

Choosing a Co-Founder

How to evaluate a potential co-founder, structure equity and vesting, and document the decisions that prevent the most common company-ending dispute.

Overview

Co-founder conflict ends more early-stage companies than competition does. The decision is reversible only at enormous cost, so it deserves the same rigour as an investment decision — evaluation, a trial period, and written terms.

What to evaluate

- Complementary scope — two people who cannot both own the same decision.
- Demonstrated ability in their domain, evidenced by work you have seen.
- Response to disagreement: how they behave when you are right and they are not.
- Financial runway and personal commitment level, stated in months.
- Alignment on the outcome: lifestyle business, venture scale, or an early sale.

Run a trial before you commit

- Work together on a real, scoped project for four to eight weeks.
- Include at least one hard deadline and one genuine disagreement.
- Split a small piece of customer discovery and compare the quality of the notes.
- Only then sign the founder agreement and issue shares.

Equity splits

Near-equal splits are the norm and are usually correct. Large disparities based on who had the idea create resentment within a year, because execution dwarfs origination in value creation.

- Standard: 4-year vesting with a 1-year cliff, for every founder, without exception.
- Include IP assignment and confidentiality in the same agreement.
- Define full-time commitment explicitly and what happens if someone goes part-time.
- Agree in writing how a departing founder's unvested equity is handled.

Justify any deviation with future contribution, not past contribution: who is doing the work over the next four years, who is taking the salary cut, and who is carrying the risk.

Conversations to have before signing

- Who is CEO, and how is that decision revisited?
- How do we decide when we disagree and cannot reach consensus?
- What salary do we take, and at what funding milestone does that change?
- What would make each of us want to leave, and what happens then?
- What offer would we accept for the company, and what would we refuse?

Warning signs

- Unwillingness to accept vesting on their own shares.
- A pattern of avoiding difficult conversations rather than having them badly.
- Commitment conditional on funding arriving first.
- Two people with identical skills and no clear division of ownership.

Published by RaiseMoney. This material is for information only and is not investment, legal, tax or accounting advice. Joining the RaiseMoney incubation programme does not guarantee investment.