Founder Alignment Exercise

This exercise's objective is for the startup founders to define what success looks like for them explicitly. This is especially important for founder teams, as in all likelihood, what constitutes success for each of them will be different.

Just articulating a goal is useful - even for individuals. For teams, it is vital, as it will surface any difference in expectations, which can then be discussed. Ultimately the objective of the exercise is for the team to coalesce around a common goal.

This is important because having a desire to remain independent or be acquired, or ultimately IPO can represent three completely different trajectories. Each requires the team to set different priorities and objectives. They will likely involve different time scales and funding amounts.

For example, remaining independent may sound good, but is it financially viable? Is venture capital funding necessary to ensure this? If so, what are the expectations of the investors? You can be sure they are not investing in a company if they believe they will never receive a return on their investment.

What will be the roles and responsibilities of the founders as the startup grows? Founders need to recognize the need for more management, process, and support functions as the startup matures and their respective roles in directing these changes.

The Exercise – Part 1
The first part of this exercise is for each team member to answer the questions separately – no conferring. All the answers should then be collated, and the team should come together to discuss.

Note: This exercise will only work if the founders complete the first part separately. The key issue we want to surface is where the founder's expectations differ. The second part of the exercise is where these differences are explored and may be reconciled.

Part 1 – Individual Questions

#	Question	In 1 year	In 3 years	In 5 years
1	What does success look like to you?			
2	Why is this attractive to you?			
3	What is your role at this time?			
4	What will be needed in order to accomplish this?			
4a	• How much investment do you need?			
4b	• How many employees?			
4c	• How much revenue?			
4d	• How many customers?			
4e	• How many [Key Metric]?			
5	What may prevent you from reaching this?			
6	What will be the most significant change in your role if you achieve this goal?			

Part 2 - **Compare results**
The second part of this exercise is for the team to come together and compare the results. As you might expect, there is no "right" answer here. The purpose of the exercise is for the team to understand each other's objectives to determine a common goal. Then they should be able to triangulate on what this actually means in practical terms.

Part 2 – Group Questions

#	Question	In 1 year	In 3 years	In 5 years
1	What is the shared goal the team is working towards?			
2	What will be needed in order to accomplish this?			
2a	• How many employees?			
2b	• How much investment do you need?			
2c	• How much revenue?			
2d	• How many customers?			
2e	• How many [Key Metric]?			
3	What may prevent the team from reaching this goal?			
4	What is the role of each founder at this time?			

The key piece of advice I would offer in order to get the most out of this exercise is, to be honest with yourself. It is essential to be realistic about how many customers you will need, how long it will take to acquire them, and how much effort or financing will be required.

It is also important to be realistic about what your role will involve as the startup grows. A CEO who enjoys talking to customers and creating content will likely find that all their time is occupied by managing the team and dealing with personnel issues as the startup grows.

A CTO who enjoys coding will likely find their role becomes one of orchestrating teams of engineers to accomplish the goal. This is an entirely different skill set.

I bring this exercise up in a book about M&A is because it is common for startups to want to retain independence. However, it is less common to realize what is actually involved with that independence.

Startups are small and nimble, but they need to add a finance team, a legal team, and an HR team as they grow. They will inevitably slow down and have to start adopting the type of policies that larger companies have.

That’s why an acquisition can prove particularly attractive to a small team. It may be a way for them to continue doing the aspects of their job that they enjoy the most and combine forces with an entity that already has the whole support apparatus set up.