one or two other cofounders.

The product was central for all interviewed founders, as they see product development as a main duty, where every cofounder, despite of role, was involved during the early stage of the startup. Fast entrance on the market with a prototype was identified as a key priority at that stage for any founder in the team.

After the product development stage, founders made a more specialized distribution of roles in the startup team. At this stage, cofounders formally distribute roles and duties in the team if it wasn't done before. The CEO or CPO roles start to concentrate much more on sales and marketing and less on product

development. Founders mentioned that it is critical to make sales and gain a certain number of customers during this phase.

Together with the priority of increasing sales, the raising of external financing starts to be critical for a startup. Founders see the need for a person (usually a cofounder) whose full time work duties are purely the development of fund raising strategies and their execution. Quite often, the needs to increase sales and to raise funds happened at the same time and it is critical for the startup to make sure that the funds come earlier than the company burns money. Adding one more cofounder or other team members is often happening at this time. Starting from product development, hiring and managing employees could be a real challenge for the founders. All founders agreed that the hiring of right people is critical, especially when the team is so small. Based on the founders' opinion it is important to assess the candidates' psychological readiness to be part of the startup before hiring. Delegation, identification of culture, and motivation become significant part of the founders' duties. Founders explained that delegation was a learning curve for most of them. Some of them mentioned that it is still easier to make many things by themselves. But most founders mentioned that prioritization of tasks and delegating simple ones helped them a lot to focus on the most important things. As well, founders agreed that clear communication and the explanation of expectations for the employees is the key for managing delegation. Founders see themselves as motivators in the startup team, because working in a startup is more risky for employees than working in the corporate world in terms of salary, benefits and employment security. In terms of establishing values and culture, almost all founders devoted time for it in their work. Values, which founders develop, are based on their own beliefs and the goals of the founders. Summarizing it, founders meet with a lot of

challenges during the acquisition of human capital, therefore, some of them even outsource/outstaff activities to avoid managing own employees and to avoid the extra headcount during these early stages.

Interviewed founders have had a productive cooperation with investors and did not specify any negative influence from investors. Two founders who cooperate with VC see in investors their supporters and advisors, but they did not observe any risk to the founders' role. Most of the founders specified that they started establishing relations with potential investors long before asking for funds.

Networking was specified by the founders as a catalyst in their development. They were using networking events for advice, feedback, hiring, capital raising, and personal development. Founders whose startups are in the growth stage mentioned that they are networking more and sometimes their representing functions could take up to 50% of their time.

The following recommendation for founders could be provided based on this research:

- A clear distribution of roles, duties, and rights of decision between the cofounders helps with a more organic development of the founders' team.
- On the early stage of a startup's development, the first role of founder is to bring a product to the market as fast as possible and to receive customer feedback.
- The priority of bringing a product to the market should be higher than fund raising during the initial stages of the startup. Fund raising is a full time job and therefore, the founder who is doing it should be free from other priorities.

- A startup is a risky job, psychological readiness of the cofounders and the employees are important criteria for cooperation.
- Hiring the right people and developing the right team culture could decrease emerging and unexpected challenges for founders.
- Identification of tasks and their clear communication to the employees is critical in managing delegation.
- One of the main role changes inside the organization is transitioning from hands on experience to managing people
- Regular meetings, established communication channels, providing of updates about the startup development helps the founders to keep their own people motivated.
- The possibilities of using their network are almost unlimited, it could be used as a source of cofounders and partner identification, hiring of employees, business model reviewing, feedback gathering, mentoring, brainstorming, investors identification, and marketing.
- The representing role of the founder is important for establishing relations with investors, especially prior to actual fund raising. Investors should receive regular updates about the startup development and the increase of sales.
- Openness to communicate ideas, to share challenges and to look for advice is important for the founders' development.

The current work has some limitations, in particular, the interviews were conducted with only eight startup founders, and therefore future research with a higher number of founders could give more findings. All startups, which were discussed, are working in the technological/digital area, therefore it limits results to one field of business. The founders of all startups did not reach yet the mature

stage of the startup and therefore potential development of research around more mature startups could bring more insights into the founders role change. Therefore, the following recommendation for future research could be provided: conducting interviews with a high number of founders and including into the research more mature startups in order to review the founders' role change within a longer period of time.

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## Appendix 1: Interview guideline

The questions used during the interview:

- How old are you? (if you could share)
- How many years of experience in the industry of your startup did you have prior to its founding?
- Is it your first startup?
- Did the founders' team change over the time? How?
- If you have cofounders - as a cofounder do you have duties of CEO/CTO/CMO/Other? Why were duties distributed like that?
- Did distribution of duties between cofounders change over the time? If yes – how?
- Would you be able to specify phases/stages of startup development and their characteristics?
- Which priorities did you have on those stages? Why?
- How much time did you personally devote on every stage of startup to every activity (% of time)?

Activity	% of time
Product development	
Market identification	
Employees hiring	
Financing obtaining	
Networking	
Organization & management system design	
Corporate culture development	
Others	
Total	100%

- Do you feel that your role/duties changed evolutionary or did you have to adapt very quickly?
- Who or what helped you in this transition?
  1. Your previous knowledge/ experience/skills
  2. Advisors, mentors
  3. Investors
  4. If other – what /who exactly
- What was the most challenging to bring in your company?

1. Human capital – to hire new needed employees
  2. Social capital – to create new needed connections
  3. Financial capital – to find money
- Did the growth of the company in terms of increasing number of employees influence your role?
  - Do you think bringing new people in company, means losing control or increasing opportunities for success?
  - Who or what helped you in this transition (start delegation)? How exactly?
    1. Your previous knowledge/ experience
    2. Advisors, mentors
    3. Investors
    4. Other, please specify
  - Does the growth of your network and your publicity influence/change your role? (did you start to devote more time to it)
  - Do you think increasing of connections and becoming more public/popular means losing control over your operations in the company or increasing opportunities for success?
  - Who or what helped you in this transition? Why?
    1. Your previous knowledge/ experience
    2. Advisors, mentors
    3. Investors
    4. Other, please specify
  - Did investors influence your role/duties?
  - Do you think bringing financial capital (investors) means losing control or increasing opportunities?
  - Who or what helped you in transition? Why?
    1. Your previous knowledge/ experience
    2. Advisors, mentors
    3. Investors
    4. Other, please specify
  - Do you plan to keep control start up in the future or do you plan to hand over your responsibilities fully?
  - What would you do differently in terms of changing your role if you could come back?

## Appendix 2: Content Data analysis

<i>Structure of founding team influences founder role and duties</i>	
Cofounders structure	<p>I am CEO, my wife is cofounder (EM)</p> <p>I am CEO and I have 2 cofounders, we knew each other before (VR)</p> <p>Five cofounders started this project, but nobody of them is involved in startup full time (NV)</p> <p>One of us is CEO for US, another is for Europe, third cofounder is CTO.(VR)</p> <p>I am COO and my cofounder is CEO, we did few projects before (TM)</p> <p>Soon one more cofounder will join and take care about funding (TM)</p> <p>I was CTO, my cofounder was CEO (DP)</p> <p>My role was CEO, cofounder/husband had CTO role which converted into COO(KK)</p> <p>I founded start up with 2 more tech people (TS)</p>
Factors which influenced roles' distribution in founding team	<p>CTO role is obviously based on skills and experience (VS)</p> <p>Duties distributed based on experience and interests (NV)</p> <p>Roles distributed based on strong sides of cofounders and needs (TM)</p> <p>I started a company therefore I was CEO, but initially we did a lot together (KK)</p> <p>We were 3 tech people and nobody of us wanted to learn marketing, I had to move tech part and take marketing (TS)</p> <p>Every startup is unique, because of cofounders, market, product (DP)</p> <p>Distribution of roles helped a lot but difficult for cofounders, we had disputes (TS)</p>
Selection of cofounder	<p>Meet cofounders as partner with coworkers at previous job (VS)</p> <p>Skin in game, we do not have salaries as founders (VR)</p> <p>We did few projects before (TM)</p> <p>Cofounder is husband, who had CTO role which converted into COO(KK)</p> <p>Phase 2 of startup development is showing idea around, finding smb with whom you could do together (TS)</p>

<i>Change of founders duties and priorities happened evolutionary and organically</i>	
Founders view of role change	<p>Transition of role development is rather smooth(EM)</p> <p>Changes in my role were predictable, I know how startup develops so I knew how to change my priorities (VR)</p> <p>Natural evolution of duties from product development which took 90% moved to 50% now , more time devoted to user experience (VS)</p> <p>My role is changed evolutionary, but it was in plan as startup changed (NV)</p> <p>My duties developed organically (KK)</p>
Role changes	<p>With time role change from CTO to CPO, because of product development (DP)</p> <p>Division of roles happened later, I took CEO and responsible for all external contacts of startup, my cofounder keep COO role and responsibilities for all internal activities(KK)</p> <p>Changing duties, but not change of name of role (TM)</p> <p>At early stage we did all things together and all of them were important- product, customers, sales (KK)</p> <p>Main role change from hands up experience to managing people (KK)</p> <p>CEO role at the beginning more representative, but now it is more about project management(NV)</p>
Factor which supported transitions	<p>Prior and current experience help the most in transition (EM)</p> <p>Biggest help in previous experience, but I think everyone could learn from internet now, even without previous experience(VR)</p> <p>Experience of work in another country was helpful for my development (VS)</p> <p>Book "High Output Management" and book "Hard thing about hard thing" (TS)</p> <p>It is important to communicate your idea, share challenges and be open for advice (KK)</p> <p>I read books, asked startup founders' community for advices (KK)</p> <p>Learning from investors, mentors, team brainstorming (NV)</p>

<i>Product development as key priority of founder on early stage</i>	
Product development stage	<p>Priority – to launch pilot (EM)</p> <p>Product development is common topic for cofounders, but market is divided. (VR)</p> <p>First year is time for working product, solving problem, identification attractive features vs competitors(VR)</p> <p>Natural evolution of duties from product development which took 90% moved to 50% now , more time devoted to user experience (VS)</p> <p>Initially we concentrated on product development (DP)</p> <p>Company has 2 purpose - to make good product and grow, make sales</p> <p>Initially product development took 90% of my time, but now less than 30% (KK)</p> <p>We had plan and milestone- initially to start with one function to one country and we did it. But we still work on product (VN)</p> <p>Phase 3 of startup development- build prototype and receive feedback (TS)</p>
Challenges on product development stage	<p>Initially – I looked for investment, but needed to go ahead with product (EM)</p> <p>Next time if I do product I will work either with my own problem, or by involvement people who are very informed about problem details(VS)</p> <p>Two important things - first go to market faster and get quick feedback and second know whom ask for feedback, not all feedback is relevant(TS)</p> <p>Check customers, before writing code (VS)</p>
Business model changes	<p>Changes in business model (EM)</p> <p>After prototype had tested, product fully changed (VS)</p> <p>Initially project was different , but because of network , idea changed and helped to change of project (business model change) (TM)</p>

<i>Cofounders divide areas of responsibility and prioritize sales and marketing after product is developed.</i>	
Sales as priority for founders	<p>Second year(now) is monetization stage, identification of pricing , marketing (VR)</p> <p>Founder needs either make sales or looking for investments, we choose sales (TM)</p> <p>Priority now is sales(TM)</p> <p>Before startup is going for external funding , it needs to show positive trend of sales(TM)</p> <p>Focus on 1 market, better on big market with high value (DP)</p> <p>We did not grow quick enough (DP)</p> <p>Accelerator in Asia helps to enter Chinese market (NV)</p> <p>We will try to obtain next round of finance after we reach our milestones in sales and markets (NV)</p> <p>Phase 4 of startup development is getting financing and getting customers at the same time (TS)</p>
Specialization of roles	<p>My role was always COO, but priorities changed, for some time I did sales, now I have sales team, which led by sales manager (TM)</p> <p>We were 3 tech people, smb needs to learn marketing, sales, customers (TS)</p> <p>I started to be responsible for all external contacts of startup (KK)</p> <p>Product development is common topic for cofounders, but market were divided. I am responsible for US market, another cofounder for Europe markets (VR)</p>
<i>Hiring and managing people as trigger of founder's duties change</i>	
Acquiring of human capital	<p>The most critical to acquire right human capital - to hire right people (VR)</p> <p>Right people and right culture are key things(VR)</p> <p>It is very hard to hire right people, therefore it is easier to have less hired employees and outsource.(TM)</p> <p>Team members are working from different places. Distance is an issue(VS)</p> <p>Hard to find and train employees with new skills (TS)</p> <p>Hiring is pain (DP)</p>



Establishing culture	<p>For building team culture I used positive and negative experience from previous jobs (VR)</p> <p>Our culture is about doing good job, being opinionated, but not attached to opinion(TS)</p> <p>Culture is people and behavior (KK)</p> <p>Identification of values on early stages (DP)</p> <p>Lead by example (KK)</p> <p>Culture is in place, but it is less formal than in previous companies (NV)</p> <p>Hard to find and train employees with new skills, but even harder to bring them up to speed in values (TS)</p> <p>When we meet in person with team - we speak about values (VR)</p> <p>We discuss our results openly in team , everyone knows sales, expenses, etc. (VR)</p>
Source of hiring	<p>Hiring is a pain, half of employees came from network(DP)</p> <p>Employees are from network (NV)</p> <p>I am looking into 4 years horizon and make decision if person will fit long term(VR)</p> <p>I hired people whom I knew before, but it was not successful (EM)</p>
Delegation	<p>Simple job should be moved/delegated as much as possible (TM)</p> <p>Delegation is always learning (DP)</p> <p>I learned a lot about communication, in particular how to structure and communicate task to delegate(DP)</p> <p>Delegation was not easy but I read books, asked startup founders' community for advices (KK)</p> <p>Delegation is not an issue, I have experience.(NV)</p> <p>I am improving my communication and coordination (NV)</p> <p>Hard to delegate, easier to do it by myself (TS)</p> <p>With every new project delegation is easier (TS)</p> <p>Learning by doing (DP)</p>

Motivation	<p>Keep people motivated is hard, startup does not bring big money and cofounders do not have any salaries from startup (NV)</p> <p>Team changed, because of lack of belief (EM)</p> <p>To motivate people some equity should be distributed between key 10-20 employees (VR)</p>
<i>Investor as influencer on founder role</i>	
Acquiring of financial capital	<p>The hardest is to obtain financial capital (EM)</p> <p>Fund raising is full time job, so far we are using our savings (2+ years)(VR)</p> <p>Founder needs either make sales or looking for investments (TM)</p> <p>If you make money- investors look at your growth, if you do not make money – investors look at founding team (DP)</p> <p>Acquisition of finance capital is challenging, but manageable (NV)</p> <p>Financing is an issue, we managed to raise preseed funding, but we did not manage to raise seed (DP)</p>
Investor's role	<p>Investor is advisor for ICO, blockchain (EM)</p> <p>I think investors bring new opportunity to startup (TM)</p> <p>Seed A investors helped with marketing, sales, strategy (KK)</p> <p>We have good investors and do not see any control issue (KK)</p> <p>We are learning from investors (NV)</p> <p>Investor is afraid of losing opportunity more than of losing money (VR)</p>
Cooperation with investors	<p>We always were in contact with investors, but we did not ask for money. We need to show them our development, good sales, contracts with customers (VR)</p> <p>Sharing idea and work with potential investors helps a lot, we receive feedback which we could use (VR)</p> <p>We are updating potential investors regularly, even if we do not ask money (NV)</p> <p>All our investors were very supportive and gave us guidelines. We were lucky we did not check about them anything. But I would recommend to do background check (TS)</p> <p>We have contract and trust with our investors (KK)</p>

<i>Networking as catalyst in founders' development</i>	
Role of networking in founders' development	<p>Network is important, it was a mistake not to devote enough time to networking (VS)</p> <p>Network could take a lot of time (VS)</p> <p>Networking is nice, but not for financing capital obtaining (EM)</p> <p>We change our business model because of one of idea discussion during networking event (TM)</p> <p>Right connections are important (VS)</p> <p>Networking is not easy to do till you are not famous and successful (EM)</p> <p>If you do not have money you loose network(DP)</p> <p>Need of raising of financial capital requires to be more public (KK)</p> <p>It is never enough connections (KK)</p> <p>Now 50% of time is devoted to networking (TS)</p>
Founders practice	<p>I am doing networking constantly, but I do not make it on purpose, it is natural for me (VR)</p> <p>I found angel investor in Facebook (EM)</p> <p>We always understand that we need to network, therefore we visited events every day in US at the beginning (TM)</p> <p>Accelerator gave us needed connections (KK)</p> <p>It is important to communicate your idea, share challenges and be open for advice (KK)</p> <p>Now it is easy to do networking. We have 5 cofounders' networks and internet, where you can find everyone (NV)</p> <p>I like network, lecture, public speaking (NV)</p> <p>We thought network was waste of time initially, but it is not true (TS)</p> <p>Knowing that you are not alone and can share ideas (TS)</p>
<i>Customer contact as key in solving founders dilemma</i>	
	<p>If I can sell startup , I will do it and start some new project (EM)</p> <p>I would like to build great company with huge revenue and I do not think to sell it. But not sure if I keep CEO role forever (VR)</p>

	<p>I see mission in this startup, I would like to be part of it, therefore I do not think about selling (VS)</p> <p>I like to make good business and good money, therefore if I receive good proposal to buy my business I will sell it (TM)</p> <p>I do not have any thought about selling , we would like to gain as big share as possible (KK)</p> <p>For next 2 years I plan to stay CEO, in 5 years I would like to sell it and start something new (NV)</p> <p>I would not easily exit, I care about product, I care about customers (TS)</p> <p>It is okay to have different position in terms of exiting in every startup you have as founder (TS)</p> <p>May be exit strategy of founder depends on specific product but not on founder personality if product built in a way that founder is in contact with customers, chance that he/she will not sell startup is higher (TS)</p>
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