New Year's resolutions for founders

By Joel Cox

As we kick off a new year in startup land, we typically re-engage with clients to help them plan for their year ahead.

This usually involves a reflection on our client's burn rate, capital raising options and long-term liquidity event expectations. We discuss realistic timetables for each and the key tasks required to make them happen. I recommend all founders do this at least annually with a group of trusted advisers - ideally at a board level and with two or three other independent sources.

But the arrival of the new year also can be a time to focus on some important but not urgent tasks that founders have been putting off founder new year resolutions. In the past, there have been a few key resolutions we have seen clients focus on in January with good success. You may find them useful.

- **Resolve to take a minimum three or four weeks of holiday** and to be disciplined about going off the grid in that period. Essentially this is about building management structures that don't rely too heavily on founders. It is also about creating a better work-life balance for founders that is sustainable across the 8-12 years that building a fast-growth startup takes. Touching base with advisers on how you can make this happen can be useful.
- **Build a strong thesis on disruption in your sector** and spend time "watering the garden and smelling the roses" nurturing and refining the thesis and building relationships with key stakeholders impacted by it. Ideally, this is something founders do all the time, but if not, then January is a good chance to get started. Touching base globally with venture capital general partners, corporate venture investors, corporate executives and repeat entrepreneurs in your space is usually important to ensure the best outcomes.
- **Take time to get your ESOP right.** New clients often tell us, "Our ESOP is not driving retention and high performance"; or "Staff resent founders success and don't feel they are part of it. How can we change that?" Generally the answer is about ensuring you have best practice in place for your ESOP. Keep your approach to an ESOP simple.
- **Resolve to bring in a new co-founder or CEO.** As well as finding the right person a task that should not be underestimated structuring the equity entitlement for the key person, including vesting, is important. Working through this in advance ensures the best chance for success in hiring a new key person.
- **Resolve to grow through channel partners internationally.** This is often essential to quick, scalable growth and is usually a process of trial and error. But understanding how other startups have successfully developed channel partnerships and what your competitors are doing is important. If this is important to your scaling challenge, I recommend you develop a formal partnership program and regularly review and refine it.
- **Resolve to grow through M&A.** This requires a strong management team and well-developed strategy. We urge our clients to never underestimate the benefits of preparation in getting M&A right. Preparation is not necessarily about the M&A process, but should focus on selecting the right targets, identifying and testing the right strategic reasons for M&A (which should be more than simply growth or synergies) and appreciating the people involved and impact on your and the target's culture. An integration plan should also be considered as part of preparation. If you get it right, it can accelerate your growth substantially, and it does not need to be bet-the-farm M&A to do so. For more about how to prepare for an M&A transaction, see our article [here].

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