

VMT Partnership Analysis Team

Project Objective:

Provide a bright future for
start-ups by overcoming
confusion over roles and
equity

THE
VENTURE
MENTORING
TEAM



VMT Partnership Analysis Webinar

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Webinar Objective –

Introduce the PA process
& certification

1. Purpose
2. Roles & Criteria
3. Mentor Strategies & Skills
4. The Session in Six Steps
5. Mentor Involvement & Certification

VMT Partnership Analysis Webinar

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Please use the Chat for Q & A

Why Do We Need a New Team and Service?

- Noam Wasserman estimates that 65%* of start-ups fail due to founder conflict, often involving unresolved interpersonal and strategic misalignments.
 - University incubators often produce great ideas, but the founders can still think like students
 - Founders can be reluctant to assume some functions or can confuse responsibility with accountability
- Addressing issues early can change outcomes

Overview: Mentor Roles & Criteria

What Does the PA Team Do?

- Lead VMT mentors make referrals to the VMT Office
- Founders receive an email request to complete a survey independently that addresses roles, strengths/weaknesses of the founders, exit goals, and equity splits. Lead mentor monitors survey completion.
- The VMT Office receives founder responses and generates a ChatGPT report highlighting topics for discussion.
- A Doodle matches certified mentors' availability and interest to form a team and schedule time/date with the founders. The lead mentor is part of the team.
- At the meeting, founders read their submittals aloud while the Team helps them to work through the disconnects and create an action plan.
- The Team schedules a 30-day follow-up meeting to check progress

Mentee Company Criteria

Requirements

- More than one founder
- Completed ideation and have an MVP (or conception of one)
- Have supporting evidence of a market

Situations that Might Call for Analysis

- Founder(s) have other commitments outside the company
- Vulnerabilities in some functional areas or some evidence of potential conflict
 - Role confusion
 - Equity distribution
 - Personalities

Note: All mentor teams needs to probe for founder vulnerabilities

Founders Benefits

- Student-formed companies can continue after graduation with new talent and a redistribution of equity
- Entrepreneurs visualize the team needed to scale up their business to obtain revenue and funding
- Team gain productivity and cooperation through role clarity

Mentor Strategies & Skills

Success Strategies for Mentors

- Use of the Socratic Method is very important.
 - Offer guidance by asking open questions
 - Use silence to advance the conversation
- Diffuse conflict by asking founders to better explain their view
- Encourage founders to cement the outcomes from the process in a formal partnership agreement

Handling Conflict

Conflict is opportunity. False Harmony is the enemy.

- Don't Dismiss. If tensions rise, acknowledge the disagreement
 - Example: *"It sounds like there's a difference in perspective here. Let's clarify what each person is expressing and find common ground."*

Be Constructive

- Shift the focus from the problems to potential resolutions
 - Example: *"Instead of debating what happened in the past, let's discuss how we can structure responsibilities moving forward."*

Handling Conflict - Continued

Push for Clarity

- Require each founder to repeat back what they heard
 - Example: *"Before you respond, let's make sure we fully understand. Could you summarize what you heard?"*

Record Progress

- Pin down any decisions.
- Set up a Parking Lot for Unresolved Issues

Partner Analysis Session

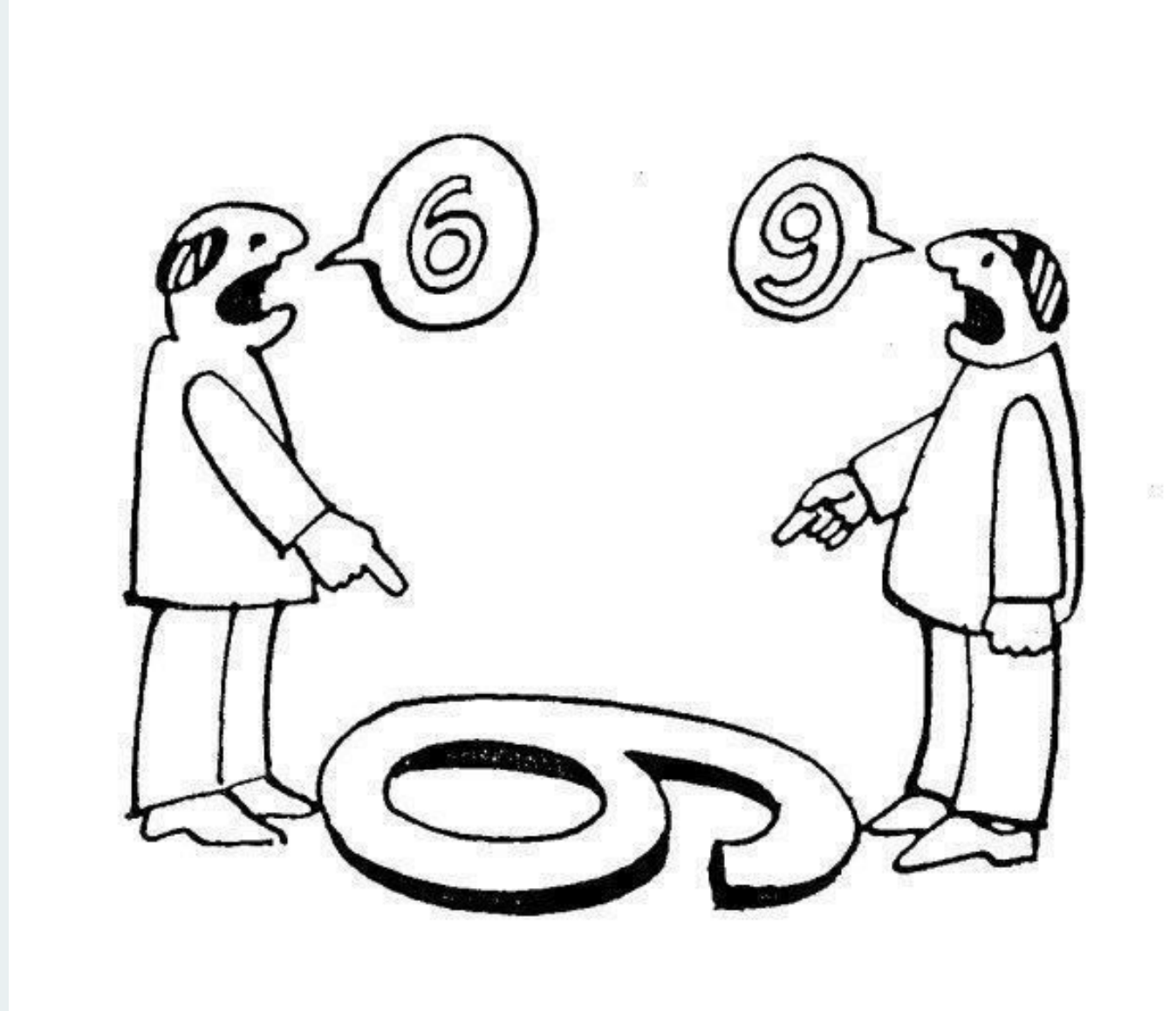
Six Steps

The Process in Six Steps

1. Introduction – How to open the meeting
2. Activity One - Strengths and Limitations
3. Activity Two - Roles
4. Activity Three - Goals and Exit Strategy
5. Activity Four – Equity Allocation
6. Next Steps

1. The Process: The Introduction

- Impress that the goal is to focus direction of the leadership team and avoid pitfalls
- Set Ground Rules
 - No talking over each other, no rebuttals
 - Seek alignment with the understanding that some issues might be unresolved at the end of the session
 - Agree to a safe conversation where all can speak frankly without repercussions.
 - The mentors' role is not to impose a solution, but to identify potential challenges and provide suggestions on how to resolve them



2. The Process: Strengths and Limitations

- **Strengths and Limitations Survey**

"List your own strengths and limitations, as well as those of every other team member, and assess the overall strengths and limitations of the company."

- **Facilitation**

1. All founders read their list of founder #1's strengths. Founder #1 may respond by accepting the feedback or request an example of a time when a trait was exhibited. *Do not force resolution.*
2. Repeat the process for founder #2 and subsequently with any additional founders.
3. Repeat process 1. and 2. for limitations.
4. Alternate between founders offering a single company strength at a time, until their lists are exhausted. Strive for agreement on the top three strengths.
5. Repeat process 4. for limitations

2. The Process: Strengths and Limitations (continued)

- Why this matters:
 - Founders realize where each excels and where they may need support.
 - Highlights skill gaps that may need to be filled through hiring or mentorship.
 - Ensures that roles align with individual strengths for maximum efficiency.
 - Encourages self-awareness, which is key to effective leadership.

3. The Process: Roles

- **Roles Survey**

"Write a brief job description of your job and the job description of every other founder.. Identify the one, and only one person responsible for the following six functional areas: General Mgmt, Product Development, Operations, Marketing/Customer Service, Sales, and Finance."

- **Facilitation**

1. In turn, each founder describes their role. After each description, founders may request clarification or express their perceived differences of the role.
2. Check if the founders can agree on the single person responsible for each functional area.
3. Ask founders what leadership gaps or misalignments between individual strength/limitations and their role that they see. Discuss how such gaps or misalignments might be addressed.

3. The Process: Roles (continued)

- **Why this matters?**
 - Reveals potential misunderstandings about each founder's role.
 - Helps clarify responsibilities to prevent redundancy or gaps.
 - Aligns expectations about who is responsible for what within the company.

4. The Process: Goals and Exit Strategy

- **Goals and Exit Strategy Survey**

"Write a description of your long-term goals for the company and, if your goal is to sell the company, your vision of the perfect exit. Be as specific as possible."

Write a brief description of your "dream job". Discuss what you would do if you were offered your dream job? Would you take it?

And if you would take it:

"How you would assist in the ongoing success of the company and what portion of your equity would you give back to the company to support the growth of its management team?"

4. The Process: Goals and Exit Strategy (continued)

- **Facilitation**

1. Each founder reads their long-term goals for the company and what they personally consider to be the perfect exit.
2. After all have been read, ask for any comments or reactions to the alignment.
3. Each founder reads the description of their perfect job, whether they would accept the job, and what portion of their equity they would be willing to give back to the company.
4. After all have read, ask if they see any misalignments that need correction.

- **Why this matters?**

- Uncovers potential misalignment in long-term goals (e.g., one founder wants a quick exit, while another wants long-term growth).
- Helps set a shared strategic direction for the company.
- Allows early discussions about exit strategy to prevent future disputes.

5. The Process: Equity Allocation

Equity Allocation Survey

"Detail the value you and each of your partners contributed to obtain your equity shares (e.g.: ideas, IP, time, money) and state the percentage of the company each founder currently owns."

Facilitation

1. Each founder states their understood value they have brought the company and intend to bring in the future.
2. After all founders have shared, each founder will propose what they feel is a fair equity split, based on what they have just heard.
3. Ask the founders if they see the need to reallocate, set vesting schedules, or record expectations for future contributions.

5. The Process: Equity Allocation (continued)

Why this matters?

- Creates transparency around who contributed what and whether equity distribution feels fair.
- Prevents future resentment of other founders
- Encourages discussion about future contributions and potential adjustments (e.g., vesting schedules, dilution for new investors).

6. The Process: Next Steps

- **Summarize Key Takeaways**
 - Request that the founders provide a written summary of decisions, unresolved issues, and next steps.
- **Define Next Actions**
 - Assign follow-up tasks (e.g., refining job roles, create/adjusting shareholder/partnership/stakeholder agreements, setting periodic check-ins).
- **Schedule a Check-In**
 - Recommend periodic reviews (e.g., quarterly) to reassess alignment and address new challenges.

Partner Analysis Certification

Partner Analysis - Mentor Certification

1. Read the Partner Analysis Facilitator Guide
2. Attend the PA Webinar (eventually a video-course)
3. Decide to opt-in to the PA team (via survey)
4. Participate in at least one PA session
5. Lead at least one PA session