
Who's Going to Call the Shots?

“The psychological characteristics of entrepreneurs are such that while they like the fluidity of new ventures, they dislike the formality required for growth (Davila & George, 2007).”

CEOs with lower adoption of a hierarchal approach are more likely to be replaced; the evidence supports the relevance of these systems to the growth of startup firms beyond their initial stage (Davila & George, 2007). You can say that startups success is as much about managing the people and making the right decisions along the way as it is about creating the perfect product. Creating a culture of defined roles while allowing the free flow of creativity, information, and perceived and or actual ownership is important to success. One method in determining top positions within a start-up is to weigh a Founder's level of commitment, determine which founders are the idea people who had the original idea or developed the intellectual property on which the startup was founded, and define each founder's human, social, and financial capital contribution (Wasserman, 2012).

While egalitarian cultures can motivate workers and encourage a free flow of ideas, they are often hard to maintain when startups expand and managers have to make difficult decisions (Sanders, 2015). Startups with founding members that are friends can create an atmosphere where resolving conflicts are difficult. To help deflect these potential issues having defined roles, which might not eliminate conflict, it should ease the negative conflict associated with undefined roles. Discussions that are contentious because of personal frictions, also known as “affective conflict”, tend to signal a lack of trust and can cause destructive tension and frustration within the team (Wasserman, 2012). Another way to avoid conflict is to avoid overlapping skill sets; maintaining a high-performing startup is possible when teams have complementary skills sets without much overlap. Another key to cohesiveness is having clear motives in your reasons behind starting up your company. Founders who launch their startup and only later realize that their motivations are misaligned will encounter higher tensions within the team at almost every stage of decisions making (Wasserman, 2012). This brings us back to the question to be King or to be Rich.

References

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