

Startup Culture & The Founding Team

People, equity, values, and early team dynamics






Recap from Lecture 4

Laying the foundation for execution

- Defined mission, vision, and value proposition
- Explored Business Canvas as a modeling tool
- Pivots and iteration strategies
- Set early-stage goals using the SMART framework

Learning Objectives

What you'll learn today

-  Understand the **key roles** in an early-stage startup strategies
-  Make **fair equity splits** and ownership
-  Learn how to **hire** effectively in the early days
-  Define what **startup culture** means and how to shape it
-  Prepare for co-founder **conflict** and protect with **agreements**

Why Teams Matter

Founders > Ideas

- Investors often say: "Bet on the team, not just the idea"
- Good teams fix bad ideas. Bad teams ruin good ones.
- Most startup failures stem from teams, not product

What Investors Really Say

The team is everything

- "I'd rather invest in an A team with a B idea than the other way around." – Marc Andreessen
- "Ideas are commodities. Execution of them is not." – Michael Dell
- "Startups are about people. Everything else is secondary." – Paul Graham

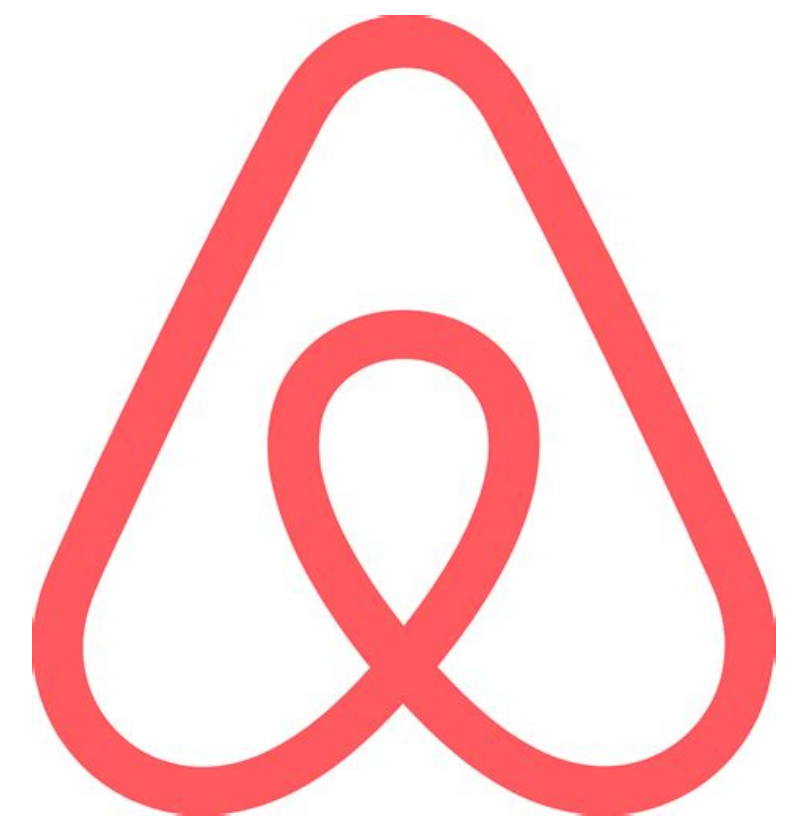
Case Study – Founding Teams That Worked

Why it worked and what we can learn

- Real-life co-founder team traits and alignment
- Strong complementary skills
- Shared vision and long-term commitment

Airbnb – Design, Engineering & Hustle

Team synergy and market vision



- Brian Chesky (Design), Joe Gebbia (Hustler), Nathan Blecharczyk (Engineer)
- Identified an overlooked need during a conference in SF
- Bootstrapped using creative ideas like “Obama O’s” cereal



Stripe – Technical Excellence

Building trust with developers

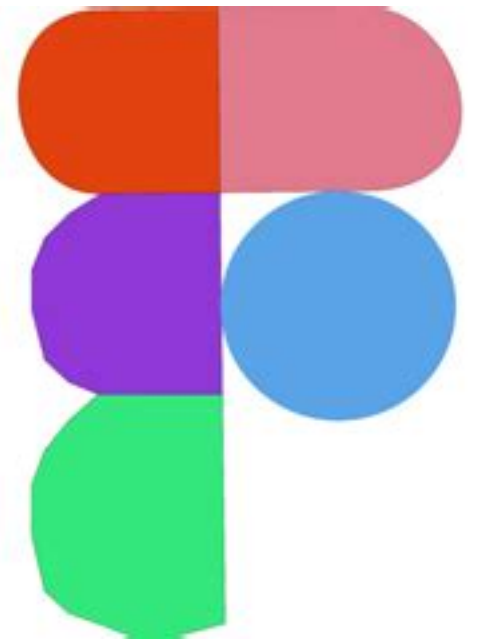
- Patrick & John Collison – both deeply technical
- Vision: remove friction from online payments
- Grew via developer love and fast iteration



stripe

Figma – Design-First Vision

High-craft, high-impact product culture



- Dylan Field & Evan Wallace – technical founders with strong design background
- Remote collaboration vision years before it was mainstream
- Funded young and took years to launch



Founding Team Roles

Who does what, and why it matters

- CEO, CTO, CPO: Role clarity vs overlap
- Business vs technical founders
- Co-founder alignment > same skills

CEO

Vision & strategy
Fundraising
Partnerships

CTO

Technical leadership
System architecture
Engineering team

CPO

Product roadmap
User experience
Market fit

Activity - Map Your Founding Team

Who would you start with?

- Draft roles for your startup team (2–4 co-founders)
- Match skills and personalities
- Share with group: What would each person bring?

Product Desing & UX	SW dev / engineering	Sales & Customer Acquisition
Marketing & Growth	Business Strategy	Finance
Operations & logistics	Leadership	People management

Equity Splits – Equal vs Unequal

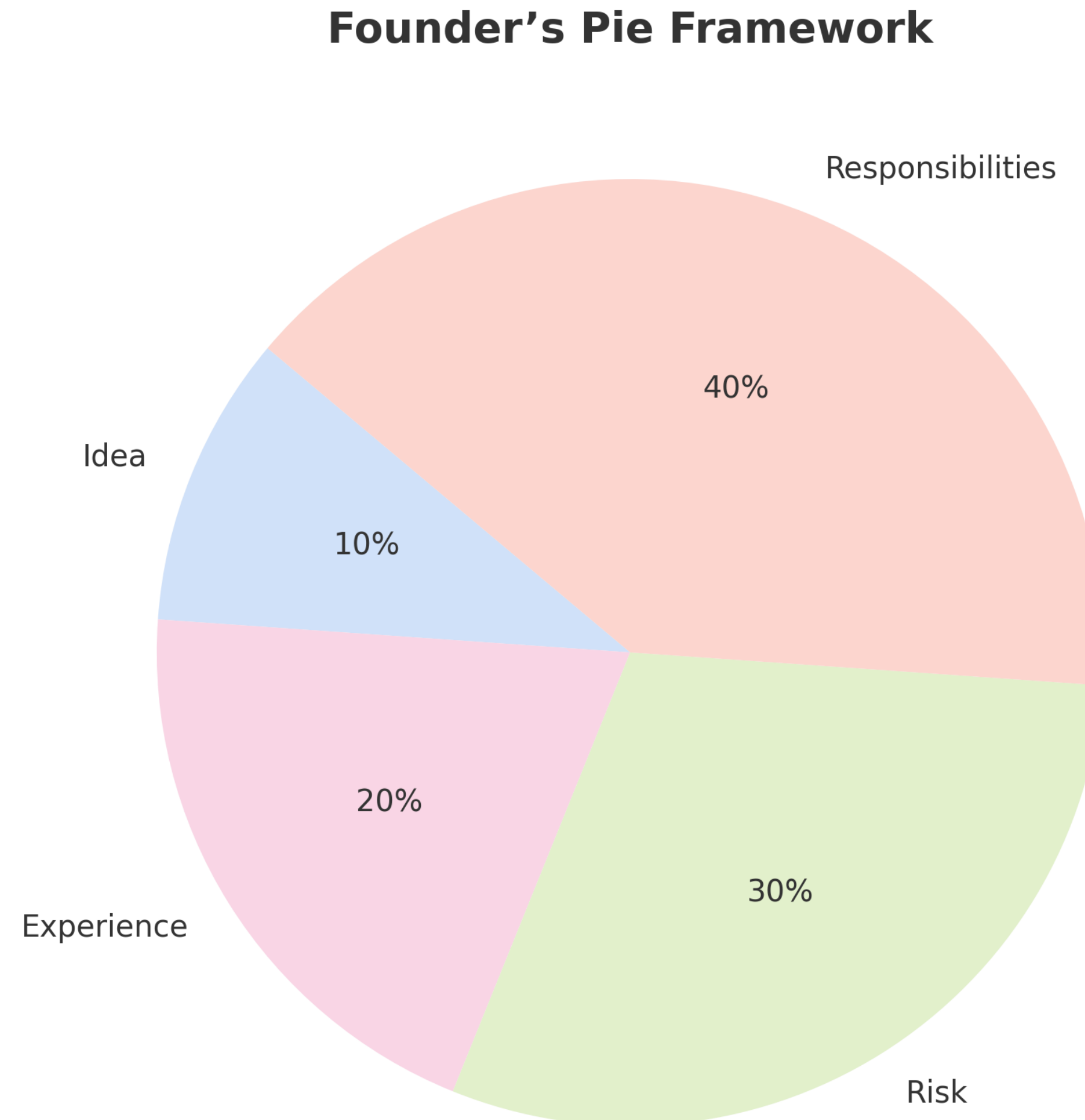
How do you divide the pie?

- Equal split can feel fair but may not reflect effort or risk
- Unequal splits can reward experience, IP, capital, or early work
- Transparency and clarity are key for alignment

The Founder's Pie Framework

A structured way to decide ownership

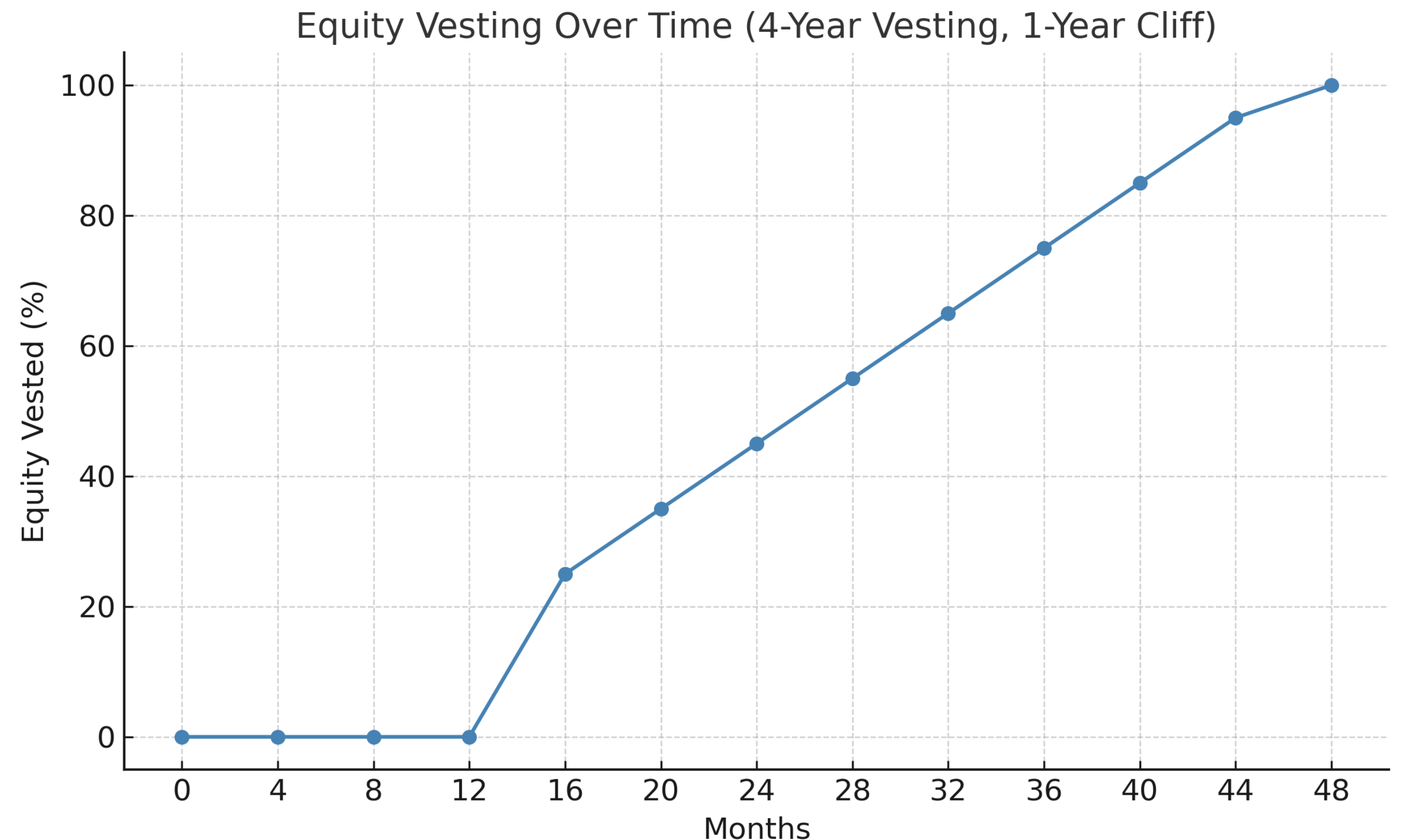
- Weighs contributions: idea, experience, risk, responsibility
- Promotes structured, fair equity conversations
- Prevents emotional or arbitrary splits



Vesting Schedules & Cliffs

Protecting the company from early exits

- Vesting = earning equity over time (standard: 4 years)
- Cliff = no equity earned if founder leaves before 1 year
- Prevents inactive founders from holding long-term equity



What Can Go Wrong?

Co-founder red flags

- Mismatch of commitment or vision
- Poor communication or decision paralysis
- Ego, equity entitlement, or control issues

Conflict Resolution Models

Preparing for disagreement early

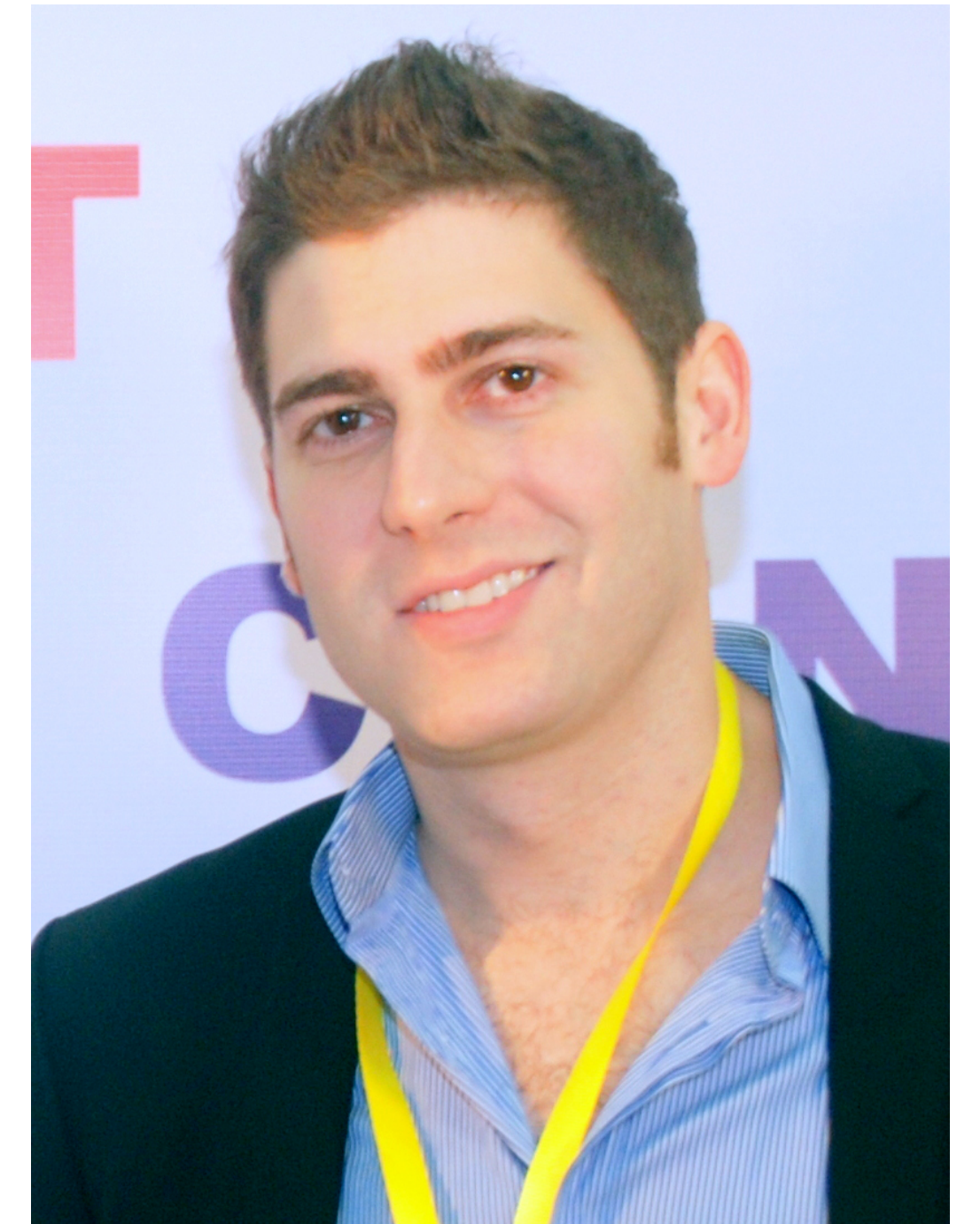
- Create clear decision-making processes (e.g., domain authority or rotating final say)
- Use third-party advisors or mentors as mediators
- Draft escalation paths: internal discussion → advisor → neutral mediator

Equity Conflict – Facebook

Saverin's equity dilution

- Eduardo Saverin had no vesting in early agreement
- His equity was diluted when company restructured
- Legal battle ensued, settled for an undisclosed sum

facebook



Equity Conflict – Snapchat

Early co-founder fallout

- Reggie Brown ousted from founding team
- No formal agreement or ownership plan
- Sued for recognition and was awarded ~\$157 million



Time to split – Handling Founder Exits

When things don't work out

- Distinguish between “good” vs “bad” leavers (e.g., voluntary vs. misconduct)
- Define exit terms in founder agreements:
 - ownership rights
 - clawback options
 - acceleration of options
- Set fair offboarding rules: how founders can be voted out respectfully

Prenup for a Startup

Agreement for the worst case scenario

- Define what happens if a founder wants to leave
- Clarify terms for buyout, equity, and IP
- Outline good vs bad leaver clauses
- Include process for forced exits (e.g. vote-based removal)

Hiring for Early-Stage Success

First hires that shape your trajectory

- Founders vs first hires
- The “first 5” hiring strategy
- What to look for: generalists, mission-fit, builders

Activity – Who Would You Hire?

Choose your first 3 hires

- Dev, design, ops, growth, CX – who comes first?
- Prioritize based on your business model
- Share choices and explain tradeoffs

In-House vs Outsourced

Where to invest early talent

- What roles must be in-house?
- When is outsourcing OK? (e.g., dev, design, ops)
- Managing contractors and freelancers

Building Culture from Day One

What happens when nobody's watching

- Culture is what your team does, not what it says
- Early behaviors become norms
- How founders model values

Netflix – Freedom & Responsibility



High autonomy, high expectations

- Culture of trust and ownership
- Few policies, strong feedback norms
- Values high performance over tenure

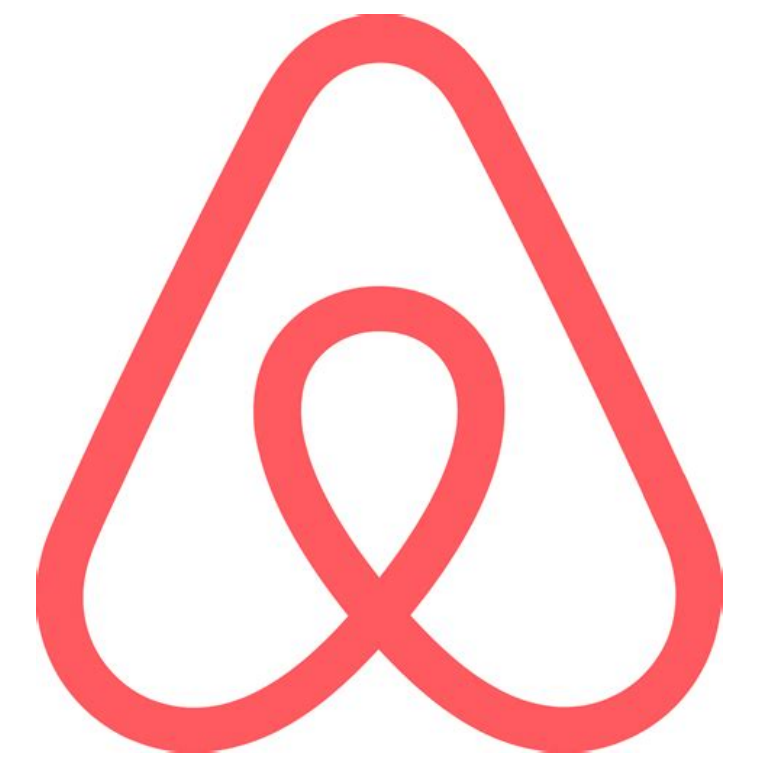
“Adequate performance gets a generous severance package.”

“We’re a team, not a family.”

Airbnb – Champion the Mission

Empathy in every decision

- Deep connection to hosts and guests
- Culture rituals tied to company mission
- Onboarding includes storytelling about origins



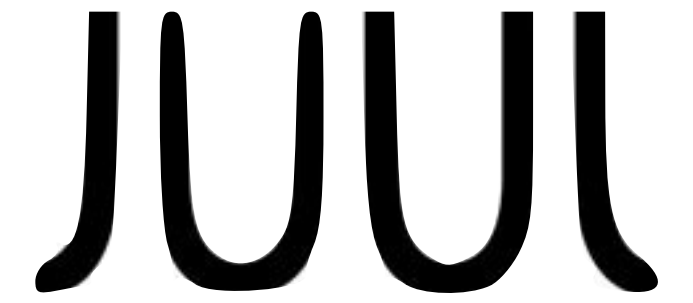
Notion – Craftsmanship & Kindness

Culture that reflects the product



- Attention to detail and user-centric design
- Small, thoughtful team growth
- Emphasis on respectful communication

Juul – Culture Misalignment & Risk



When culture fails the mission

- Mission to reduce adult smoking misaligned with youth marketing tactics
- Fast growth prioritized over regulation and safety
- Internal warnings ignored, values diluted
- To fix, they started paying large bonuses to employees

Scaling Culture

Keeping values as you grow

- Hiring for values, not just skills
- Culture onboarding for new hires
- Letting go of team members who don't fit

Culture in Action – Stories & Rituals

How great cultures reinforce themselves

- Google: 20% time fosters innovation and ownership
- HubSpot: Culture Code deck shared with public & employees
- Zappos: Employee peer bonuses to reinforce values
- Atlassian: “Shipt Days” hackathons every quarter to foster experimentation
- Patagonia: Paid activism days reinforce environmental values

Red Flags & Anti-Patterns

When culture turns toxic

- Lack of feedback or ownership
- Overwork = badge of honor
- Mission without meaning

Culture & Diversity

Culture fit vs culture add

- Don't clone founders—invite diverse perspectives
- Culture fit = shared values, not shared hobbies
- Avoid hiring only “people like us”

Summary – Founders & Culture

What we covered today

- Founding roles and traits
- Equity and agreements
- Early hiring strategy
- Defining and scaling culture



Assignment

Apply what you've built

- Define your co-founding team (roles & rationale)
- Propose an equity structure with justification
- Draft your culture values, how do you want your company to feel?

Use Google Docs or Slides to create your pitch deck and share it with ales@spetic.si by the day before the next lecture!