



## The management mating game

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April 2000

Psychologists, sociologists, and romance advisors of all types have long debated guidelines for selecting the perfect mate. In regard to love and marriage, there's an entire mythology built around the question of whether you should choose your partner based on your similarities or your differences. In business, however, there's no argument. In the management mating game, difference makes all the difference.

During startup and the early existence of your enterprise, you'll find yourself working in all functional areas, from finance and accounting to sales, engineering, and production. Without a large staff of specialists, you and your startup team will likely confront issues surrounding real estate, advertising, sales commissions, purchasing, unhappy customers, charitable contributions, safety regulations, employee parking, stationery letterheads, zoning laws, consumer protection, bad checks, slow paying customers, withholding taxes, janitorial services, equipment repairs, and changing locks on the doors. And then, there's always the unexpected.

To meet these challenges effectively, your odds for success are better if you are open to a variety of experience and background in your startup team -- both within and outside your organization. Research has shown that many business failures can be attributed to a management team that lacks diverse experience and knowledge, especially in initially small manufacturing operations. The Woodruff and Alexander study, for example, listed one-man management, lack of know-how, and inept administration among the top causes of failure. Obviously, creating effective collaboration among a broadly experienced startup team, including partners, advisors, and connections, will be crucial to your success.

### The perils of partnership

For many entrepreneurs, the instinct in forming a new venture is to "go solo." Often, the reasons for starting a company in the first place are part of a quest for greater personal freedom and liberation from the authority of others. In that context, bringing on partners or forming an internal team to collaborate in the founding of your firm seems like taking a step backward, or even a sign of personal weakness. Many programmers, system designers, and engineers today believe that, in this age of technology and our "new economy," their specialized knowledge and ability is all that really matters.

In addition, many programmers, system designers, and engineers feel that partnerships just don't work. If you retain all the ownership in the new company, there's no possibility for disputes over who is in control, or how things should get done. Also, you won't have to waste time communicating with people and coordinating action. Of course, retaining all the ownership also means not having to share any of the spoils of success.

Although we've all heard the stories of how partnerships fail, it's equally true that, in today's world of venture capitalist-backed, high-tech businesses, the only way to succeed is through partnership. Why?

Essentially, partnerships make available a larger manpower effort with a more complete balance of skills and other resources to get the job done. Venture capitalists clearly favor team-initiated companies based on their own observations of the problems inherent in starting a business. A willingness and ability on the part of the initial entrepreneur to assemble and work with a team can be an indication of an ability to attract and manage people. A disinclination to work with a team may signal, on the other hand, a lack of managerial capacity for growth, especially to potential investors. Venture capitalists also see the formation of an internal team as a preliminary check of the venture idea itself. A diverse team of partners proves the merit of the founder as well as the idea.

Summarizing from many case histories of high-technology startups in technical entrepreneurship, Susbauer writes, "The studies and venture capitalists' experiences seem to confirm that a team effort is more likely to succeed than is the individual effort."

### How to pick your partners

As reported in the *Entrepreneurial Process* by Robert Woodworth, studies reveal some general characteristics of entrepreneurial team members that significantly contribute to the success of a venture. In addition to a variety of experiences, prior experience in startups is particularly valuable. Also, look for an ability to seek help from a professional, when needed, in anticipation of problems, rather than in response to existing ones. Look for partners who know their weaknesses, and who will admit to what they don't know. And, of course, seek those who either can quickly acquire or already have key skills required by your specific venture.

If you are highly specialized in your own work, or you prefer to deal only with problems within a certain functional area, it's even more critical for you to assemble a group of complementary partners. First, seek those who have a diversity of work experience,

#### Contents:

[Perils of partnership](#)

[How to pick partners](#)

[Collaborators and connections](#)

[Resources](#)

[About the author](#)

including a mix of experience in marketing, finance, and production. In general, look for a team of partners who have complementary skills and experiences to contribute to the venture, and, among them, provide a fully rounded managerial capability in sales, production, technology, finance, accounting, and all other aspects of your business.

Perhaps most importantly, be honest with yourself about your own weaknesses. If you hate accounting and finance, then you probably need a financially-oriented partner, no matter how much you may disagree with their inclinations and temperament. In this case, finance and accounting will be your weak links, and that can spell disaster for your venture. Open yourself to the diversity of viewpoints necessary to meet all the challenges of creating a successful business.

### Outside collaborators and connections

Face it -- you're going to need bankers, lawyers, accountants, and perhaps many different types of consultants. Assembling these advisors early, rather than later, has proved essential for many technological ventures. But even more important than *when* you hire them is *how you use them*. Studies have shown that, for instance, the most successful entrepreneurial engineers were those who knew what advice was needed when, and for what reason. Knowing something about the specialty in advance enables you to use a specialist to greatest advantage, which is another reason for assuring you have this kind of general knowledge within your internal team of founders.

The importance of connections has increased hand-in-hand with the growth of outsourcing in high-tech ventures. In this environment, to get started, you have to form numerous external connections with government agencies, suppliers, professionals, sales channels, customers, landlords, and sometimes even competitors. Lining up these resources in advance of your launch will assure you won't have to divert efforts during the crucial startup phase.

Whether you decide to seek out partnerships in the earliest stages, or wait until after you've launched or are established, before long, your connections will likely become critical to your success. It's best to follow the same general rules for your external team as with your partners -- look for the differences.

### Resources

- Read the *Entrepreneurial Process* by Robert Woodworth.
- Read "[Instant intellect: Need a Web-savvy management team quick? Breakaway has a deal for you](#)", an article by Elizabeth Millard.
- Read the article "[Building the bulletproof net startup: The five critical ingredients for success](#)", by J. Neil Weintraut and Jeffrey Davis.

### About the author

Rick Stephan is a noted author, business consultant, and entrepreneur with several successful startups to his credit. As President of Quanta Corporation, an investment banking and strategic consulting firm, he directs the innovative "Winning the End Game" program, which empowers entrepreneurs to manage their ventures specifically for achieving maximum value and the results they truly desire in life. He is also the host of the online magazine, [More than Money](#), and CEO of Homagic Technologies, a home automation and systems integration firm. You can contact him for further information at [rick@quantacorporation.com](mailto:rick@quantacorporation.com).

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Killer!                      Good stuff                      So-so; not bad                      Needs work                      Lame!

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