

Advises to future Co-Founders

20 Mar 2018

Based on REMI NETWORK Ltd. Director's professional experience

1. Know what/who you want

If you are seeking for an opportunity, you have to know what you want and be ready to provide information about your experience (eg. CV).

If you are a Founder, make a plan of how many people (co-founders) you want/need onboard and how you will organise them.

All, Founders and Co-founders, have to see bigger picture of the project.

2. How it works?

If you want to be a Co-founder, find out what it means and how it works.

Usually SEED stage Companies do not have money so they offer equity shares instead.

At first it looks like hobby or 'unpaid' part time job. Be ready to share for it up to 20 hours per week. Too many hours? No. If you will do tasks on time so not every week you will be required to do all 20 hours (or more). Some weeks it may be enough 5 or 10 hours. It really depends on position and how organized you are.

3. Don't be greedy

Focus on information about the project and how many founders/co-founders is planned to get on board.

Very silly if 5 (suitable) applicants are asking for 35% each and 2 others are asking for 40% each. And where is logic? Looks like they are not suitable applicants, they are greedy ones. Equity share offers depends on position offered and amount of responsibilities.

4. Keep it short and very clear

Founders have to provide to applicants basic, but clearly delivered information about the project, including description (eg. 2 - 3 pages length pdf document), link (website, social network page) and some visual info (video and/or photos).

5. Applicants

Co-founders are NOT a payable service providers. Don't mix it up. If someone is offering payable services, that person is not suitable applicant to become your Co-founder.

Applicants have to check all provided information. It is silly to contact the Founder and keep asking about things which already has been provided at the earlier stage of application or is displayed on the website.

6. Written agreement(s)

Founder has to deliver shareholder's agreement (of at least 5 pages) and NDA (non disclosure agreement) if require. Job descriptions also should be prepared in writing. In this way the applicants will be able to review the offer and joining in conditions.

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If chosen applicants are located in other countries, you can use email to sign the contracts.

7. Voting rights

Most fair way to deliver voting right is to give a single vote to every Chief Co-founder, no matter how many % of equity shares he/she owns.

It is advised that decisions should be taken only if (at least) 75% of Co-founders agree.

Managers and hourly paid employees should not have any voting powers. Co-founders only.

8. Team

Agree how you are going to communicate, by emails, Skype, work station like Slack or other channels.

Review earlier written business plan (or its draft). Get your ideas, experience and knowledge into it, follow operational plan(s) and move towards the business targets. Together as the team not as individuals.

9. Money

Discuss with your team which investment method is most acceptable for your Company (Angels, VCs, crowd-funding, private funds, etc).

Founders should reserve around 20% of its Company shares for future investments (if future investments are planned). It doesn't mean that it all will be given away.

Investors should help out by investing and (maybe) by advising, but not stand on Co-founder's way. They usually invest in TEAM not into the idea.

If you have a really strong team and full business plan for next 3 years, you can offer around 2% per every £100k of seed investment (depends on project size and ROI plan).

10. Samples

As a Founder, you may keep/get the biggest share of your Company. Or something very close as CEO has (unless you cover both positions as Founder/CEO).

Figures (provided below) apply only if Co-founders joined in at the beginning of the Company formation stage and NO salary is paid.

CEO can/may have between 7% and 20%. Depends on experience and list of responsibilities. This Co-founder is like Prime Minister, so have to be very/reasonably experienced and know what he/she is doing.

CTO can/may have between 6% and 15%, depends it's a HANDS ON or not. He/she will in-charge ALL technical part of the business.

COO (if you need one) in some companies can/may get 1/3 (or 1/2) of what CEO has. If CEO has 20%, so COO may have around 6%.

It's more administrative job, focused on helping out to all departments.

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Advisor can/may have between 0.5% and 1%. To keep Advisor neutral, he/she should not have any voting power.

If you are building a strong team of at least 5 co-founders (you are not included as you are Founder), 3% - 7% per Co-founder is a reasonable pay for cooperation. If Financial Officer also covers Sales department, so he/she may have 6% (3% x 2 positions).

What is better for you, to get a stable £50k salary and 0,08% of equity shares, or no salary (at start) and 3% of equity shares?

If the project will grow into big profitable business, 3% may turn into millions of £ € \$. Of course, it all depends on individual projects and offers.

11. Extra

If someone contacted you with the offer, study it and don't rush to reject. It may/can be only one chance. Use it.

If you want to look professional, so act, talk and write professionally.

Do NOT argue. Discuss instead.

If anything is unclear, check the information on provided website and/or documents. If you still can not find the answers to your questions, politely let the Founder know about lack of information. If the Founder does not respond to your messages, it means that this project is not properly organized and (probably) is not suitable for you to join in as Co-founder.

Focus on provided information, not on your instant opinion/decision.

Remember your experience, but do NOT underline it too much. As you are seeking for a new challenge, new project may deliver it and you will have to learn more new things and/or improve your knowledge.

Be KEEN. If you showed your interest in the project, don't delay to respond to emails/messages. You should take no longer than 2 working days to reply. Otherwise you may be removed from applicant list as 'not interested applicant'.

If you are away or very busy, but still interested, let the Founder know about it.

Try avoid of overloading Co-founders with work and responsibilities. At start it's just a part time job, so it's better if 1 co-founder cover 1 department or up to two per single Co-founder.

It is a legal requirement to prove personal identity. Chosen (approved for the position) applicant should/must provide a clearly scanned copy of his/her photo ID. If applicant refuses, no contract should be signed.

Founder also should/must be ready to provide its clearly scanned photo ID.

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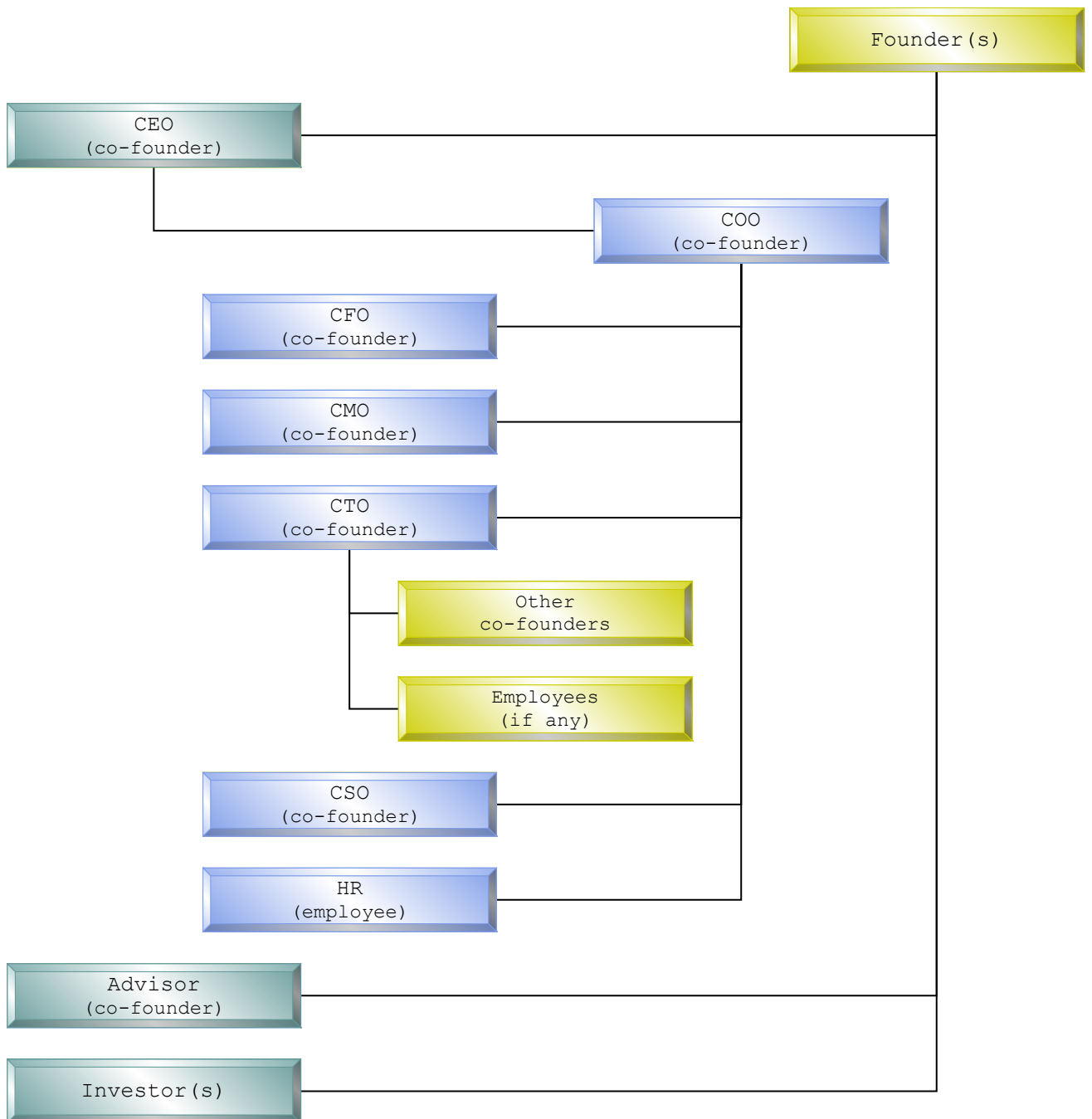
Want to be Founder or Co-founder? A few links for you

<https://startups.co.uk/> <https://workinstartups.com/>

<https://angel.co/> <https://cofounderslab.com/>

<http://www.founders-nation.com/>

Position list in the Company (depends on you and on your Company size)



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