Faculty of Business Economics

Master of Management

Master's thesis

New venture teams: insights on team formation processes

Thi Kim Hieu Nguyen

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization Strategy and Innovation Management

SUPERVISOR :

Prof. dr. Stijn KELCHTERMANS

2022
2023

www.uhasselt.be
Universiteit Hasselt
Campus Hasselt:
Martelarenlaan 42 | 3500 Hasselt
Campus Diepenbeek:
Agoralaan Gebouw D | 3590 Diepenbeek

Faculty of Business Economics

Master of Management

Master's thesis

New venture teams: insights on team formation processes

Thi Kim Hieu Nguyen

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization Strategy and Innovation Management

SUPERVISOR :

Prof. dr. Stijn KELCHTERMANS

Acknowledgment

Thank you to everyone who has been there to encourage me on my journey.

To Prof. Dr. Stijn Kelchtermans, who has always guided me with patience and wisdom.

To my family, who provided me with the opportunity for higher education and have continually supported me.

To my husband, Alexandre de Vial, for standing by my side, celebrating my triumphs, and comforting me through challenges.

To my dear friends, Teresa Nalikka and Hong Hanh Le, who have never ceased to encourage me, reminding me never to give up and always assuring me that things will be okay.

Executive Summary

Title: Exploring the Process and Influential Factors in New Venture Team Formation: A Qualitative Study

Degree: Master of Management, specialization in Strategy and Innovation Management

Student: Thi Kim Hieu NGUYEN

Supervisor: Prof. dr. Stijn KELCHTERMANS

1. **Research purpose**

Problem Statement

The new venture team formation process is the first step of a complex and multifaceted entrepreneurship journey. Various factors influence it and shape how effective the business is. Since scholars focus vastly on internal factors such as knowledge complementarities and interpersonal links, the need to understand how external factors affect this process as long as how the business strategy adapts to the macro environment is also crucial. This knowledge gap requires a theory that examines the complex relationships between internal and external factors to foster new venture success.

Research Questions

- How do business owners pick their co-founders? What elements influence them in their decision-making?
- What functions do factors like knowledge complementarities and interpersonal links play in creating effective entrepreneurial teams? How do these dimensions affect the team's effectiveness and long-term success?
- How much do outside factors like the economy, finance options, and the regulatory environment affect how entrepreneur teams are formed? What impact do these factors have on the creation and effectiveness of the generated teams?

2. **Methodology**

This study employed a qualitative approach involving interviews with startup founders from France, Germany, and Vietnam. Relatively recent startups were chosen to ensure the founders could clearly recall the team formation process. During the analysis, themes and categories were identified from the interview transcripts using thematic coding guided by established methods. Specialized software was used to track how codes and themes evolved over time. A theory-building technique was also utilized to understand the connections between different themes, leading to a comprehensive understanding of how external factors influence new venture team formation and effectiveness.

3. **Results**

Firstly, the findings indicate that internal and external motivations, including personal desires, social motivations, timing, regulations, and personal influences, influence the co-founder selection process. Business owners often select co-founders based on existing relationships, trust, and understanding of each other's personalities. Skills, knowledge, experience, and expertise play a critical role in co-founder selection, emphasizing the choice of individuals who complement their abilities. The impact of these external factors varied widely among participants, reflecting the multifaceted nature of co-founder selection.

Secondly, the findings confirm the importance of diversity in skills and expertise in co-founder selection. Entrepreneurs can create a more dynamic and effective team by choosing co-founders with complementary skill sets, experience, and knowledge. Interpersonal relationships are significant in co-founder selection. The emphasis on pre-existing relationships, shared values, and personality alignment demonstrates that trust and compatibility are essential in forming cohesive and productive entrepreneurial teams. Understanding the complex nature of NVT formation, the focus will shift to the factors associated with team effectiveness.

Thirdly, outside factors, notably the economy, financial options, and the regulatory environment play a pivotal role in shaping entrepreneurial teams' strategies. The findings suggest that critical dimensions include recognizing market opportunities, aligning team goals, adapting to challenges, and ensuring financial stability. The effectiveness of these teams lies in their ability to navigate the complexities of the startup ecosystem, make informed decisions, pivot when required, and always stay relevant to the external environment. Drawing from the existing literature, the findings underscore the multifaceted nature of entrepreneurial team strategy and its alignment with external influences.

4. Value of the Study

The value of this study resides in the richness and depth of its findings about the multifaceted nature of entrepreneurial teams. It uncovers nuanced layers of how external influences interact with internal dynamics, forging a complex pathway that every new venture must navigate.

For policy-makers, the insights gained from this research can guide informed decisions that foster a supportive environment for entrepreneurship. Understanding how external factors influence team formation and effectiveness can lead to more targeted and effective policies.

For managers and founders, this study describes the balance between internal teamwork and external pressures. The awareness of how these factors interplay can enhance strategic planning and execution, leading to more resilient and adaptive businesses.

Furthermore, by crafting a new theory, "The External Influence on Team Formation and Effectiveness", this study fills a vital gap in the existing literature. It does not merely reflect the complexity of entrepreneurial journeys; it provides a structured framework to understand and analyze them.

In a constantly changing external environment, businesses must be ready to adapt their strategies and respond to shifts in economic markets, customer demands, and global finance. This research highlights not just the necessity but the wisdom of such adaptability.

5. Limitation and Future Research

Geographical Selection of Interview Sample

The interviews were conducted with start-up firms in Vietnam, France, and Germany. While this selection aimed for a diverse representation and generalizability, it inherently presents certain biases and limitations. The choice of interviewees from countries with distinct economic landscapes, cultural norms, and regulatory systems can challenge the generalizability of the results.

Future studies could select firms from diverse countries, ensuring they set transparent criteria tailored to their research objectives. By establishing clear criteria, researchers can either underlie contrasts arising from varied cultures, economic conditions, and regulations or select countries with similar developmental stages to boost the generalizability of findings.

Limitation in Sample Size

This study was conducted with a sample size of 10, aimed to create a balance of depth and variety of viewpoints. While it aimed to balance depth and breadth, the different sample sizes might lead to different results, especially in a complex field such as entrepreneurship. Researchers can employ different sample sizes with diverse industries, demography, and stage of development. Studies can also aim to larger scales with a mixed quantitative and qualitative method to improve breadth while ensuring depth. This would provide a comprehensive approach to understanding factors influencing the process of NVT, increasing the study's generability and application.

Table of Contents

1. Introduction

Starting a new business is challenging (Klotz et al., 2014). Some entrepreneurs believe they can run successful businesses independently, while some find co-founders to share the burdens of finance, human resources, and procedures (Aldrich & Kim, 2007; Eesley et al., 2014; Ganco et al., 2019). Given the difficulties and uncertainties inherent in this process, more and more new businesses are created by teams rather than individuals (Lechler, 2001; West, 2007; Klotz et al., 2014). As a result, forming a new venture team (NVT) has become a crucial area of entrepreneurship research. A new venture team formation involves many vital procedures and factors affecting the venture's success, such as identifying and selecting co-founders or team members, developing strong interpersonal relationships, and building knowledge complementarities to ensure the team's effectiveness and long-term success (Ruef et al., 2003; Aldrich et al., 2007). In recent years, researchers have increasingly focused on understanding the dynamics of new venture team formation and the factors contributing to successful team formation. Studying the phenomenon of new venture team formation is essential for several reasons. First, successful team formation can enhance the effectiveness of new ventures by bringing together individuals with diverse skills, experiences, and perspectives. Second, effective team formation can help mitigate the challenges and risks of launching a new venture, such as financial uncertainty and resource constraints. Finally, by studying the factors that enable successful team formation, researchers can develop insights and suggestions which help create and expand a new business. Team effectiveness in this research refers to how well individuals work together to achieve their common goal. It includes factors like aligning goals, communicating clearly, and evaluating performance. In other words, team effectiveness means how smoothly and efficiently the business operates.

While a growing body of research has explored the resource-seeking, interpersonal relationships, diversification, and knowledge complementarity of NVTs (Klotz et al., 2014; Sirén et al., 2020; and Schoss et al., 2022), few studies have investigated how external factors, such as market conditions or government policies, influence the team formation process. While some researchers have examined how funding and institutional support affect new venture team formation (Eesley et al., 2014; Ganco et al., 2019), other factors, including technological advancements, changes in the Industry landscape, and competitive pressures, may also play a significant role. In this study, we will examine the impact of various external factors on the formation and effectiveness of new venture teams, including the regulatory environment and its effect on the availability of funding and other resources. By investigating internal and external factors, we aim to understand how they interact to influence the success of new venture teams.

In this research, we investigate the external factors of the team formation process and the overall phenomenon of new venture team formation. The decision-making process for picking co-founders and the obstacles encountered can shed light on the factors influencing team formation and how entrepreneurs navigate these challenges. By exploring the functions of knowledge complementarities and interpersonal links in creating effective entrepreneurial teams, we can better understand the mechanisms that drive team success. Only when we understand the internal factors that influence team formation and effectiveness can we contextualize the impact of external factors to gain a comprehensive look at how these external factors interact with the formation and energy of the generated teams.

Problem Statement

The new venture team formation process is the first step of a complex and multifaceted entrepreneurship journey. Various factors influence it and shape how effective the business is. Since scholars focus vastly on internal factors such as knowledge complementarities and interpersonal links, the need to understand how external factors affect this process as long as how the business strategy adapts to the macro environment is also crucial. This knowledge gap requires a theory that examines the complex relationships between internal and external factors to foster new venture success.

Research Questions

- How do business owners pick their co-founders? What elements influence them in their decision-making?
- What functions do factors like knowledge complementarities and interpersonal links play in creating effective entrepreneurial teams? How do these dimensions affect the team's effectiveness and long-term success?
- How much do outside factors like the economy, finance options, and the regulatory environment affect how entrepreneur teams are formed? What impact do these factors have on the creation and effectiveness of the generated teams?

Contribution

This thesis aims to investigate how recent international venture founders choose their co-founders and how this decision affects their businesses to gain up-to-date knowledge about the constraints entrepreneurs face in the early stages of their ventures and how they overcome them. This study will explore the perspectives of complementarities, interpersonal relations, social networks, and diversity to understand the extent to which external factors can be attributed to these factors. Specifically, we will examine how these perspectives influence the selection of co-founders, the challenges encountered, and the development of effective teams in new ventures. By shedding light on these aspects, this research aims to provide practical guidance for practitioners in the industry for team formation and development. Moreover, this study contributes to the growing body of qualitative research in entrepreneurship by offering a nuanced perspective on the complex and dynamic process of team formation in the early stages of new ventures through semi-structured interviews with new venture founders.

Approach

The literature review chapter will explain how different factors interact with the new venture team formation process besides the two most discussed themes of interpersonal relationships and resource-seeking. Since other factors usually get overlooked, the literature shows those factors are closely related. The second section will discuss the strengths and weaknesses of the current literature. In the third section, the literature will answer why there is a need to study external factors.

The research design will have an exploratory, qualitative approach. It will use semi-structured interviews with ten founders of NVTs from various industries. The results chapter will analyze and explain the findings of the interviews and what these findings implicate. The discussion chapter will demonstrate whether the findings of this study harmonize with the findings or results of other studies. The conclusions chapter concludes the findings and expresses what can be learned from this study. The limitations and future research will show what could not be studied during this research because of specific limitations (time, resources, and lack of literature) and how other researchers can advance and carry on this work.

2. Literature Review

2.1 How do different factors interact and affect the process of forming NVTs?

To achieve long-term success, the literature on the team formation process emphasizes the significance of selecting co-founders, cultivating interpersonal relationships, and constructing knowledge complementarities in effective entrepreneurial teams. Although the materials under evaluation have similar themes and viewpoints, their methods and conclusions vary. The development of team formation research from 2000 to the present will be examined in this literature review, emphasizing the fundamental studies that have advanced our knowledge of this procedure. While many studies focus on the importance of interpersonal relationships in forming effective entrepreneurial teams (Francis & Sandberg, 2000; Ruef et al., 2003; Borgatti & Halgin, 2011), others emphasize the significance of resource-seeking in the new venture team formation process (Eesley et al., 2014; Ganco et al., 2019; Kier et al., 2020). However, forming a solid team involves other factors, such as possessing different skills and knowledge (knowledge complementarity and diversity) and dealing with things outside the team's control, like the ups and downs of the economy, laws, and regulations. With the COVID-19 pandemic thrown into the mix, it is even more critical to understand how these factors interact and affect the new venture team formation process. This literature review will examine these factors and explore how they shape the new venture team formation.

2.1.1 Interpersonal Relations

Individuals engage in social communication with others wherever they go. They then form mutual trust, support, and understanding with compatible ones based on different emotions, behaviors, and attitudes from their personality. From that, people gradually build their social networks. Social networks are a vital component of the new venture team formation process, as entrepreneurs may find co-founders through their social network of friends and colleagues. Interpersonal relationships refer to the social connections people form through various interactions, such as communication, cooperation, and collaboration. They enable team members to communicate effectively, establish a shared vision and goals, and collaborate on tasks to achieve their objectives.

Many scholars stress how vital interpersonal relationships are in forming new venture teams. In 2000, Francis and Sandberg examined the influence of social networks and personal relationships on the co-founder selection process, finding that individuals often choose their partners based on shared interests, trust, and compatibility. Ruef et al. (2003) also highlight the significance of social ties in shaping the team formation process, showing that individuals with prior experience working together tend to form more robust and successful teams. Aldrich et al. (2007) and Ko et al. (2021) explore the role of social capital and networks in enabling entrepreneurs to access resources and support, which are crucial for team formation and growth. Lazar et al. (2020) and Fisher et al. (2020) investigate the impact of social identification and group identity on team cohesion and effectiveness.

Interpersonal relationships are critical in forming new venture teams, influencing various aspects such as co-founder selection, knowledge exchange, resource access, and team cohesion. They are the foundation for building a successful business.

2.1.2 Resource-seeking

Resource-seeking is a critical aspect of new venture team formation that refers to acquiring necessary resources, such as knowledge, funding, and social capital, for starting and growing a new business. The complex process of resource-seeking is influenced by several factors, such as the team members' personalities, the surrounding environment, and the kind of resources being sought. Scholars have extensively studied the resource-seeking process in the context of new venture team formation, offering various insights into the factors that interact with and affect this process.

Francis and Sandberg (2000) found that entrepreneurs often seek resources from their social networks, especially from people they know and trust. This finding is supported by Aldrich et al. (2007) and Ko et al. (2021), who highlight the role of social capital in enabling entrepreneurs to access critical resources, such as financial capital and knowledge. Additionally, Eesley et al. (2014) found that entrepreneurs with prior industry experience are more likely to receive support from investors and other resource providers.

The nature of the resources also sought interacts with the new venture team formation process. Schjoedt et al. (2013) found that entrepreneurs who seek resources from their social networks are more likely to form teams with people they already know. Beckman and Burton (2008) argue that the type of resources being sought determines the kind of team members required. For example, entrepreneurs seeking technical knowledge may require team members with technical expertise.

Resource-seeking is a complex and critical process in new venture team formation, shaped by multiple factors, including the characteristics of team members, the external environment, and the nature of the resources being sought. Entrepreneurs need to be strategic in resource-seeking behavior, considering these factors to ensure they acquire the necessary resources to start and grow a successful business.

2.1.2.1 Knowledge Complementarity

Knowledge complementarity, as a vital aspect of resource-seeking, is critical to forming successful new venture teams. It involves having team members with diverse backgrounds and areas of expertise that complement each other, leading to more innovative solutions and better outcomes. Having team members with diverse backgrounds and areas of expertise can lead to more innovative solutions and better outcomes. Some notable research by Ruef et al. (2003), Aldrich et al. (2007), Klotz et al. (2014), and Sirén et al. (2020) supports the importance of knowledge complementarity in team formation and innovation. However, it is not always easy to manage diverse perspectives and expertise. Communication barriers and conflicts between team members can be a challenge. By carefully selecting team members with different skill sets and backgrounds and fostering open communication and collaboration, new venture teams can benefit from knowledge complementarity and achieve tremendous success.

2.1.2.2 Diversity

Diversity, another aspect of resource-seeking, plays a crucial role in the new venture team formation process, as it refers to the differences in backgrounds, experiences, and perspectives among team members (Eesley et al., 2014). Research has shown that diverse teams can foster knowledge sharing and innovation by bringing together different perspectives and expertise, leading to more creative problem-solving (Larson et al., 2020). Several studies, including research by Klotz et al. (2014) and Ganco et al. (2019), suggest that diverse teams are more likely to generate innovative ideas and solutions. However, diversity can pose challenges, such as communication barriers and bias, hindering effective collaboration (Ko et al., 2021). To overcome these challenges, organizations can promote a culture of inclusivity, provide diversity training, and create opportunities for diverse team members to share their perspectives and experiences (Kier et al., 2020). Therefore, in the context of team formation, it is essential to consider diversity to ensure that teams are composed of members from various backgrounds, genders, races, ethnicities, and other factors. This approach can improve outcomes, as diverse teams bring multiple perspectives and expertise (Sirén et al., 2020).

2.1.3 External Factors

The external factors shape entrepreneurs’ opportunities and challenges when establishing a new business. Even though many scholars mention external factors in their studies, only a few scholars have studied how external factors interact with and affect new venture team formation, providing insights into the impact of the external environment on entrepreneurs' decision-making processes.

Lechler (2001) and West (2007) argue that entrepreneurs' perceptions of the external environment, including market conditions and regulatory policies, influence their resource-seeking behavior. For example, entrepreneurs operating in a highly regulated industry may face barriers to entry that require specific skills and resources, such as legal expertise. Similarly, entrepreneurs working in a fast-paced market with high competition may need to prioritize speed and innovation over efficiency and stability.

Borgatti & Halgin (2011) and Klotz et al. (2014) found that external networks are critical in shaping new venture team formation. Specifically, entrepreneurs are more likely to seek resources from other entrepreneurs with complementary skills and expertise. This finding is consistent with entrepreneurial ecosystems, highlighting the importance of supportive networks and infrastructure for fostering entrepreneurship.

External factors such as market conditions, customer preferences, and technological advancements influence new venture team formation by shaping entrepreneurs' opportunities and challenges. Ganco et al. (2019) found that entrepreneurs are likelier to form teams in industries with high growth potential and significant technological advancement. Similarly, Kier et al. (2020) found that entrepreneurs are more likely to start teams in highly uncertain sectors, such as those with emerging technologies or regulatory changes.

Finally, external factors such as economic conditions and government policies can affect new venture team formation by creating opportunities or constraints for entrepreneurs. For example, Lazar et al. (2020) found that government policies that support entrepreneurship, such as tax incentives and subsidies, can influence new venture team formation by increasing access to capital and reducing regulatory barriers. Similarly, Schoss et al. (2022) found that economic conditions, such as the availability of venture capital and the labor market, influence new venture team formation by affecting entrepreneurs' access to resources and ability to recruit and retain talent.

2.2 How do external factors interact with other perspectives?

External factors can play a critical role in the success or failure of entrepreneurial ventures. Their impacts are intertwined with other factors such as interpersonal relations, resource-seeking, knowledge complementarity, and diversity.

How do interpersonal relations interact with external factors in NVTs? Research has shown that the quality of relationships among team members can significantly impact the team and the venture (Francis & Sandberg, 2000; Schjoedt et al., 2013). Moreover, solid ties and homophily among founding team members can facilitate the formation of trust and shared values, which can help the team weather external challenges (Ruef et al., 2003). External factors such as industry dynamics, competition, and regulatory environment influence team interpersonal relations and performance. For example, if the industry is highly competitive, the team may feel pressure to perform at a high level to remain competitive. It could increase stress and tension among team members, which may negatively impact their interpersonal relations. In contrast, if the industry is less competitive, the team may feel less pressure, and their interpersonal relations may be more relaxed and supportive.

This emphasizes how external factors like the state of the economy and technological developments can significantly impact the availability and accessibility of resources. Such insights into how external factors interact with resource-seeking align with our earlier examination of how entrepreneurs must strategically seek resources by considering various influences. Resource-seeking is another critical factor in the success of entrepreneurial ventures. Access to resources such as funding, talent, and networks can determine the survival and growth of the venture (Klotz et al., 2014). Research has shown that social networks and ties can be crucial in resource acquisition and mobilization (Aldrich & Kim, 2007; Borgatti & Halgin, 2011). Furthermore, external factors such as the state of the economy, capital markets, and technological developments can influence the availability and accessibility of resources and thereby impact venture performance. Take a case as a startup company relies heavily on venture capital funding to fuel its growth. Venture capitalists may become more risk-averse and less eager to invest in startups if the economy is slow, with high unemployment rates and low consumer spending. It might result in less capital being available for the firm, limiting its capacity to scale its operation, spend money on R&D, and hire new workers.

Knowledge complementarity is a third factor that can shape the formation and functioning of entrepreneurial teams. Research has shown that the diversity of knowledge and skills among team members can enhance team performance and innovation (Lazear, 2004). However, managing diversity in knowledge and skills can be challenging, and external factors such as the availability of talent, industry structure, and regulatory requirements can affect the composition and functioning of teams (Ganco et al., 2019). Finding team members with the necessary expertise may be easier if sufficient skilled professionals are in a particular field.

Finally, diversity, whether demographic or skill-based, has been shown to impact team dynamics and performance significantly. For example, research has demonstrated that family relationships among team members can enhance team diversity and productivity (Ko et al., 2021). However, diversity can also lead to conflicts and challenges in communication and decision-making, impacting team performance (Schoss et al., 2020). External factors such as social and cultural norms, industry structure, and regulatory environment can shape the nature and extent of diversity within entrepreneurial teams. In specific industries, such as technology or finance, there may be a prevailing cultural norm that values technical skills or expertise over other qualities. It can lead to a lack of diversity within entrepreneurial teams, with a disproportionate number of members having engineering, computer science, or finance backgrounds. It leads to a need for more perspectives while making business decisions.

In conclusion, external factors play a critical role in the success or failure of entrepreneurial ventures. Their impact is often mediated by other factors such as interpersonal relations, resource-seeking, knowledge complementarity, and diversity. Understanding the interplay between these factors and external factors is essential for entrepreneurs and policymakers to make informed decisions and create favorable conditions for the growth and success of ventures.

2.3 What are the strengths and gaps of the current literature?

Regarding strengths, the literature on team formation provides rich and diverse insights into the complexities of starting and running a new venture. The studies reviewed draw on a wide range of data sources and methodologies, providing a comprehensive understanding of the phenomenon.

Moreover, the literature highlights the importance of team formation in entrepreneurship and its impact on long-term success.

Despite the strengths, many studies could be more extensive in scope, focusing on a specific industry or geographic region. At the turn of the century, Francis and Sandberg (2000) explored how entrepreneurs in the United Kingdom identified and selected co-founders for their new ventures. In 2003, Ruef et al. examined the team formation process in the context of the emerging biotechnology field. These specific contexts and scopes limit their applicability to other industries. Some studies rely on self-reported data (Schjoedt et al., 2013; Larson et al., 2020), which may be subject to biases and limitations. One notable difference among the sources is the methodological approach taken in each study. Some studies rely on quantitative data analysis, while others employ qualitative methods, case studies, or literature reviews. This variation in approach provides a comprehensive and nuanced understanding of the team formation process, highlighting both the broader trends and the specific challenges entrepreneurs face.

Entrepreneurs cannot control external factors that influence new venture team formation, but they can prepare themselves by studying these factors and anticipating their potential impact. By analyzing the external environment, entrepreneurs can identify opportunities and threats affecting their new ventures' success. For instance, entrepreneurs might use favorable economic conditions to raise funds and grow their companies. On the other hand, entrepreneurs may have to change their strategies or find alternative funding sources if regulatory policies are unfavorable. Additionally, entrepreneurs can leverage social networks to access critical resources and build relationships with stakeholders in the external environment, such as customers, suppliers, and investors. By studying external factors, entrepreneurs can better understand their industry's competitive landscape, allowing them to identify gaps and opportunities they can exploit. This knowledge can be used to select team members with complementary skills and expertise, ensuring that the new venture team is well-equipped to capitalize on emerging trends and market opportunities.

The external environment plays a crucial role in shaping new venture team formation, and entrepreneurs need to consider these factors when starting and growing a new business. Through understanding the interaction between external factors and new venture team formation, entrepreneurs can develop effective strategies to navigate the complex process of starting a new business. By anticipating potential opportunities and threats, entrepreneurs can position their new ventures to succeed and identify the critical resources needed to realize their vision into how entrepreneurs can better navigate the complex process of starting a new business.

In conclusion, this thesis will address the gap in the current literature by focusing on how external factors affect the formation of new venture teams. While there has been some research on team formation processes within established organizations, there needs to be more understanding of how external factors impact the formation of teams in new venture contexts. This research will contribute to a better understanding the unique challenges and opportunities that arise in forming new venture teams by exploring this topic. The findings of this study will be relevant to various stakeholders, including entrepreneurs, investors, policymakers, and academics. Entrepreneurs need to understand what factors make the team successful in creating more substantial teams and having a better chance of succeeding. By knowing what influences team formation, entrepreneurs can bring the right people together and create a work environment that promotes innovation and collaboration. Investors can use this knowledge to evaluate the potential of new venture teams and make more informed investment decisions. Policymakers can use the findings to design policies that support the formation of successful new venture teams, which can contribute to economic growth and job creation. Finally, academics can use this research to build on existing knowledge and develop new theories and frameworks for understanding the formation of new venture teams. In line with this, the following questions will be answered:

- How do business owners pick their co-founders? What elements influence them in their decision-making?

- What functions do factors like knowledge complementarities and interpersonal links play in creating effective entrepreneurial teams? How do these dimensions affect the team's effectiveness and long-term success?

To investigate how business owners pick their co-founders and what factors contribute to effective entrepreneurial teams. We can trace back to how external factors such as economic conditions, finance options, and the regulatory environment influence the team formation process. Understanding these factors can help identify areas for future research and improve team effectiveness in new ventures.

- How much do outside factors like the economy, finance options, and the regulatory environment affect how entrepreneur teams are formed? What impact do these factors have on the creation and effectiveness of the generated teams?

To provide insights into entrepreneurs' challenges and opportunities in forming successful teams to help entrepreneurs navigate the external environment to maximize their chances of success. It is also the aim of this thesis.

3. Methodology

3.1 Research Design

This thesis examines how new venture teams are formed. The research questions were inspired by studying past literature. Then it helped build the basis of the general themes and topics covered in the interviews. Interview questions were semi-structured to enable a better exploratory approach.

Semi-structured interviews with founders of startups from France, Germany, and Vietnam constructed the core of the primary data. This format encourages interviewees to speak authentically and share experiences unique to their journeys. The chosen interview style aimed at fostering deep discussions and ensuring comfort, allotted approximately 45 minutes per session. This allowed a balance between gathering rich insights and keeping the interviewees at ease. The diverse geographical choice created a diverse data set to enhance generalizability and reduce bias.

The ethical standard was taken into consideration. All participants received clear information about the research's purpose, role, and ability to withdraw at any point. Informed consent was secured from all participants before interviews, and data confidentiality was strictly maintained by anonymizing the participants to respect privacy. Participants were required to sign the consent form after reading and agreeing to it. They were encouraged to contact the researcher directly if further clarification was needed. The interview commenced only when the interviewee confirmed readiness. These robust ethical protocols reflected a committed adherence to ethical research practices, respecting the participants' autonomy, privacy, and well-being.

3.2 Data Collection and Sampling Technique

Ten interviews with start-up founders from diverse industries were done to gather the empirical data for this study. Utilizing exploratory interviews has benefits, including bringing to the surface fresh knowledge and revealing concerns that structured interviews could miss.

However, two interviews were conducted only partially verbally due to certain founder circumstances. While they were eager to contribute, time constraints and their comfort as non-native speakers led them to prepare their responses in writing before the interview. Although ensuring we captured their insights, this approach introduced certain limitations: written responses can sometimes lack the spontaneity of verbal exchanges and may be more refined. For participant convenience, the questionnaire was shared in advance. However, not all founders could review the questionnaire before the session due to their packed schedules. Given the different degrees of readiness across participants, this raises the possibility of a slight bias or fluctuation in answer quality.

Data collection occurred between May and June 2023. Potential candidates were selected by studying their company websites and ensuring they were relatively recent start-ups. The rationale was to ensure that founders had a fresh recollection of the team formation process, as memories might fade or change over extended periods. Founders ' LinkedIn profiles and other social media channels of founders were also reviewed for additional context. Founders were then contacted through social media and email. Participants received a consent form before the interview to ensure they were fully informed of their rights and the scope of the research. (Appendix 1)

Achieving depth and a thorough understanding is crucial for any research. Larger sample sizes could provide more data, but they also take longer to analyze and occasionally decrease the depth of personal experiences. The number 10 was chosen as the sample size because it finds a compromise between maintaining the depth and quality of the study and assuring a variety of viewpoints. Such a sample size allows for a thorough exploration of each founder's experiences while remaining manageable within the scope of a master's research project.

The sample consisted of ten startup founders, balanced across genders (five females and five males), varied in age (mostly in their 20s and 30s, with one individual in their 50s), and represented diverse industries and countries. This heterogeneity in the sample was intentional to minimize biases and ensure a broad range of perspectives. For a more detailed view of the sampling size, check Table 1.

N.o	Age	Gender	Founding Year	Industry	Location	No of employees
F1	57	Male	2018	Food & Beverage	France	<10
F2	29	Female	2018	Manufacture & Retails	Vietnam	<10
F3	32	Female	2018	Educational Consulting	Vietnam	<10
F4	30	Female	2018	Dropshipping	France	<10
F5	35	Male	2019	Architecture Design	Vietnam	<10
F6	30	Male	2020	Gaming	France	10-20
F7	31	Male	2020	Technical Consulting	Germany	<10
F8	29	Male	2020	Digital Transformation	Vietnam	10-20
F9	35	Female	2022	Digital Transformation	Vietnam	<10
F10	32	Female	2022	Wellness	Vietnam	<10

Table 1. Overview of all founders, year founded, and industry

Most interviews typically concluded around the 45-minute mark, though durations varied. Some extended up to 60 minutes due to the interviewees’ enthusiasm and willingness to share their in-depth experiences, while others were more succinct, wrapping up in about 30 minutes. This variation was influenced by factors such as the interviewees' available time, their personalities, and their approach to the questions—some were expansive in their responses, while others were more direct. All interviews were conducted, recorded via Google Meet, and transcribed using the Otter application. After transcription, the documents underwent multiple reviews to ensure accuracy and proper punctuation, as different accents from interviewees could be challenging for Otter to catch correctly. While the Otter application was instrumental in transcribing the interviews, additional manual verification was employed to ensure precision, given the diversity of accents among the interviewees. The reliability was also strengthened by a supervising faculty member's approval of the questionnaire, ascertaining that the questions were consistent with the research objectives. It also contributed to the validity of the study.

3.3 Thematic Analysis of the Data

Thematic coding, guided by the methods obtained by Saldaña (2009), was employed to extract themes and categories from the transcripts. Utilizing Saldaña (2009), the MaxQDA2022 software facilitated data coding management. This software allowed for an iterative approach where codes naturally evolved over time, consistent with the principles articulated by Saldaña in "An Introduction to Codes and Coding" (2009).

For instance, the sub-category "Influence on co-founder selection" encompassed codes like "Knowledge Complementary," "Interpersonal Link," "External Factor," "Diversity," and "Resource-seeking." Data coding underwent several iterations, with each pass revealing new emergent patterns, reflecting the dynamic and evolving nature of qualitative coding, as Saldaña (2009) described. MaxQDA2022 offered features to organize codes into categories and themes, visually representing the complex relationships within the data. Upon thorough scrutiny, codes were organized—or reorganized—into categories. After thoroughly reviewing the data, the codes were classified into specific categories. These categories were then merged to form overarching themes. Each theme helps to clarify how the findings relate to the research question. Transcripts were meticulously read line-by-line to pinpoint their most salient segments. The initial codes were derived from the questionnaire, informed by the Literature Review and the Research Questions.

Some themes, particularly abstract ones such as “Influential factors on Team Effectiveness,” proved challenging during the coding process. The title of this theme underwent multiple revisions to ensure clarity and coherence. At first, many codes appeared redundant. Nevertheless, the data took on a more defined shape by deconstructing themes, fine-tuning categories and sub-categories, and merging complex codes. While some codes had subtle variations, they often expressed overlapping ideas. A comprehensive breakdown of the codes, sub-categories, categories, and themes is illustrated in Figure 1.

Themes
Categories
Sub-categories
Codes

1. **Co-founder(s) Selection Process**
    - **Founder's Entrepreneurship Inspiration**
        - Natural progression into Business Ownership
        - Freedom and Creativity
        - Business Inception Driven by Family
        - Nurture Potential
        - Pursuit of Financial Prosperity
        - Create values as an Entrepreneur
    - **Influence on Co-founder Selection**
        - **Interpersonal link**
            - Generosity and Commitment
            - Reliance on gut feeling for compatibility
            - Personal compatibility, Friendship
            - Co-Founder from Family Circle, Previous Workplace
        - **Resource-seeking**
            - Varied Experiences
            - Harmon in Personality Differences
            - Knowledge Complementarity (Expertise, Skillsets)
        - **External factor**
            - Industry's Regulation, Co-founder's Location
            - Market Trends, Competitive Advantage, Outsiders
2. **Influential Factors in Team Effectiveness**
    - **Team Dynamic and Performance**
        - **Leadership and Management**
            - Strategic Planning, Crisis Management
            - Co-founder's Contribution, Team Engagement
        - **Conflict Management**
            - Triggers (Performance Issues, Misalignment, Ego)
            - Resolution (Receptivity, Open Communication, Mediators, Common Ground)
        - **Innovation Culture**
            - Healthy Work Environment, Fostering Innovation
            - Adaptation, Learning, Vision, and Goals
    - **Role Division Strategy**
        - Based on Expertise
        - Based on Strengths and Interests
        - Based on Skillsets
3. **Holistic Business Growth and Strategy**
    - **Startup Roadmap**
        - **Market Strategy**
            - Opportunity Identification, Demand-Supply Balance, Marketing
        - **Operations**
            - Employee Recruitment, Product Adjustment, Quick ROI Focus
            - Regulatory Compliance, Weekly Evaluation
    - **Long-term Business Goals and Challenge Management**
        - Alignment on Goals
        - Overcoming Challenge: Timing, Positive, External Advice
        - Pivoting Business model
    - **Financial Strategy and Management**
        - **Business Performance Evaluation**
            - Operational Metrics (Annual Performance, KPIs)
            - Financial Metrics (ROI, Cashflow, Profitability)
        - **Financial Management and Funding**
            - Financial Stability Measures, CFO Recruitment
            - Comprehensive Financial Control (Cost Optimization, Financial Risk Management)
            - Funding by Angel Investment, Public Grants, Dillution
    - **Macro-environment's Impact on Business Growth**
        - COVID-19 Pandemic, Riot, Customer Demand
        - Competitor Emergence, Investor, Government, Economy, Market

Figure 1. Illustration of Themes, Categories, Sub-categories, and Codes

3.4 Theory-Building Approach

In this research, themes are not merely analyzed; rather, a comprehensive understanding of how external factors influence new venture team (NVT) formation and effectiveness. Drawing from the methodological guidance of Eisenhardt & Graebner (2007), a theory-building technique was employed to examine the connections and interplay between the study's themes and categories. This process involved defining the fundamental parts and then shifting the focus to developing and confirming the theory, rigorously testing it for coherence, consistency, and applicability across diverse scenarios and settings. The methodological rigor and insights gleaned from Eisenhardt's approach (Eisenhardt, 2021) offered a structured way to analyze the complex relationships within the data.

Visual representations were applied to make the theory more approachable. Figure 3, inspired by the techniques used in theory-building from cases (Eisenhardt & Graebner, 2007), was used to simplify the relationships of the NVT formation process, the effectiveness of the business, and how external factors impact them. The approach concluded by reflecting on what this new knowledge could mean for entrepreneurs, policymakers, and researchers, enhancing understanding of entrepreneurship, especially NVT formation.

The entrepreneurial journey has been seen in a new light through all these stages, recognizing the complex dance between internal decisions and the external world. This work's theory building by multiple cases aims to add valuable insights to entrepreneurship studies.

4. Results

Many factors shape the intricate process of new venture team formation, yet the influence of external elements remains relatively unexplored. To understand how the founders were inspired to run a new business, what influenced the co-founder selection, and how they worked together to increase the team’s effectiveness and achieve long-term success, a description of the findings will be presented in a logical sequence to gain an emerged pattern to form themes and categories. Supporting evidence from interview transcripts will be included to substantiate the claims related to these themes presented in Figure 1.

Three major themes will be presented in this chapter. Theme Co-founder Selection Process delves into what inspired founders to run their own businesses and what influenced their selections. Theme Influential Factors in Team Effectiveness digs into Team Dynamics and Performance and how the Roles were divided among founders. The last theme is Holistic Business Growth and Strategy examines how the macro environment shapes the Startup Roadmap, Long-term business Goals and Challenge Management, and Financial Strategy. These themes explain how external and internal factors shape the business and provide a holistic view and understanding of the entrepreneurship journey for startups.

4.1 Co-founder(s) Selection Process

4.1.1 Entrepreneurship Inspiration

Every entrepreneur has their reasons to run a business. Personal desires such as creativity, freedom, and wealth creation inspired entrepreneurship in some founders. On the other hand, some were driven by the desire to solve specific societal problems or fill market gaps that resonated with their personal values and interests. In addition, the role of family traditions and background is evident. Many participants were raised in entrepreneurial households, influencing their decision to follow a similar path.

> “*And one day he decided to leave the restaurant and as it was my canteen, I thought, it's a real pity because he's the nicest waiter. So where am I going to eat? And so I asked him, What will you do after the restaurant? And he said I don't know. I had this crazy idea which I would never think I would have to tell him about opening your own restaurant with me.*” - F1

> “*Both my parents have their own businesses, so it inspires me to run my own at a very young age.*” - F6

> “*I like freedom. And that's why I've always wanted to be self-employed. The other reason is creativity because starting a company is a creative process.*” - F7

4.1.2 Influences on Co-founder Selection

4.1.2.1 Interpersonal Links

Interpersonal links emerged as one of the significant factors in choosing a co-founder(s). Many entrepreneurs shared to start the business with people they already knew and trusted such as friends, family members, or in the previous workplace. F5 stressed the importance of personal traits such as Generosity and Commitment. In contrast, some others relied on gut feelings for compatibility.

> *"I never doubted that Jerome was the person for me and that there was no other person."* - F1

> *"I lean over interpersonal links more. Since he is one of my friends, I know his personality well."* - F4

> *"it's right that you would want a giver on your team, by that I mean someone who would be generous enough to overlook some of the details of how to split the profits, how to split the work"* - F5

4.1.2.2 Resource-seeking

As mentioned before, the complexity of running a new business tends to necessitate collaboration, leading many participants in the study to find who can complement their skills, knowledge, experience, and expertise. Selecting co-founders with specific skills aligned with the needs of the business was a priority, as highlighted in the following quotes:

> *"We prioritized individuals with expertise in sales and development and a deep understanding of the study abroad industry."* - F3, along with her co-founder, describing the criteria to find an additional one.

> *"One would be working on digital marketing. One would be on operations and overall leadership. One would be on design, working with customers, closing deals, etc. Everyone has to be important."* - F5

> *"First, we have to share values, but we have to be complementary in our skill sets and knowledge."* - F9

Diversity in the co-founder(s) selection process extends to differences in backgrounds, perspectives, and expertise (Eesley et al., 2014). This led to a careful balance in choosing co-founders, focusing not just on skills and experiences but also on personality and alignment with team values. The resource-seeking aspect further enriched the selection process, emphasizing the multifaceted nature of choosing co-founders. Considering factors like personality, working experience, and capital echoes the broader understanding that diversity in team composition can enhance outcomes (Sirén et al., 2020). Quotes from participants illustrate this point:

> *"We had a lot of meetings together so I could really discover his personality and ensure he was the right person for the project to see." - F1*

> *"I have three principles: personality, working experience, and capital." - F10*

The theme Co-founder(s) selection process uncovered how knowledge complementaries, personal relationships, external factors, and diversity work together to form a new venture team. It also made a foundation for understanding how this process affects the team's effectiveness.

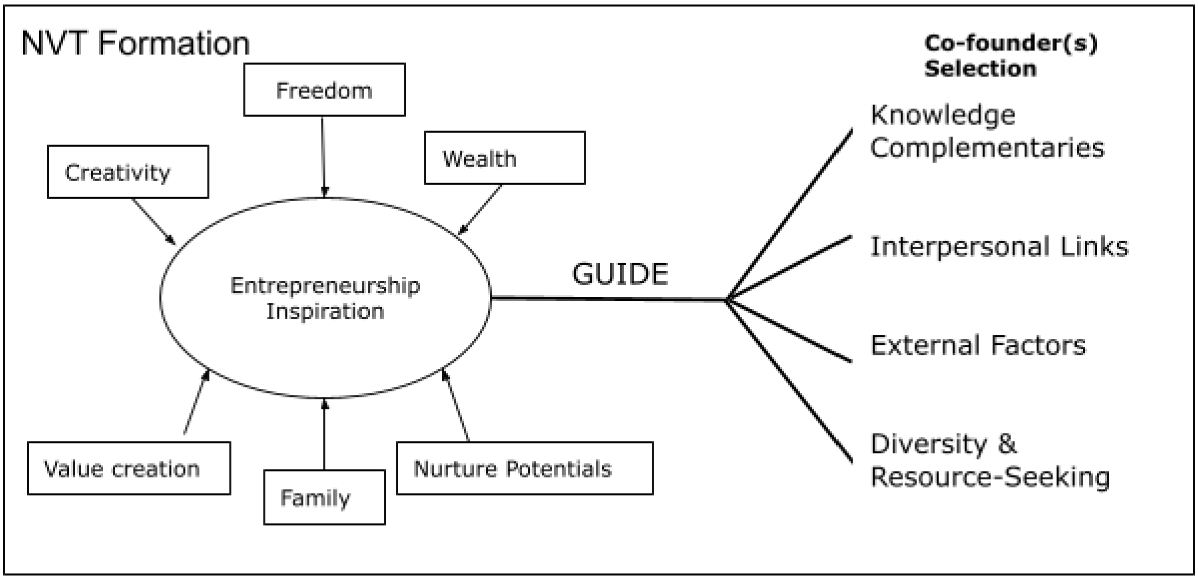

Figure 2. Overview of Co-founder(s) selection process

4.1.2.3 External Factors

While internal dynamics such as knowledge complementarity and interpersonal links are crucial, the external environment also influences the co-founder selection process. However, the participants' experiences with these factors varied widely. Some participants shared about the external factors that affected their decision, while others shared that they did not affect anything at all. This diversity of experiences is reflected in the following comments:

> *"I think it was the golden time for dropshipping, and there were no regulations, so it gave us a chance to be creative and learn from whatever a startup would be running." - F4*

> *"External factors like somebody else who can be my husband or my mom can express that they don't like my partner." - F9*

"There was no external influence in the co-founder selection process." - F7

4.2 Influential Factors in Team Effectiveness

4.2.1 Team Dynamic and Performance

4.2.1.1 Leadership and Management

In the ongoing functionality of the startup teams, leadership and management emerge as central components manifest in various aspects such as strategic planning, crisis management, co-founder's contribution, and team engagement.

To ensure that all members are aligned with the overall vision and mission of the company, strategic planning was a must to follow for the majority of the participants. One example could be:

> *"We regularly communicate about our vision and mission for the company. We set clear KPIs and deadlines for our plans and campaigns."* - F2

Crisis management often calls for decisive leadership and adaptability. This is reflected in the willingness to allow team members to depart if they are not in alignment with the company's vision, ensuring that the team stays cohesive and focused:

> *"They can support the vision, but also, if you don't trust this vision, and it happened with one or two guys, feel free to leave that's normally happening. We have cycles in the development of the company."* - F6

As founders of startups, the roles of the founder(s) are flexible. They managed and motivated the team, and highlighted the shared leadership responsibility among co-founders:

> *"we all contribute to managing and motivating our team in different ways"* - F8

Successful leadership also requires careful consideration of team dynamics and pacing. One founder emphasized the importance of not moving too quickly and ensuring that planning is aligned with the capabilities of the team:

> *"he reminds me not to run too fast. If we run too fast, the planning on his team might not work."* - F9

4.2.1.2 Conflict Management

Conflict management within the startup teams is a category that emerged during the interviews. Many conflict triggers were mentioned. Participants identified specific causes as follows:

Non-delivery of expected outcomes was a significant trigger:

> *"there was no delivering, so we had to get rid of the person, no matter how nice that would be with the person."* - F1

The failure to align on long-term goals was another reason for conflict. In this case, the founder had to stop collaborating with that co-founder.

> *"That's the thing we didn't manage to get aligned on the long-term goals, and that was the foundation of the breakup."* - F6

Personal ego was cited as an obstacle to smooth collaboration:

> *"When I was 30, I had a big ego, I had more energy, and I always debated with my co-founder. It was not good."* - F9.

Hence, they also mentioned how they resolved the problems. Being open and receptive to feedback was emphasized:

> *"We also make a point to listen effectively to each other and to be receptive to constructive feedback."* - F8

Direct communication in finding solutions was mentioned:

> *"I think we just need to be direct when it comes to solutions. So far, we haven't had any strong conflicts and agreed on almost everything."* - F10

Participants spoke of active listening, seeking common ground, and win-win solutions:

> *"Conflicts and disagreements were managed through active listening, seeking common ground, and finding win-win solutions. We valued constructive feedback and encouraged open discussions to resolve conflicts respectfully."* - F3

4.2.1.3 Innovation Culture

The participants emphasized creating a positive and healthy work environment as a vital aspect of their company culture. The founders prioritized activities that fostered positive energy within the team and allowed for relaxation:

> *"We encouraged each other and initiated mental sections for our staff so we could all relax."* - F3

> *"We organized company trips every six months. That's one we go out to pizza sometimes, and it's important to have positive energy in the group."* - F5

Encouraging open communication and supporting experimentation was key in fostering innovation within the startups. Founders wanted to ensure that team members felt comfortable sharing ideas without fear of retribution and were encouraged to experiment, even if it might lead to failure:

> *"I am willing to learn from GenZ, not just rely on one's own experience. Encourage experimentation, even if it means failure."* - F2

> *"One part is the openness culture, so everyone can speak openly and doesn't have to fear getting blamed for an idea."* - F7

Setting a clear vision and goals was crucial, but the founders also stressed the importance of adaptability and learning within their teams. They emphasized setting achievable goals and aligning the team with the vision through communication and motivation:

> *"To motivate them, we keep delivering the vision and the good news and try to make them adhere to the vision."* - F6

> *"I set the KPI safely where I can reliably hit it rather than set a very challenging KPI and not reach it."* - F9

4.2.2 Role Division

The division of roles within startup teams emerged as a significant theme. The participants described how they approached this critical aspect of team functionality, highlighting that roles and responsibilities were often designed based on expertise, strengths, interests, and skillsets. The interviewees stressed many times that it is linked to knowledge complementarities.

Some founders illustrated how the division of roles was based on specific areas of expertise. This expertise-driven approach allowed team members to focus on areas where they were most skilled or experienced:

> *"He specialized in tech, and I was in charge of the BD."* - F4

In other instances, the division of roles was broader, considering expertise, individual strengths, interests, and overall skillsets. This approach recognized that team members might have different contributions to make and sought to align roles with those factors:

> *"Here again, my co-founder is more about the implementation part. If I have not come up with the idea, I get the concept, but he does the implementation because he's so much more efficient and focused."* - F7

> *"Basically, we design roles and responsibilities based on the strengths, knowledge, and skills each of us had when we started."* - F9

Various aspects were explored in the Influential Factors on Team Effectiveness theme: Leadership and Management emphasized strategic planning and co-founder's contributions. Conflict Management focuses on triggers and resolution methods. Innovation Culture highlights the importance of a healthy work environment and fostering creativity. Role Division describes the allocation of responsibilities based on expertise and skillsets.

These elements, as described by the participants, constitute the internal workings of the team. As we transition to the final theme of Holistic Business Growth and Strategy, the narratives from the current theme will provide a backdrop to understand the broader business strategies and growth patterns within the startup environment.

4.3 Holistic Business Growth and Strategy

4.3.1 Startup Roadmap

4.3.1.1 Market Strategy

The sub-category of Market Strategy within the Startup Roadmap reveals insights into the participants' strategic thinking. Specific codes correspond to various aspects of market strategy: Opportunity Identification, Demand-Supply Balance, and Marketing.

Participants expressed awareness of market opportunities that served as a driving force in the formulation of their strategies:

> *"It was clear there was a market opportunity. And the demand superseded the supply for at least three years."* - F5

Recognizing and capitalizing on the balance between demand and supply was a strategic focus for some participants. This often entailed finding specific niches where they could leverage high demand and low supply:

> *"But to grow as a consulting company, we had to find a niche where demand is very high, and supply is low."* - F7

Some participants also revealed their strategies to invest in marketing efforts to engage their target audience:

> *"we should invest in to get artists to action, like followers on social and players or like first clients to use to convince people then to invest more in the project."* - F6

These quotes and details illuminate the specific strategies and tactics the participants applied in their approach to market strategy within the context of their startups.

4.3.1.2 Operation

In the Startup Roadmap, Operation reflects various dimensions that contribute to the functional development and execution of the startup's business plans. The need to hire specific expertise to drive growth was identified, with participants acknowledging the importance of recruiting the right talent. Here is an example:

> *"we had to hire a new team member with expertise in areas like marketing and sales to help us reach new customers and drive growth."* - F8

A focus on maintaining competitive pricing and product quality was evident in the statements of some participants, reflecting an understanding of the market dynamics:

> *"For example, prices are currently heavily influenced by e-commerce platforms and cheap products from China. We have to compete on price and maintain product quality stability constantly."* - F2

Emphasizing the need for immediate returns on investment (ROI), some founders described their business designs with an eye on quick cash generation:

> *"And the second is to design the business the way that you can make money. I don't need to acquire a customer when the customer doesn't give me cash within the next 12 months."* - F9

Monitoring and adapting to regulatory changes were recognized as essential to compliance and the success of financial planning:

> *"We monitored regulatory changes to ensure compliance and adjusted our financial plans accordingly."* - F3

Some participants implemented regular evaluations to ensure consistent progress and results:

> *"Since it is our first business, we decided to follow up on the work every week to evaluate the results"* - F10

This section on operation offers a snapshot of the decisions and adaptations the participants undertook in shaping their startup's growth and strategy.

4.3.2 Long-term Business Goals and Challenge Management

This category highlights how the participants in the study approach their long-term goals and handle various business challenges. The importance of aligning short-term and long-term goals among team members was a recurring theme in the participants' responses:

"We ensure alignment on long-term business goals through regular strategic planning sessions and open dialogue." - F3

"We are bound by contract, so we all encourage each other to achieve our goals together for short-term goals." - F10

Facing and overcoming challenges required expertise, complementarity, and sometimes external advice, as shared by the participants:

"For a business to navigate and survive, especially when there is heavy weather, when the business going down. It's very important to have people who know what they're doing, and both Jeremy and I know what we're doing, Jerome is very competent in his field, and because we are so complimentary" - F1

"if I have some regulatory challenges, I will pay for an advisor to do the job then it helps to solve the problem." - F9

Participants also recognized the necessity of being adaptable and responsive to market changes, emphasizing the importance of flexibility and the willingness to pivot their business models:

"We also conduct market research to understand consumer preferences and adjust their product offerings accordingly." - F2

"So the environment changed that way, and we responded by changing our customer segment." - F5

These quotes show the nuanced interplay of various factors that contribute to setting long-term goals and managing challenges in the startups' journey toward sustainable growth.

4.3.3 Financial Strategy and Management

4.3.3.1 Business Performance Evaluation

Several participants discussed the importance of operational metrics in assessing their businesses' performance, emphasizing different aspects such as customer satisfaction, engagement, and key performance indicators (KPIs):

"We measure and evaluate our business's performance through key performance indicators (KPIs) and regular performance reviews." - F3

"We use a variety of metrics to assess our performance, including financial metrics such as revenue, profitability, and cash flow, my co-founder may focus on operational metrics like customer satisfaction and engagement." - F8

Financial metrics are essential for understanding the financial health of their startups and include indicators like Return on Investment (ROI), cash flow, profitability, and overall financial performance:

> *"Generally speaking, the restaurant is doing well, turnover-wise, margin-wise. It's not a question."* - F1

> *"We just tried to manage the ROI. We put in 1000e and then received around 20 - 30 clients, which was good enough."* - F4

> *"It is not very sophisticated. We measure in cash. That's the top line and bottom line. There are some indicators too."* - F5

4.3.3.2 Financial Management and Funding

The participants used different methods to manage their finance and keep their businesses financially secure. This included cutting costs and running efficiently to save money.

> *"we've focused on having as little cost as possible. Even our own salaries were really low for founders. We didn't have an office, we didn't have any company cars."* - F7

F9 emphasized the recruitment of professional financial leadership. This reveals a targeted approach to financial management by recruiting expert personnel.

> *"We hire a professional CFO to support me in housekeeping, always giving me an early warning system when things go wrong, the liquidity status, and because he's strong so that I can go out. We have a system and a person to help me manage and understand what's happening at home."* - F9

Comprehensive financial control emerged as a crucial aspect, encompassing cost optimization and financial risk management. These quotes underscore a strategic focus on controlling costs and managing financial risks to achieve stability and growth.

> *"What he brought to the business is that we are buying at a very good ratio. We don't spend a lot of money on purchasing."* - F1

> *"We employed various strategies, such as... managing financial risks by conducting thorough due diligence on potential investors and partners and focusing on economic sustainability and contingency planning."* - F3

Multiple participants shed light on their funding strategies. These included seeking investments from angel investors (F3), utilizing personal savings (F8), securing grants and public money (F6), and accepting dilution (F9). For example:

"We employed various strategies, such as seeking investments from angel investors and establishing strategic partnerships." - F3

"We started with grants and public money... because we live in France, which has a lot of programs to use to get more grants." - F6

"we accept dilution as we should since we want to ensure we have enough cash to run for the next two years." - F9

These insights highlight various approaches to funding, encompassing a blend of traditional and creative means to secure financial support for the business.

4.3.4 Macro Environment's Impact on Business Strategy

This section presents the participants' experiences in adapting to various macro-environmental influences on business strategy and growth. Participant F1 described the impact of the COVID-19 pandemic on business operations:

"We had a time we had determined that COVID was there where we couldn't have people walking into the restaurant anymore. The authorities forbade them because of COVID. So the only way to survive was to create a pick-up service."

Participants commented on changes in customer demand and market trends. F8 stated:

"There was a time when we had to pivot our business strategies to respond to market and customer needs."

F6 observed a surge in awareness about cryptocurrencies and NFTs:

"The market exploded, and awareness about cryptocurrencies and NFT as well. That was impacted in a good way."

The emergence of new competitors was also discussed. F3 noted:

"There was a time when we had to pivot our business strategy due to the emergence of a new competitor."

While not directly quoted, the broader economic and governmental influences were recognized in the context of the participant's responses, such as the actions taken by authorities in response to COVID-19, as mentioned by F1. This section details the participants' experiences navigating the macro-environmental impacts on business strategy and growth.

5. Discussion & Conclusion

The formation of an NVT initiates the entrepreneurial journey, which is influenced by internal attributes like knowledge complementarities and personal connections and external factors like economic conditions and regulations. Existing studies have largely focused on the internal aspects, but this study broadens the view to:

- Examine the co-founder selection process.
- Assess the roles of knowledge and interpersonal links in team effectiveness.
- Analyze the external factors affecting team formation and efficiency.

This study used thematic analysis within a qualitative research methodology. Findings reveal that various elements, including external factors, shape NVT formation and highlight the importance of knowledge complementarity and interpersonal links in business aspects like role division. A synthesized theory illustrates the complexities of entrepreneurial team formation.

This chapter will interpret the findings, explore theme interconnections, and build theory. It concludes with practical implications, limitations, future research, and final reflections. The next step is to delve into the study’s specific findings with a comprehensive examination of the entrepreneurial journey to interpret how various factors contribute to the formation and success of NVTs.

5.1 Interpretation of Findings

5.1.1 Co-founder Selection Process

5.1.1.1 Entrepreneurship’s Inspiration

The diverse sources of inspiration for entrepreneurship shape the context in which co-founder selection occurs. The role of family traditions and personal values in influencing entrepreneurship aligns with previous studies (Aldrich & Kim, 2007; Francis & Sandberg, 2000) that emphasize the influence of background and upbringing on entrepreneurial behavior was confirmed by F2 and F4. The personal narratives (e.g., F1's story of partnering with a waiter) reflect entrepreneurial hustle (Fisher et al., 2020) and creativity, which is vital in recognizing opportunities and forming new venture teams.

5.1.1.2 Influence on Co-founder Selection

Interpersonal relationships are vital in co-founder selection. Most participants chose co-founders from their circle of trust, including friends, family, or previous colleagues. This reliance on interpersonal links is consistent with the "small worlds" theory (Aldrich & Kim, 2007), which suggests that pre-existing social networks significantly influence entrepreneurial team formation. Qualities like generosity and commitment (F5) were valued, underlining the importance of character in selecting a co-founder.

Selecting co-founders with complementary skills and knowledge was a priority. This is aligned with Lazear's (2004) balanced skills approach and Eesley et al. (2014), emphasizing the necessity of aligning team composition with strategic goals. The multifaceted nature of choosing co-founders goes beyond skills and experience to include personality and alignment with team values (F9), as noted by Sirén et al. (2020). Diversity in team composition is acknowledged to enhance outcomes, emphasizing the complex nature of this process.

External factors vary widely across participants. Industry trends shaped the opportunity (F4, F5) to start the business, while outsiders' opinions (F9) influenced the co-founder(s) selection process. Some participants even denied the role of external factors (F6, F7). This divergence suggests a complex interplay of internal and external considerations that might depend on the individual and contextual circumstances of the venture, as indicated by Lazar et al. (2020).

Research Question: How do Business Owners Pick their Co-Founders? What Elements Influence Them in Their Decision-Making? How much do outside factors like the economy, finance options, and the regulatory environment affect how entrepreneur teams are formed?

The findings indicate that internal and external motivations, including personal desires, social motivations, timing, regulations, and personal influences, influence the co-founder selection process. Business owners often select co-founders based on existing relationships, trust, and understanding of each other's personalities. Skills, knowledge, experience, and expertise play a critical role in co-founder selection, emphasizing the choice of individuals who complement their abilities. The impact of these external factors varied widely among participants, reflecting the multifaceted nature of co-founder selection.

Research Question: What Functions Do Factors like Knowledge Complementarities and Interpersonal Links Play in Creating Effective Entrepreneurial Teams?

The findings emphasize the importance of diversity in skills and expertise in co-founder selection. Entrepreneurs can create a more dynamic and effective team by choosing co-founders with complementary skill sets, experience, and knowledge. Interpersonal relationships are significant in co-founder selection. The emphasis on pre-existing relationships, shared values, and personality alignment demonstrates that trust and compatibility are essential in forming cohesive and productive entrepreneurial teams. Understanding the complex nature of NVT formation, the focus will shift to the factors associated with team effectiveness.

5.1.2 Influential Factors in Team Effectiveness

The findings illustrate that leadership and management are foundational to team effectiveness, with strategic planning, crisis management, co-founder's contribution, and team engagement playing pivotal roles. For instance, F2's quote about regular communication and clear KPIs emphasizes the importance of alignment with the company's mission. F6's experience with members departing if they do not align with the vision emphasizes the importance of decisive leadership and adaptability, consistent with the entrepreneurial hustle concept outlined by Fisher et al. (2020). Additionally, the mention of shared leadership responsibility by F8 aligns with the notion of collective cognition as found in West III (2007), where teams rather than individuals make entrepreneurial decisions.

Conflict management is another essential aspect of team dynamics. The findings reveal specific triggers such as non-delivery of expected outcomes (F1) and personal ego (F9) as significant hindrances. These observations align with Francis & Sandberg's (2000) study on friendship within entrepreneurial teams and their association with performance. The identified resolutions, including open communication, active listening, and seeking win-win solutions (as stated by F3 and F8), further align with existing literature like Schoss et al. (2020), emphasizing the importance of deep-level diversity in entrepreneurial teams.

Creating a positive and innovative culture is emphasized by participants, such as F3 and F5, who stress activities fostering positive energy and relaxation. This aligns with Ko et al. (2021), emphasizing team diversity's role in productivity. Encouraging open communication and experimentation is a common theme in the quotes from F2 and F7, resonating with Lazar et al. (2020) on entrepreneurial team formation. The stress on adaptability, learning, and motivation (F6 and F9) aligns with existing literature on leadership in the digital age (Larson & DeChurch, 2020).

The division of roles emerged as vital for team functionality, often linked to knowledge complementarities. Quotes from F4, F7, and F9 highlight the importance of allocating roles based on expertise, interests, and strengths. This concept is supported by existing literature like Lazear (2004), emphasizing balanced skills in entrepreneurship, and Ganco et al. (2019), focusing on entrepreneurial team assembly.

Research Question: How do Knowledge Complementarity and Interpersonal Links affect the team's effectiveness and long-term success?

The alignment of team members' expertise, interests, and strengths fosters more effective role division, innovation, and management, stressing the role of Knowledge Complementarity. As shown by founders' experiences, specialized roles based on expertise enable more efficient performance and collaboration. It can be very helpful in challenging times where co-founders with different backgrounds work together to give a solution. The role of Interpersonal Links represent through effective leadership, management, and conflict resolution are crucial for maintaining cohesive interpersonal links within the team. The importance of shared vision, strategic planning, adaptability, and effective conflict management ensure smoother collaboration, reflecting the significance of interpersonal relationships in team effectiveness. Together, these findings and the existing literature highlight the multifaceted influences of Knowledge Complementarity and Interpersonal Links on team effectiveness and long-term success in startup environments. Entrepreneurial teams can enhance their coordination, creativity, and adaptability by focusing on these key areas, leading to sustainable growth and success. Moving from understanding the inner aspects of the team's effectiveness to a bigger picture of holistic business growth and strategy to see how entrepreneur dynamics interact with the macro environment.

5.1.3 Holistic Business Growth and Strategy

The findings derived from the "Holistic Business Growth and Strategy" findings provide a comprehensive understanding of the decisions, strategies, and factors influencing entrepreneurial teams' effectiveness in their startups.

As identified from the participant’s responses, the critical aspect of “Market Strategy” reflects the importance of recognizing market opportunities and balancing demand and supply. This is in line with the observations of Eesley et al. (2014), who emphasize the alignment of team composition with innovation strategy. The critical balance between demand and supply, as captured by F5 and F7, resonates with the “Opportunity Identification” stressed in various strategic entrepreneurship literature (Aldrich & Kim, 2007; Fisher et al., 2020).

The Operation domain highlights the importance of hiring specific expertise and adapting to regulatory changes, confirming human capital’s and environmental responsiveness’s significance (Lazar et al., 2020). Beckman & Burton (2008) elaborate on the path dependence in the evolution of top management teams, suggesting that the functional expertise, such as marketing and sales highlighted by F8, has a notable effect on startup strategies.

The emphasis on aligning short-term and long-term goals among team members connects with Francis & Sandberg's (2000) observation about friendship and association within entrepreneurial teams. The mutual encouragement among team members, as portrayed by F10, demonstrates the interdependence and commitment among founding members.

The participants' remarks on facing challenges through expertise and adaptability echo the "entrepreneurial hustle" concept introduced by Fisher et al. (2020), which emphasizes navigating uncertainty through unorthodox actions. The adaptability factor, especially in response to market changes, is well-underlined in the literature by Borgatti & Halgin (2011) and Klotz et al. (2014).

Financial Strategy and Management's emphasis on various operational and financial metrics, as brought out by participants like F3, F8, and F5, reverberates with Kier & McMullen’s (2020) stress on entrepreneurial imaginativeness and new venture ideation. As described by F7 and F9, efficient financial management ties back to the existing literature's highlight on entrepreneurial teams' balanced skills (Lazear, 2004).

The variety in funding strategies, ranging from angel investments to grants and personal savings, can be seen as an extension of the diversity in entrepreneurial teams and strategies, as Ko et al. (2021) discussed.

Responding to macro-environmental factors like the COVID-19 pandemic, changing customer demand, and emerging competitors indicate the startups' agility and the entrepreneurial teams' ability to pivot strategies (Eisenhardt & Graebner, 2007; Eesley et al., 2014). The reflections by F1 and F3 on actions taken in response to external challenges underscore the importance of adaptability in entrepreneurial endeavors, as emphasized by Klotz et al. (2014) and Fisher et al. (2020).

Research Question: What impact do outside factors like the economy, finance options, and the regulatory environment have on the creation and effectiveness of the generated teams?

The outside factors, notably the economy, finance options, and the regulatory environment play a pivotal role in shaping entrepreneurial teams' strategies. The findings suggest that critical dimensions include recognizing market opportunities, aligning team goals, adapting to challenges, and ensuring financial stability. The effectiveness of these teams lies in their ability to navigate the complexities of the startup ecosystem, make informed decisions, pivot when required, and always stay attuned to the external environment. Drawing from the existing literature, the findings underscore the multifaceted nature of entrepreneurial team strategy and its alignment with external influences.

5.1.4 Interconnections and Theory Building

The entrepreneurial journey is a multifaceted process influenced by various internal and external factors. In selecting co-founders, inspiration derived from diverse sources like family traditions is mediated by external influences such as industry trends and outsider opinions. Trust and pre-existing relationships underscore the importance of interpersonal dynamics, with complementary skills and expertise playing crucial roles. However, these internal dynamics are also shaped by external economics and regulations.

As the entrepreneurial team forms and strives for effectiveness, the emphasis on relationships and shared values, which are essential in co-founder selection, extends to leadership and management. These elements are guided by the external macro-environment, including factors such as regulations and industry norms. Communication and conflict management become foundational in team effectiveness while encouraging creativity and alignment of roles within the team are influenced by external competitors and economic trends.

Financial considerations in co-founder selection are interconnected with business growth strategies. Exploring various funding sources and emphasizing financial metrics become responsive to global events and government programs. The recurring theme of adaptability in team effectiveness and strategy becomes typical of entrepreneurial success, ensuring responsiveness to external changes.

The theory of "The External Influence on New Venture Team Formation and Effectiveness" brings together the complex interplay of internal decisions and the external environment. By aligning the theory building with the detailed interconnections in the entrepreneurial journey, the resulting framework offers a more nuanced understanding of how external factors weave through every aspect of the entrepreneurial process.

The integration of these interconnections within the theory underscores the importance of understanding how factors such as economic conditions, regulations, and industry specifics interact with internal decisions like co-founder selection, team effectiveness, and business strategy.

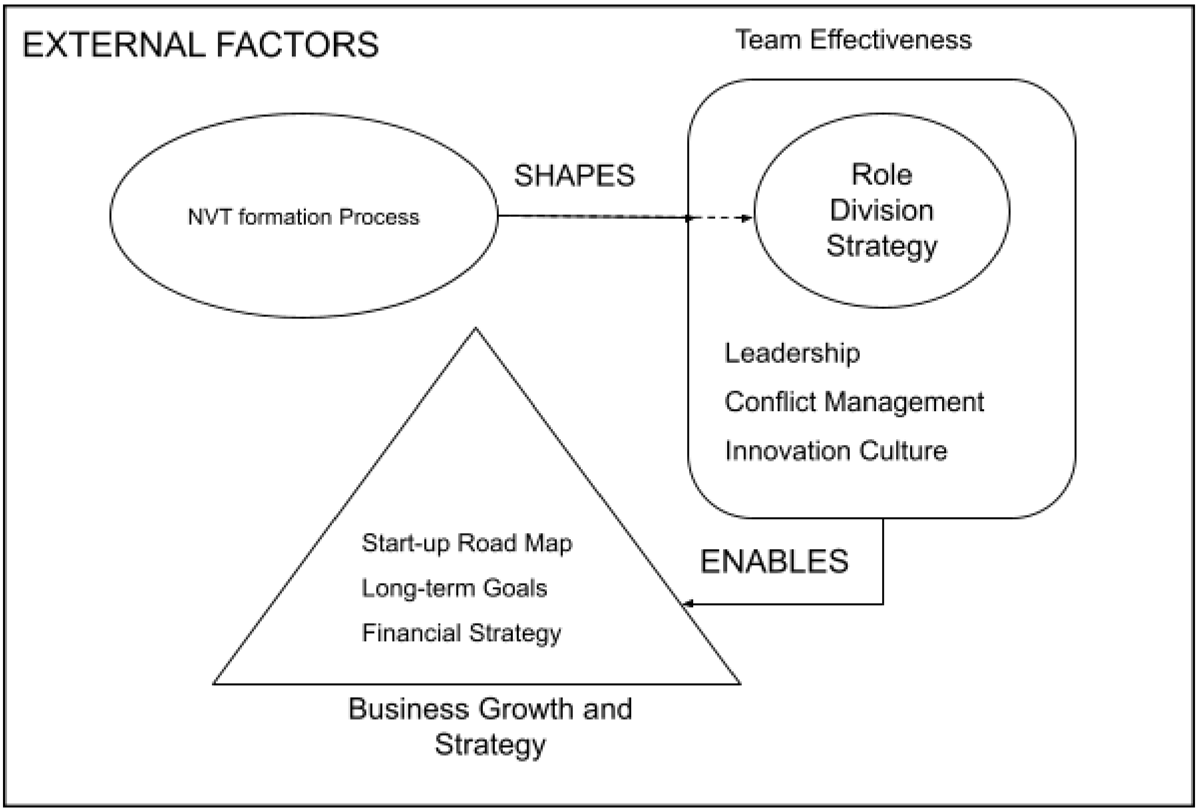

Figure 3. The External Influence on New Venture Team Formation and Effectiveness

5.2 Policy and Managerial Implications

5.2.1 Policy Implications

Encouraging Entrepreneurial Ecosystems: The findings stress the need for supportive entrepreneurial ecosystems, emphasizing favorable regulations, and access to capital.

Investment in Skill Development: Government programs must concentrate on entrepreneurship education and training to nurture diverse entrepreneurial competencies, reflecting the importance of knowledge complementarity.

Tailored Regulatory Responses: Engaging with industry stakeholders to develop specific regulations that accommodate the unique challenges of different sectors will be a proactive approach.

5.2.2 Managerial Implications

Strategic Co-Founder Selection: Entrepreneurs should prioritize complementary skills and alignment with team values during co-founder selection, utilizing tools like psychometric assessments.

Team Building and Effectiveness: Managers must emphasize regular communication, conflict management, and role division based on expertise, with investments in team-building exercises and professional development.

Adaptation to External Factors: The necessity for agility in response to economic conditions, competitors, and regulatory changes is a key managerial insight.

Financial Planning and Diversity: A robust financial plan and a strategic approach to investor relationships will support long-term stability and growth.

This study's insights into new venture team formation and effectiveness provide essential guidance for policymakers and managers. By applying these findings, stakeholders can cultivate a more supportive and innovative entrepreneurial environment. Future research might further investigate the nuances of these dynamics to provide continually evolving insights into the field.

5.3 Limitations and Future Research

5.3.1 Geographical Selection of Interview Sample

Description: The interviews were conducted with start-up firms in Vietnam, France, and Germany. While this selection aimed for a diverse representation and generalizability, it inherently presents certain biases and limitations.

Impact on Results: The choice of interviewees from countries with distinct economic landscapes, cultural norms, and regulatory systems can challenge the generalizability of the results.

Approach: Future studies could select firms from diverse countries, ensuring they set transparent criteria tailored to their research objectives.

Benefit: By establishing clear criteria, researchers can either underlie contrasts arising from varied cultures, economic conditions, and regulations or select countries with similar developmental stages to boost the generalizability of findings.

5.3.2 Varied Interview Structure and Preparedness

Description: Two participants did not fully participate verbally; some prepared the questionnaire in advance, while others did not. The consistency in the preparedness of participants varied before and during interviews due to participants' preferences and constraints.

Impact on Results: Varied interview structure and preparedness might lead to bias and vary response quality and depth.

Approach: Researchers can ensure participants have enough time to prepare to limit the bias. Researchers can also check to ensure the structure is uniform, either a mix of written and verbal answers or all verbal.

Benefit: Standardizing these aspects of the methodology can minimize bias, and help improve the comparability of the dataset.

5.3.3 Limitation in Sample Size

Description: This study was conducted with a sample size of 10, aimed to create a balance of depth and variety of viewpoints

Impact on Results: While it aimed to create a balance of depth and breadth, the different sample sizes might lead to different results, especially in a complex field as entrepreneurship.

Approach: Researchers can employ different sample sizes with diverse industries, demography, and stage of development. Studies can also aim to larger scales with a mixed quantitative and qualitative method to improve breadth while ensuring depth.

Benefit: This would provide a comprehensive approach to understanding factors influencing the process of NVT, increasing the study's generability and application.

5.4 Conclusion

The entrepreneurial journey is a complex process guided by internal and external factors. This qualitative research uncovers the NVT formation process and its effectiveness by interviewing startups in Vietnam, France, and Germany to discover factors contributing to business success. It draws a big picture explaining how entrepreneurial teams are formed and how the internal factors interact effectively with each other to create team effectiveness, then link it to the holistic business strategy and growth. While the journey happens, external factors continually affect and shape the business itself, leading to change and innovation in strategy to ensure the business retains its competitive advantage. The conclusion here maps the critical insights, builds a theory, and reflects a more general viewpoint.

Firstly, NVT formation process is an interplay of internal and external dynamics. Family traditions, personal values, shared vision, resource-seeking, and external factors such as industry trends all play a part. The interpersonal links represent the importance of social network quality, while resource-seeking shows the necessary strategy to achieve a balanced team. An alignment between internal and external factors is crucial.

Secondly, the need for strong leadership and adaptability is the nature of entrepreneurial hustle. At the same time, conflict management is linked to open communication and active listening to find a win-win solution, a culture of innovation is fostered by encouraging diversity and adaptability. In startups, role division is based on the strengths and expertise of founders because NVTs usually start small, and the need for knowledge complementarity is stressed repeatedly. All of these factors create the team's effectiveness.

Thirdly, the participants' insights into market strategy, operations, financial management, and adaptability to the macro-environment reveal the dynamic nature of business growth and process. No matter how well the business strategy was planned, it needs to adapt to macro-environmental changes depending on the context of the economic market, customer demands, the global finance. these aspects can potentially impact the funding of NVTs or the business strategy as a whole. This finding further stress on the alignment of internal and external dynamics.

With the collected insights, a theory was formed to capture the internal and external factors within the entrepreneurial journey: The External Influence on New Venture Team Formation and

Effectiveness. This theory provides a nuanced framework that offers a multifaceted view of the entrepreneurial processes.

In conclusion, this research uncovers the complex nature of entrepreneurship by pointing out the influences on NVT formation and effectiveness. It maps a comprehensive theoretical framework and adds depth to the understanding of entrepreneurship.

Reference

Aldrich, H. E., & Kim, P. H. (2007). Small worlds, infinite possibilities? How social networks affect entrepreneurial team formation and search. Strategic Entrepreneurship Journal, 1(1-2), 147-165. https://doi.org/10.1002/sej.8

Beckman, C. M., & Burton, M. D. (2008). Founding the future: Path dependence in the evolution of top management teams from founding to IPO. Organization Science, 19(1), 3–24. https://doi.org/10.1287/orsc.1070.0311

Borgatti, S. P., & Halgin, D. S. (2011). On network theory. Organization Science, 22(5), 1168-1181. https://doi.org/10.1287/orsc.1100.0641

Eesley, C. E., Hsu, D. H., & Roberts, E. B. (2014). The contingent effects of top management teams on venture performance: Aligning founding team composition with innovation strategy and commercialization environment. Strategic Management Journal, 35(12), 1798-1817. https://doi.org/10.1002/smj.2183

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. Academy of management journal, 50(1), 25-32. https://doi.org/10.5465/amj.2007.24160888

Eisenhardt, K. M. (2021). What is the Eisenhardt Method, really?. Strategic Organization, 19(1), 147-160. https://doi.org/10.1177/1476127020982866

Fisher, G., Stevenson, R., Neubert, E., Burnell, D., & Kuratko, D. F. (2020). Entrepreneurial hustle: Navigating uncertainty and enrolling venture stakeholders through urgent and unorthodox action. Journal of Management Studies, 57(5), 1002-1036. https://doi.org/10.1111/joms.12584

Francis, D. H., & Sandberg, W. R. (2000). Friendship within entrepreneurial teams and its association with team and venture performance. Entrepreneurship Theory and Practice, 25(2), 5–26. https://doi.org/10.1177/104225870002500201

Fuel, P., Pardo-del-Val, M., & Revuelto-Taboada, L. (2022). Does the ideal entrepreneurial team exist? International entrepreneurship and management journal, 18(3), 1263-1289. https://doi.org/10.1007/s11365-020-00739-x

Ganco, M., Honoré, F., & Raffiee, J. (2019). Entrepreneurial team assembly: Knowledge transfer, customer transfer, and matching models. https://doi.org/10.1093/oxfordhb/9780190633899.013.7

Klotz, A. C., Hmieleski, K. M., Bradley, B. H., & Busenitz, L. W. (2014). New venture teams: A review of the literature and roadmap for future research. Journal of Management, 40(1), 226-255. https://doi.org/10.1177/0149206313493325

Kier, A. S., & McMullen, J. S. (2020). Entrepreneurial imaginativeness and new venture ideation in newly forming teams. Journal of Business Venturing, 35(6), 106048. https://doi.org/10.1016/j.jbusvent.2020.106048

Ko, E. J., Wiklund, J., & Pollack, J. M. (2021). Entrepreneurial team diversity and productivity: The role of family relationships in nascent ventures. Entrepreneurship theory and practice, 45(2), 386-417. https://doi.org/10.1177/1042258720902058

Larson, L., & DeChurch, L. A. (2020). Leading teams in the digital age: Four perspectives on technology and what they mean for leading teams. The leadership quarterly, 31(1), 101377. https://doi.org/10.1016/j.leaqua.2019.101377

Lazar, M., Miron-Spektor, E., Agarwal, R., Erez, M., Goldfarb, B., & Chen, G. (2020). Entrepreneurial team formation. Academy of Management Annals, 14(1), 29-59. https://doi.org/10.5465/annals.2017.0131

Lazar, M., Miron-Spektor, E., Chen, G., Goldfarb, B., Erez, M., & Agarwal, R. (2022). Forming entrepreneurial teams: Mixing business and friendship to create transactive memory systems for enhanced success. Academy of Management Journal, 65(4), 1110-1138. https://doi.org/10.5465/amj.2020.0393

Lazear, E. P. (2004). Balanced skills and entrepreneurship. American Economic Review, 94(2), 208–211. https://doi.org/10.1257/0002828041301425

Lechler, T. (2001). Social interaction: A determinant of entrepreneurial team venture success. Small Business Economics, pp. 16, 263–278. https://doi.org/10.1023/a:1011167519304

Ruef, M., Aldrich, H. E., & Carter, N. M. (2003). The structure of founding teams: Homophily, strong ties, and isolation among US entrepreneurs. American sociological review, 195-222. https://doi.org/10.2307/1519766

Saldaña, J. (2009). An introduction to codes and coding. The coding manual for qualitative researchers. J. Seaman. Los Angeles, London. Singapore, New Delhi, Washington DC, SAGE, 1-31.

Schjoedt, L., Monsen, E., Pearson, A., Barnett, T., & Chrisman, J. J. (2013). New venture and family business teams: Understanding team formation, composition, behaviors, and performance. Entrepreneurship theory and practice, 37(1), 1–15. https://doi.org/10.1111/j.1540-6520.2012.00549.x

Schoss, S., Urbig, D., Brettel, M., & Mauer, R. (2020). Deep-level diversity in entrepreneurial teams and the mediating role of conflicts on team efficacy and satisfaction. International Entrepreneurship and Management Journal, 1-31. https://doi.org/10.1007/s11365-020-00654-1

Sirén, C., He, V. F., Wesemann, H., Jonassen, Z., Grichnik, D., & von Krogh, G. (2020). Leader emergence in nascent venture teams: The critical roles of individual emotion regulation and team emotions. Journal of Management Studies, 57(5), 931-961. https://doi.org/10.1111/joms.12563

West III, G. P. (2007). Collective cognition: When entrepreneurial teams, not individuals, make decisions. Entrepreneurship Theory and Practice, 31(1), 77-102. https://doi.org/10.1111/j.1540-6520.2007.00164.x

Appendices

Appendix 1: Consent Form

Informed Consent

Title of the research: Exploring the Constraints and External factors affecting Team Formation Process: A qualitative study

Name + contact details researcher: Thi Kim Hieu Nguyen
Aim and methodology of the research:

This thesis focuses on recent international venture founders that established their businesses in less than five years to gain up-to-date knowledge about how they choose their co-founders and how it affects their businesses. Investigating it will give a more explicit, structured, and clear idea of entrepreneurs' constraints in the early stage and how they overcome them as new venture teams often adapt to a constantly changing environment. By exploring both internal and external factors, this study sheds light on how entrepreneurs choose co-founders, and build effective teams. This research's insights and recommendations can benefit practitioners in the industry by providing practical guidance for team formation and development.

This study's qualitative approach, which includes semi-structured interviews with new venture founders, contributes to the growing body of qualitative research in entrepreneurship, offering a nuanced perspective on the complex and dynamic process of team formation in the early stages of new ventures.

Duration of this research: 45 minutes

1. I understand what is expected of me during this research. I have taken note of the information regarding the investigation and was given sufficient time to consider it.

2. I know that I will participate in the following aspects of the study:

An individual interview for the evaluation of the course Master's Dissertation Master of Management (4690-2223) organized by the University of Hasselt

3. I know that there may be risks or inconveniences associated with my participation:

Not applicable.

4. I understand that my participation in this study is voluntary and that I can refuse to answer questions. I have been sufficiently informed that I can stop the survey at any time without giving a reason and without any disadvantage for me and that the researchers can stop my participation in the study at any time.

5. I hereby permit to record the interview.

6. The results of this research can only be used for scientific purposes and may be published. My name will not be published, and the confidentiality of the data is guaranteed at all stages of the

investigation following the relevant legislation as stated in GDPR (General Data Protection Regulation)

7. For questions, I know that after my participation, I can contact: Thi Kim Hieu Nguyen at thikimhieu.nguyen@student.uhasselt.be

8. For any complaints or other concerns regarding the ethical aspects of this study, I can contact Prof. Dr. Stijn Kelchtermans at stijn.kelchtermans@kuleuven.be

9. I hereby permit you to contact me after the interview if there are any questions.

I have read and understand the above information and have received answers to all my questions regarding this study. I agree to participate.

Place: Google Meet

Date:

Name and signature of the person concerned

Name and signature of the researcher

Appendix 2: Questionnaire

Topic: Exploring the Process and Influential Factors in New venture Team Formation: A qualitative study

40 mins

This study aims to understand how business owners pick their co-founders and what elements influence their decision-making process.

Section 1: Co-founder Selection

1. What inspired you to start your own business, and how did you find your co-founder(s)?
2. What were the primary drivers for your co-founder selection, and how did you prioritize them?
3. How did external factors such as the economy, finance options, and the regulatory environment influence your co-founder selection process?
4. How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founder(s)?
5. Can you describe a time when external factors impacted your co-founder selection process, and how did you navigate this challenge?

Section 2: Co-founder Relationship Management

1. How did you divide roles and responsibilities with your co-founder(s), and how has this arrangement evolved over time?
2. How did you establish trust and build a strong working relationship with your co-founder(s)?
3. How do you manage conflicts and disagreements with your co-founder(s)?
4. How did you assess the potential fit between yourself and your co-founder(s) based on knowledge complementarities and interpersonal links? How did this impact the team's effectiveness and long-term success?

Section 3: Team Performance

1. How do you and your co-founder(s) manage and motivate your team, and how does your co-founder(s) contribute to this process?
2. Can you describe a time when your co-founder(s) brought a unique perspective or skill set that helped your business overcome a challenge?
3. How do you measure and evaluate your business's performance, and how does your co-founder(s) contribute to this process?

Section 4: Business Strategy and Growth

1. How has the external environment impacted overall business strategy and growth?

2. Can you describe a time when you and your co-founder(s) had to pivot your business strategy, and how did you navigate this change together?
3. How do you and your co-founder(s) ensure that you are aligned on long-term business goals, and how do you prioritize your short-term objectives to achieve those goals?
4. How do you foster a culture of innovation and creativity within your business and encourage your co-founder(s) to contribute to this process?
5. How do you and your co-founder(s) stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

Section 5: Funding and Financial Management

1. How did external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management when forming your team, and how did you adapt to these changes?
2. What strategies did you and your co-founder(s) use to secure funding for your business, and how did you manage financial risks?
3. How do you approach financial planning and management when forming a new venture team, and what strategies do you use to ensure financial stability and growth?
4. How do you and your co-founder(s) ensure you are aligned with your financial goals and budget, and how do you prioritize financial decisions for the business?

Appendix 3: Interview Transcripts

Transcription Note on Filler Phrases

In transcribing qualitative interviews, it is common practice to enhance readability and clarity for the reader. While it is essential to remain faithful to the interviewee's words, certain verbal habits, often referred to as 'filler phrases' or 'non-lexical utterances,' can be omitted. Examples of these include utterances like "um," "ah," "you know," and other similar interjections.

These fillers occur naturally in spoken conversation as speakers think, recall information, or emphasize points. However, in written form, they can detract from the core content and disrupt the flow for the reader. Thus, for brevity and to maintain the reader's focus on the primary content, such phrases have been excluded from the transcripts. It's important to note that this editing choice is intended solely to improve readability and does not alter the core meaning or essence of the interviewee's responses.

Transcript 1

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 1 (F1)
Date and Time: 09/05/2023 - 2 PM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hello. Can you hear me?

F1: Yes, I can.

TN: Okay. How are you?

F1: I'm fine, and you?

TN: I will start with section one, about a co-founder selection. So what inspired you to start your own business, and how did you find your co-founder?

F1: The answer could be quite long, but to make it short, it's quite a funny story because I used to eat every day in the same restaurant in the center of Marseille, and Jerome was the waiter at the restaurant. And one day he decided to leave the restaurant and as it was my canteen, I thought, it's a real pity because he's the nicest waiter. So where am I going to eat? And so I asked him, What will you do after the restaurant? And he said I don't know, really. I had this crazy idea which I would never think I would have to tell him about opening your own restaurant with me.

And that's how it started. Basically, It's a bit weird, but that's how we got together and started to talk, I would say.

TN: Yeah, so it's really spontaneous.

F1: We can say that.

TN: Interesting. So for you, what were the primary drivers for your co-founder selection, and how did you prioritize them?

F1: Criteria. Yeah. Well, when I took that crazy decision because it was a bit of a crazy decision, having experience in the food business or restaurant business. We had a lot of meetings between the time we said okay, we might be doing the restaurant, and the time we found the restaurant and opened it was nearly a year. During that year, in six or seven months, we had a lot of meetings together so I could really discover his personality and ensure he was the right person for the project to see. So that's how we did it, really. Initially, I knew he was a great waiter, but that's all. I didn't know whether he would be a good manager, but I acquired the certainty that he could become a good manager over time. So it's through the talks, talking to him all the time for six or seven months.

TN: So what you share is like you discovered his personality and see exactly how he becomes a manager over time. What kind of characteristic traits were you looking at?

F1: Capacity to manage the ups and the downs because in a business, it's always up and down, capacity to manage under pressure, capacity to manage people such as waiters and stewards, the chef. In the beginning, he had a lot of trouble with this stuff. He learned the job a little bit through bad experiences, and he's always proven very reliable in terms of personality. And so I knew he could go through the difficulties of the beginning. Jerome was able to keep it together despite many problems and difficulties.

TN: Thank you for sharing. So how did external factors such as the economy, the finance options, and the regulatory environment influence your co-founder selection process?

F1: Where we thought that we'd need to open something that would be in the city center with a good location. We quickly decided to do something that we'd only work at noon, not in the evenings, because there is a business clientele in Marseille, so where we found the restaurant influenced what we decided in terms of marketing. The location of the restaurant was the main driver. It was a bit of luck. The restaurant was located 60 meters from my own office. So it obviously had a lot of impact. It's not very rational but actually has a lot of impact on my decision. So I decided that he was the one, and okay, we had no idea how much he would perform, and I have to say, if we are being very honest, we didn't take that much into consideration the external factors. We just knew we had to rely on our own forces to make that business work because the restaurant that was before was not working, it was a failure. So we started from scratch.

TN: How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founder?

F1: Well, it's not my first time creating a business. I think it's the fifth time, and every time, my main criterion for selecting a partner is to have a complementarity with him. So Jerome is a very different individual from me. He's into emotions, and I am into rationality, so we are very different. I can be cold with events which he finds is more difficult to do, you know, can be really affected when things are going wrong, so I'm much calmer in the store. But he's a very good people person. And for a restaurant, it's essential. I chose someone who would have the qualities to manage a restaurant in the sense that welcome the clientele every day, and I can't do that personally. It's absolutely not my cup of tea, and it's not something I can do to shake hands and say hello to everybody and have a word for everybody like that. I have a lot of qualities, but I'm not that sort of person. But certainly, Jerome and I are very, very complimentary. That's why the restaurant is working. Because I make the right decisions in the marketing and accounting field, and he's doing all the purchasing. So yeah, there's a real complementarity.

TN: From what I understand, you will put more weight on the knowledge of complementarities than interpersonal links between your partner.

F1: Well, we have been friends from the beginning. We didn't know each other. We spent a lot of time also every week together, having a drink or sometimes an evening dinner just to talk about the restaurant so we saw each other quite a lot although a bit less lately because we've been both very busy but the first year certainly we spent a lot of time together to make it happen. We did many things together to think about the concept development and marketing once the restaurant was open. So there were a lot of interpersonal links.

TN: So it was a balance of both.

F1: Yeah, it's a balance of both. Absolutely.

TN: Okay, thank you. Can you describe a time when external factors impacted your co-founder selection process, and how did you navigate this challenge?

F1: Yeah. I don't think this question is relevant because I never doubted that Jerome was the person for me and that there was no other person. It was him and nobody, so I would have never created a restaurant without Jerome, and Jerome would have never created the restaurant without me, so it answers the question.

Section 2: Co-founder Relationship Management

TN: Next section, the first question is, how did you divide roles and responsibilities with your co-founder Jerome's arrangement evolved over time?

F1: Okay, so it's remained very much the same. As I said, I did the marketing and the accounting from the start. I had the idea of the whole concept to call it a public defender having pictures of rock stars on the wall. So all the decor was made, and marketing was me. I discussed it with him. Of course, I'm the one with the ideas about that. And I've been for a very long time managing the accounts as well. Now, lately, I've given him more responsibilities to actually take care of the accounts because I had no more time. But he's taken all the roles that have to do with the job, running a restaurant, which is buying the food, managing stuff that I have never done. He's the one who's been doing that. And I must be honest, is 100-200% of his time working for the restaurant. I don't even spend 10% of my professional time on the restaurant. Because I have a real estate business that is taking priority. So over time, I've spent less and less time. I spent a lot of time at the launch of the restaurant. Especially on the marketing side, but for two years, I was far less involved because things were running. It's rolling. But when things start to go wrong, like now, we have fewer clients. So we will do a marketing campaign to attract salespeople from the shops around, and I am involved in that process. So we have solidarity when things go wrong.

TN: So the roles are very clear. And how do you establish trust and build a strong working relationship with Jerome?

F1: As I said to you before, we created a restaurant. We spent a couple of months, I can't remember whether it was eight or seven, just talking to each other about the concept and everything. So that's how we started building trust and a strong relationship. There's been a lot of conflict between us, he sometimes reproached me for my lack of involvement in the restaurant, but at the same time, we've always talked a lot. I come every morning for coffee and spend 20 minutes with him. So obviously, that's how the relationship is built up. Now we know each other very well, like old friends. And also we spend some time outside of work together, to see a tennis tournament together. Doing things outside work is very important when you have a business partner. And strangely, I don't do that with my real estate partner. Maybe because he's English and I'm French, we're like cats and dogs, but I'm very close to Jerome.

TN: Thank you for sharing. So how do you manage conflicts and disagreements with him?

F1: I hate conflicts, but he's been the one triggering the conflicts with me. And I've been the one answering his queries, and when he was dissatisfied, I came up with the answers, and sometimes that stopped him from pestering me because there was no reason for that. He was getting a bit paranoid. It seems to be always one direction, he creates a conflict, and I dissolve and diffuse it. Now we are talking. It's much more peaceful. Now we are talking to each other every day. He also learns to be a manager, so there are fewer reasons to be in conflict. In the beginning, there was a lot of turnover in the staff because we didn't manage the staff properly, and he would even reproach it on me, you know, but it was his responsibility. But I think now he's okay. So we speak a lot. That's the key to success.

TN: I see. So, between the knowledge complementarities and the interpersonal link, how do you manage it, and how did this impact the team's effectiveness in a long-term goal?

F1: As I said, we have very different profiles. The waiters could feel that Jeremy and I were very, very different. To me, sometimes it is difficult to talk to, I'm very approachable, but I'm very absent. Jeremy's always there so they can feel we are a good team. And how we've managed people has always been soft compared to the rest of the restaurants. And so it's how we have people who stick with the restaurant longer than average in the restaurant business. It's because they can see the complementarities and the links.

TN: So you think it has a good impact on the team's effectiveness?

F1: Definitely. And the fact that they stay loyal to the restaurant. In the beginning, when we made mistakes, we had a lot of turnovers, and we could change waiters every six months, but now this period is over. Now we have people who stay, and we've had the same waiter for over two years. It's a real achievement, especially in this position where people constantly change.

TN: How does the relationship between you and Jerome affect the long-term success of the whole restaurant?

F1: Right. It's essential to the restaurant's success because Jerome is the driver, of course. Still, I'm also there to bring ideas, especially on the marketing side, and because we're so complimentary, there are a lot of skills at the table. For a business to navigate and survive, especially when there is heavy weather, when the business going down. It's very important to have people who know what they're doing, and both Jeremy and I know what we're doing. Jerome is very competent in his field, and because we are so complimentary, this will be difficult to fail actually.

Section 3: Team Performance

TN: You said that you and Jerome are so different, so how do you motivate a team? And how does Jerome contribute to this process?

F1: Okay, so I'm very absent because I don't spend a lot of time in the restaurant, so he's the one who is really the driver to motivate the team. He talks to them a lot. Sometimes not enough, but he's made much of that progress anyway. He learned to be more diplomatic than at the beginning when he sometimes shouted when things were not going in the right direction. I'm very calm. So when there is a conflict, I can be called to the rescue, which also helps greatly. Again, complementarities play a big role because we are so different. We bring different things to the team, the fact that he knows the business inside out, so it's not a waiter or chef that's going to teach him what to do in the kitchen or the hall of the restaurant, but okay, I can be very useful when something goes wrong.

TN: As you said, initially, it was a bit tough on the team members, leading to high turnovers. So did those people choose to talk to you first before deciding to leave?

F1: Yeah, it's a good question. Well, some of them came to me. And I played to go between them and obviously Jerome. And sometimes, we succeeded in keeping people that way. And sometimes, the conflict was just too important, and because sometimes the person was not performing, there was no delivering, so we had to get rid of the person, no matter how nice that would be with the person. You have to get rid of the person, that's all. So, in some cases, I play the sort of diplomatic role to go between.

TN: I see. Can you describe a time when Jerome brought a unique perspective or skill set that helped the business overcome a challenge?

F1: Actually, there's been a lot of cases. Where he's been really, really good is in the selection of the staff and the changes sometimes of suppliers he's brought up. I would be very conservative, always work with the same supplier of coffee and vegetables, and I would get screwed by them, but Jeremy doesn't hesitate to change suppliers, putting them in competition with each other. What he brought to the business is that we are buying at a very good ratio. We don't spend a lot of money on purchasing. And that's very important for the performance of restaurants. That's a very important skill I don't have at all. Let's meet, yeah, okay. He would take his calculator. He said, No, it's two cents, should be two cents less per kilo. You see why this is ridiculous, two cents, but actually, at the end of the day, if you start accumulating all the small reductions in price, it is where the money goes. He's very detail-oriented. He's a maniac, but in the right sense, he knows exactly what he's doing.

TN: How do you measure and evaluate the business performance? And how does Jerome contribute to this process?

F1: Generally speaking, the restaurant is doing well, turnover-wise, margin-wise. It's not a question. We don't make a lot of money, unfortunately. For various reasons, It's very difficult to make money in the restaurant business in France if you don't cheat. We are being very honest. So we declare all the salaries to the authorities. We don't use the black market. We don't employ your employees in the black. It is very problematic because we spend a lot of money on social charges. Unfortunately, this impacts general performance because we could do better financially.

TN: So, how do you measure and evaluate it?

F1: We look at all the expenses, and we see that, for example, salaries are the main thing to overcome the main obstacle to overcome because we spend a lot of money on salaries and social charges. And if we managed to reduce that, we could be more, we could perform better, but unfortunately, there's only so much you can do so we can really reduce it, and that's why we make money every year but not that much. Big-money spinner restaurants, unfortunately.

TN: How does Jerome contribute to this evaluation?

F1: To be honest, I'm the one who makes most of the calculations, but he does also. He does participate in the process himself, of course. Because he's there every day, he's involved in the business. We see the performance at the end of the year. We don't measure it every three months like the big businesses do. We have no time for that. We just see what's left at the end of the year, and sometimes that matches. At least we can pay for the stuff, and for me, if I want to make money, I have to resell the restaurant. I haven't made money out of the restaurant personally at all. There is not a lot that I could make. I could double my input or the money I've invested. But I don't do it for money. I wouldn't be in the restaurant business if I were doing it for money. Yeah, I think so. The margins are shit, unfortunately.

Section 4: Business Strategy and Growth

TN: Let's discuss a little bit about the business strategy and growth of the restaurant. How has the external environment impacted the overall business strategy and growth?

F1: There was COVID, so we had to stop working for over six months. We had the strikes. We had the work industry also, which was hampered. We couldn't have it erased any longer. We had the Eurozone, the Yellowjackets. Actions. Days where we were unable to work, as a result. So all these external events have hampered our efforts definitely and slowed us down. We managed to survive, especially after COVID, but without the government's help, we wouldn't be here to discuss it.

TN: I have an extra question here. Young people use food delivery services a lot. Does this trend affect you?

F1: We do quality cuisine that's attracting clients. The average age in the restaurant is over 40, and I don't think it's the same clientele as we buried. Personally, I don't think this type of restoration is influencing us. We have our own clientele. They come here at noon, and it's a totally different concept because they have one or two hours to eat. Deliveroo works better in the evenings, and we are not open. We don't really compete with them. French like their lunch break. You have bankers, and they like to come to our restaurant and have a nice lunch break. Before they return to their audience meetings, they appreciate that they can break for one or two hours.

TN: Can you describe a time when you and your co-founder had to pivot your business strategy? And how do you navigate this change together?

F1: We had a time we had determined that COVID was there where we couldn't have people walking into the restaurant anymore. The authorities forbade them because of COVID. So the only way to survive was to create a pick-up service. So we had to change the business model and buy some materials completely. People came to the restaurant to have their food ready. They would pick it up. And that's what we did. So we had to change the strategy completely, and it worked.

We were very successful in selling those pickups, and many people came. We had put a table outside the restaurant where we would bring them food, and they couldn't even get into the restaurant. It was forbidden. It was a terrible time. It was really, really bad.

TN: So, how do you ensure that you two are aligned on long-term business goals? And how do you prioritize your short-term objectives to achieve those goals?

F1: We have the same long-term goal: to resell the restaurants one day. And so, we are trying short term to bring some added value to the restaurant by increasing the turnover and margin if we can. Giving it a direction that will make it a success. We want to sell the business one day for me to retire and for Jerome to do something else. We are on the same line.

TN: I see, but how do you ensure you and Jerome work on it?

F1: Even though we don't see each other quite often, we discuss a lot, and we try to find new formulas or recipes for success. As I explained, we are going to the menu for salespeople of the shops that will be cheaper. People who come and eat after 2 pm will get a rebate on the food because most people come between 12 and 12:30, but after 2 pm, everybody has left the restaurant. The idea is to create a second service for people like the employees of Louis Vuitton or luxury shops around that they can come and have a break even if it's only 55 minutes or an hour from 2 pm. So we will grant them a real discount on the price to make it attractive; therefore, it will be like a second service. That's the latest we've come up with. Obviously, the long-term goal is to be always profitable. Every year we make a small profit, which for a restaurant is not bad. You know, a lot of restaurants don't even make it.

TN: How do you foster a culture of innovation and creativity within the restaurant and encourage Jerome to contribute to this process?

F1: It is difficult to say because I'm not from the food business, so I'm not into huge issues. So I let them manage that process between Jerome and the staff. I don't interfere in that process because I am not competent in the field. So I prefer to stay out.

TN: How do you and Jerome stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

FV: When discussing a restaurant, there are many human relationships daily. And what I really like is going to drink my coffee every morning, and then I chat with people there at the counter. People I know now that I haven't, I hadn't known before the restaurant. We became friends, and we have a coffee together, and then everybody gets on with these work activities. That little social event in the evening in the morning is very important. That's very precious, so the restaurant can also have a nice social life. The people who visit the restaurant regularly, Jerome knows them all by their first names. It is incredible. You walk into the restaurant two years later. He will remember your face and your first name. It's good. It's real human quality, and the social interaction makes it enjoyable.

Section 5: Funding and Financial Management

TN: Section Five is about funding and financial management. Do external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management when you form your team, and how did you adapt to the change?

F1: Not much, to be honest. The restaurant was funded by myself mostly. The fact that we took the list into consideration is the financial sector. We know that the restaurant is viable financially. We know we're not losing money. We don't earn a lot, but we don't lose a lot. We didn't really look into what we had to borrow money to start for seven years until we were still paying for the loan to fund the restaurant, so I put a little money into the restaurant. Then we resorted to a mortgage to finance the restaurant. We depend on the bank, of course. And during the COVID times, we had a government loan with very low-interest rates to reimburse that loan. We weren't very much into finance. Neither Jerome nor I were salespersons. I don't think I can answer that question, to be honest.

TN: So, What strategies did you and Jerome use to secure funding for the business?

F1: We went to the bank, and we presented the project. It's called CIC. It's a French bank. And we know they're very close to businesses. So we approached them, and they were quite receptive. We borrowed 70,000 euros at the time. And the rest came from my personal finance. So I think we put more than 100,000 euros into the restaurant to make it work and buy the business from the previous owners.

TN: How did you manage the financial risk in business?

F1: We've always made sure we spent less than we earned, which is a minimum precaution. We analyze the figures monthly to see where we perform when we sell and when we don't sell, and we look at everything we purchase. "Is it useful? Can we stop that" "Is this advertisement useful? Yes." So, we challenge every decision, especially on the expense side. For example, we used to have to go into a company called urban furniture. We bought from them a space where he would point people in the direction of the restaurant industry, so it was like a signpost, and we paid for two years and realized that it wasn't bringing us a lot, so we decided to stop. Obviously, we look at every expense and see whether that's useful. If it didn't work, we stopped them. If it worked, we carried on.

TN: What strategies do you use to ensure the financial stability and growth of the restaurant?

F1: We try not to spend too much as I said, we keep constantly managing the expenses in the salaries, and that's our main approach. We don't overspend but don't really have a growth strategy. A restaurant is a small business, and you can only grow when you reach 50 or 60 people. Every service it's a maximum for us, and we can't go beyond that. We are limited in growth anyway.

TN: The last question is, how do you prioritize financial decisions for the business?

F1: It's got to be totally relevant to the business like when we bought the Toraiz, we knew that it was going to have an impact on the number of people coming to the restaurant. So to decide on an expense, we must ensure it's cut. If it's not, we don't spend the money. So the priority is to ensure every penny invested will yield something. If it doesn't, we don't do it. We are very cautious about investing because there's little cash flow. When we have cash flow, we had that government nonvintage because we had a loan, and even that money now is reducing. Cash flow is always going to be the issue.

TN: Thank you for your time and your valuable insights. Have a nice day!

FV: Have a nice day too! Goodbye.

Transcript 2

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 2 (F2)
Date and Time: 16/05/2023 - 5 PM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hello, Linh! I am very happy to see you today and thank you for your time. How are you today?

F2: Hi, Hieu! Long time no see! I am good. Happy to help.

TN: OK. Let's start. What inspired you to start your own business, and how did you find your co-founder(s)?

F2: Since high school, I have been thinking about starting my own business and saving money since university. I desire financial independence and want to make a positive impact on society. As for my co-founders, we first met as good co-workers and then realized we had much more in common, including the same idea for a business.

TN: So, what were the primary drivers for your co-founder selection, and how did you prioritize them?

F2: I chose her because we have the same vision and passion. It's the goal and direction that we both committed to for the business's long-term success.

TN: Great! So how did external factors such as the economy, finance options, and the regulatory environment influence your co-founder selection process?

F2: The available resources can affect my co-founder selection. Partners may not have the financial ability to support me during the hard times, so I might be likely to seek someone with stable financials or the ability to borrow from the bank.

TN: Ok! Next question. How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founder(s)?

F2: Regarding the weight of these factors, it would be great if we had complementary skills and knowledge to share and support each other. If not, we can learn from each other without putting too much pressure on it. As mentioned before, she was my colleague, and we have a good relationship. I think it is what matters the most.

TN: Can you describe a time when external factors impacted your co-founder selection process, and how did you navigate this challenge?

F2: I realized that at that time, there were very few fashion brands with a product direction similar to mine, so it was a good time to start a new business. My co-founder strongly agreed with that point of view, and she also shares the same fashion sense as me.

Section 2: Co-founder Relationship Management

TN: Thank you for sharing. Move to section 2. How did you divide roles and responsibilities with your co-founder(s), and how has this arrangement evolved over time?

F2: I share responsibilities based on our skills and knowledge, but we keep each other informed of our roles to offer advice and feedback. We make decisions collaboratively but trust each other to make informed decisions independently in areas where we have expertise. In my case, I handle the operation like supply, manufacture, and store,... and she takes care of Marketing and dealing with the staff.

TN: How did you establish trust and build a strong working relationship with your co-founder(s)?

F2: We have open communication and mutual respect. We share our weaknesses and problems with each other, allowing us to support and find solutions together. We always respect each other's ideas and decisions, even if we don't always agree.

TN: Great! So how do you manage conflicts and disagreements with your co-founder(s)?

F2: When I feel myself becoming heated or reactive, I make a conscious effort to take a step back, collect my thoughts, and approach the situation calmly and rationally. This allows me to communicate effectively and make decisions in the best interest of the business and our team.

TN: Ok. So how did you assess the potential fit between yourself and your co-founder(s) based on knowledge complementarities and interpersonal links? How did this impact the team's effectiveness and long-term success?

F2: Assessing the potential fit between each other helps us work effectively. We have a chance to focus and build up our strengths, and furthermore, we can learn new skills from each other. Interpersonal links affect our business a lot. Since we started, most of our suppliers have been our friends. Until now, we always look for referrals more than searching on the internet.

Section 3: Team Performance

TN: We finished section 2. Now, section 3 is about team performance. How do you and your co-founder(s) manage and motivate your team, and how does your co-founder(s) contribute to this process?

F2: At the beginning of our venture, my co-founder and I discussed and clarified our dreams and visions for the company. We ensured that we had a shared understanding of what we wanted to achieve and how we wanted to operate. My partner is integral in providing guidance and support to our team members. Our goal is to create a supportive and collaborative work environment.

TN: Great! Can you describe a time when your co-founder(s) brought a unique perspective or skill set that helped your business overcome a challenge?

F2: Let me think… During the Covid outbreak, I was forced to quarantine at home, so my co-founder took charge of running the shop and finding ways to deliver our products during these difficult times. I was happy that she could manage it well.

TN: How do you measure and evaluate your business's performance, and how does your co-founder(s) contribute to this process?

F2: We use Advertising-To-Sales Ratio. My partner is responsible for managing our social media accounts and staying up-to-date on the latest trends in advertising.

Section 4: Business Strategy and Growth

TN: Section 4 is about business strategy and growth. First question, how has the external environment impacted your overall business strategy and growth?

F2: Staying attuned to market trends is essential to remain competitive and relevant in today's fast-paced market environment. It is important to be on the same page when it comes to identifying and responding to these trends with my co-founder.

TN: Can you describe a time when you and your co-founder(s) had to pivot your business strategy, and how did you navigate this change together?

F2: Initially, my co-founder and I were drawn to the allure of luxury brands, and our business reflected that. However, with the economic downturn, we realized the importance of making our brand more accessible and affordable for everyone, in line with the trend of people living more frugally. We decided to redesign our models to save costs, and our visuals are now geared towards a more affordable customer base.

TN: Then how do you and your co-founder(s) ensure that you are aligned on long-term business goals, and how do you prioritize your short-term objectives to achieve those goals?

F2: We regularly communicate about our vision and mission for the company. We set clear KPIs and deadlines for our plans and campaigns. We divide tasks for each person and closely monitor progress. We prioritize tasks based on their urgency. We also review and reorganize our short-term objectives to ensure they align with our long-term goals. It's important to remain flexible and open to changes in strategy as the business evolves and to be willing to adjust priorities as needed.

TN: How do you foster a culture of innovation and creativity within your business and encourage your co-founder(s) to contribute to this process?

F2: I am willing to learn from GenZ, not just rely on one's own experience. Encourage experimentation, even if it means failure. We both provide employees with the necessary resources, such as time, tools, and technology, to pursue innovative ideas. And the most important thing is rewards for creativity and innovation, such as bonuses.

TN: How do you and your co-founder(s) stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F2: We always follow our Vision and set clear goals for our business, then break them down into smaller, achievable ones. This provides a sense of direction and purpose and helps us stay focused and motivated.

Section 5: Funding and Financial Management

TN: Last section: funding and financial management. How did external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management when forming your team, and how did you adapt to these changes?

F2: Trends. I must stay informed about market conditions and trends through industry publications, conferences, and networking events. We also conduct market research to understand consumer preferences and adjust their product offerings accordingly. For example, prices are currently heavily influenced by e-commerce platforms and cheap products from China. We have to compete on price and maintain product quality stability constantly.

TN: What strategies did you and your co-founder(s) use to secure funding for your business, and how did you manage financial risks?

F2: I always set aside a reserve from the revenue to use in case of any potential risks. In the worst-case scenario, we can seek additional investment and potentially offer profit sharing as equity.

TN: I see. How do you approach financial planning and management when forming a new venture team, and what strategies do you use to ensure financial stability and growth?

F2: We set very clear financial goals in the short- and long term. We also develop a detailed business plan to identify financial requirements and potential funding sources.

TN: Last question. How do you and your co-founder(s) ensure you are aligned with your financial goals and budget, and how do you prioritize financial decisions for the business?

F2: Although I am responsible for financial management, I regularly communicate with my co-founders to review our financial plans, budgets, and projections. I set clear and specific financial targets for the business, and we agree on key performance indicators (KPIs) to track our progress toward these goals.

TN: Thank you for sharing! It was nice to see you! Goodnight!

Transcript 3

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 3 (F3)
Date and Time: 17/05/2023 - 7 PM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hello, how are you today? Happy to see you!

F3: Me too! Nice to see you.

TN: Let's start. What inspired you to start your own business, and how did you find your co-founder(s)?

F3: I went to Finland to study abroad at a young age - 17. Since then, I started to build up my passion for providing study abroad services for young Vietnamese so they can have a chance to approach developed education systems. I found my co-founders through our previous company, where we developed a strong professional relationship. There were 3 of us, and we had the same dreams.

TN: What were the primary drivers for your co-founder selection, and how did you prioritize them?

F3: The complementary skills and shared vision for the business are important. We prioritized individuals with expertise in sales and development and a deep understanding of the study abroad industry.

TN: How did external factors such as the economy, finance options, and the regulatory environment influence your co-founder selection process?

F3: External factors such as the economy, finance options, and the regulatory environment did not significantly influence our co-founder selection process. In the consulting services business, we can start with minimal funding and gradually expand our operations as the company develops.

TN: How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founder(s)?

F3: Factors like knowledge complementarities and interpersonal links significantly influenced our co-founder selection. We prioritized individuals with diverse skills and perspectives and a history of successful collaboration.

TN: Can you describe a time when external factors impacted your co-founder selection process, and how did you navigate this challenge?

F3: One instance where external factors impacted our co-founder selection process was when I joined the company. The existing co-founders had concerns about my contribution and the compensation for the work they had already put into establishing the company. Because of that, we engaged in open discussions to clarify expectations, evaluate my potential contributions, and determine a fair compensation arrangement that recognized their prior efforts.

Section 2: Co-founder Relationship Management

TN: How did you divide roles and responsibilities with your co-founder(s), and how has this arrangement evolved over time?

F3: We divided roles and responsibilities based on our individual strengths and interests. Over time, as our business evolved, we reassessed and reallocated responsibilities to ensure efficiency and growth monthly or quarterly.

TN: How did you establish trust and build a strong working relationship with your co-founder(s)?

F3: We established trust, built a strong working relationship through open communication, and shared the same goals. Regular meetings, brainstorming sessions, and transparency helped foster a collaborative and trusting atmosphere.

TN: How do you manage conflicts and disagreements with your co-founder(s)?

F3: Conflicts and disagreements were managed through active listening, seeking common ground, and finding win-win solutions. We valued constructive feedback and encouraged open discussions to resolve conflicts respectfully.

TN: How did you assess the potential fit between yourself and your co-founder(s) based on knowledge complementarities and interpersonal links? How did this impact the team's effectiveness and long-term success?

F3: Assessing the potential fit between ourselves and our co-founders based on knowledge complementarities and interpersonal links positively impacted the team's effectiveness and long-term success.

Section 3: Team Performance

TN: How do you and your co-founder(s) manage and motivate your team, and how does your co-founder(s) contribute to this process?

F3: We manage and motivate our team through clear communication, setting challenging goals, and recognizing and rewarding achievements. Our co-founders actively contribute to this process by leading by example and fostering a positive work culture.

TN: Can you describe a time when your co-founder(s) brought a unique perspective or skill set that helped your business overcome a challenge?

F3: There was a time when one of our co-founders brought a unique perspective in marketing strategies that helped us overcome a significant challenge in reaching our target audience. Their skill set and innovative thinking were instrumental in devising a successful solution.

TN: How do you measure and evaluate your business's performance, and how does your co-founder(s) contribute to this process?

F3: We measure and evaluate our business's performance through key performance indicators (KPIs) and regular performance reviews. Our co-founders contribute to this process by identifying areas for improvement and implementing strategies to drive growth.

Section 4: Business Strategy and Growth

TN: How has the external environment impacted your co-founder selection process and overall business strategy and growth?

F3: Market trends and customer demands influenced our co-founder selection process and overall business strategy and growth. We adapted by selecting co-founders with a keen understanding of the industry landscape and the ability to adapt to market changes.

TN: Can you describe a time when you and your co-founder(s) had to pivot your business strategy, and how did you navigate this change together?

F3: There was a time when we had to pivot our business strategy due to the emergence of a new competitor. We navigated this change by conducting market research, analyzing our strengths and weaknesses, and developing a differentiated value proposition.

TN: How do you and your co-founder(s) ensure that you are aligned on long-term business goals, and how do you prioritize your short-term objectives to achieve those goals?

F3: We ensure alignment on long-term business goals through regular strategic planning sessions and open dialogue. Considering market conditions and resource availability, we prioritize short-term objectives based on their impact on achieving our long-term goals.

TN: How do you foster a culture of innovation and creativity within your business and encourage your co-founder(s) to contribute to this process?

F3: We foster a culture of innovation and creativity by encouraging open idea-sharing and providing resources for experimentation. Our co-founders contribute to this process by championing innovation and supporting creative endeavors.

TN: How do you and your co-founder(s) stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F3: During challenging times, we stay motivated and inspired by reminding ourselves of our initial plan. We encouraged each other and initiated mental sections for our staff so we could all relax.

Section 5: Funding and Financial Management

TN: How did external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management when forming your team, and how did you adapt to these changes?

F3: We monitored regulatory changes to ensure compliance and adjusted our financial plans accordingly. We continually evaluated market conditions to identify potential risks and opportunities, allowing us to adapt our funding strategies as needed.

TN: What strategies did you and your co-founder(s) use to secure funding for your business, and how did you manage financial risks?

F3: We employed various strategies, such as seeking investments from angel investors and establishing strategic partnerships. We managed financial risks by conducting thorough due diligence on potential investors and partners and focusing on economic sustainability and contingency planning.

TN: How do you approach financial planning and management when forming a new venture team, and what strategies do you use to ensure financial stability and growth?

F3: I approach financial planning and management with a comprehensive and strategic mindset. We develop a detailed business plan and financial projections, identifying key milestones and revenue streams.

TN: How do you and your co-founder(s) ensure you are aligned with your financial goals and budget, and how do you prioritize financial decisions for the business?

F3: Alignment with financial goals and budget is crucial for us and our co-founders. We achieve this through open and transparent communication, regular financial performance reviews, and shared decision-making processes. We establish clear financial objectives and create a budget that reflects our strategic priorities. We prioritize financial decisions by evaluating their impact on our long-term goals, weighing potential returns, and considering market conditions, resource allocation, and risk management.

Transcript 4

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 4 (F4)
Date and Time: 05/05/2023 - 10 AM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hello, Nhu! How are you?

F4: Hi, Hieu! I am good, happy to see you.

TN: Section 1 discusses the co-founder selection. What inspired you to start your own business, and how did you find your co-founder(s)?

F4: Both my parents have their own businesses, so it inspires me to run my own at a very young age. It came naturally, as I always have the thoughts to run my own thing. In 2018, I started the dropshipping website with my friend, who was also my co-founder.

TN: What were the primary drivers for your co-founder selection, and how did you prioritize them?

F4: At the time, I was young, so my drivers were also simple. I sought someone with the same interests in my friend circle to start the business together. Running a dropshipping business was also considered " easy money" since we didn't need to put a lot of money into it.

TN: How did external factors such as the economy, finance options, and the regulatory environment influence your co-founder selection process?

F4: To be honest, I wouldn't say external factors influenced a lot since dropshipping doesn't require me to keep stock on hand. There was almost no regulatory influence, I think even now, there won't be a lot. The business also didn't require financial resources for finance options, so it didn't affect either. I guess the economy at the time was a good time to run this business since it was summer and our business was wellness related.

TN: Next question. How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founder(s)?

F4: They are both important in my point of view, but I lean over interpersonal links more. Since he is one of my friends, I know his personality well. He specialized in tech, and I was in charge of the BD. I think the fact that I know him before is very important.

TN: Can you describe a time when external factors impacted your co-founder selection process, and how did you navigate this challenge?

F4: I would say time because we were young and lack of experience. I made it clear that we would have to learn the process of running the business together, so I needed a lot of patience. It was also trendy to dig into dropshipping since some of my connections run the same business model.

Section 2: Co-founder Relationship Management

TN: Section 2 is about Co-founder relationship management. How did you divide roles and responsibilities with your co-founder(s), and how has this arrangement evolved over time?

F4: It is divided based on our strengths. I am a people person, and he is a tech guy, so I built connections while he worked on developing the website. I also took care of the management. This arrangement went well for a few months, and my co-founder stopped to pursue something else. Since then, I ran the business on my own and changed the business model to an offline shop.

TN: How did you establish trust and build a strong working relationship with your co-founder(s)?

F4: My co-founder is one of my friends, so the trust is already there. We hung out a lot and remained transparent about everything. It is very important that you can trust your work partner since you spend so much time with that person.

TN: How do you manage conflicts and disagreements with your co-founder(s)?

F4: We were free to express our thoughts, but when the conflicts happened, we communicated and tried to show the point with our logic. Ultimately, I have the decision-making power, so I can make the last decision even when there could be conflicts from time to time.

TN: How did you assess the potential fit between yourself and your co-founder(s) based on knowledge complementarities and interpersonal links? How did this impact the team's effectiveness and long-term success?

F4: I would say it is more about interpersonal links. We are friends, and it made the work chiller, I guess. We reminded each other to be open-minded and patient because we needed time and experience to apply what we learned from school. The teamwork between us worked for a while then my friend turned in a different direction.

Section 3: Team Performance

TN: Section 3 is about team performance. How do you and your co-founder(s) manage and motivate your team, and how does your co-founder(s) contribute to this process?

F4: We had 8 people on our team at the time. To save the cost, we only hired part-timers when needed. Mostly they were students who wanted to earn extra money. I managed them mostly and let my co-founder focus on developing our website.

TN: Can you describe a time when your co-founder(s) brought a unique perspective or skill set that helped your business overcome a challenge?

F4: In the beginning, he designed the website, which didn't bring good results. The click-through rate wasn't good. Then he thought of a creative way to redesign the website with white and grey colors. It worked, and we had some very first clients.

TN: How do you measure and evaluate your business's performance, and how does your co-founder(s) contribute to this process?

F4: I would say it is the number of sales we had. We also checked the budget on how much we spent on marketing and how many orders we had. It was a small business, so we didn't use any other metrics.

Section 4: Business Strategy and Growth

TN: Section 4 is about business strategy and growth. How has the external environment impacted your overall business strategy and growth?

F4: Since dropshipping was trendy in 2018, it was easy to find some communities of people who also did it. We could ask them for advice, and in the end, the decision was on us. I would say those communities were one external factor. It was my first time running a business, so it ended poorly.

TN: Can you describe a time when you and your co-founder(s) had to pivot your business strategy, and how did you navigate this change together?

F4: The business kept the same online model for a couple of months until my co-founder decided to leave. I had to adjust it to an online shop because my strengths are not about developing the website. I made it an offline shop for a few months, then closed it.

TN: How do you and your co-founder(s) ensure that you are aligned on long-term business goals, and how do you prioritize your short-term objectives to achieve those goals?

F4: Our goals were communicated and agreed upon first. We both wanted to learn to run a business; if we didn't succeed, it was still ok. If we make good money, then we are happy. If not, we learned a lesson. So when we were in the business, we tried to make it work, but we remained respectful towards each other's free time. In short, we communicated a lot and remained transparent.

TN: How do you foster a culture of innovation and creativity within your business and encourage your co-founder(s) to contribute to this process?

F4: Due to the communities' advice, we kept applying new ideas/ways to make it work. We checked carefully before implying, though.

TN: How do you and your co-founder(s) stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F4: It can be silly, but one of our close networks actually earned so much money from dropshipping at the time, so every time we hit a challenge, we tried to power through it.

Section 5: Funding and Financial Management

TN: The last section is about Funding and financial management. How did external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management when forming your team, and how did you adapt to these changes?

F4: I think it was the golden time for dropshipping, and there were no regulations, so it gave us a chance to be creative and learn from whatever a startup would be running. We didn't need to invest much, but when we did, my co-founder invested the money. We gained back what we invested, and I would say we made some profits.

TN: What strategies did you and your co-founder(s) use to secure funding for your business, and how did you manage financial risks?

F4: Everything was quite simple since there was no funding, and it was just our pocket money. The only money we spent was for marketing and later for hiring part-timers. I wouldn't call it a strategy, but maybe we should have considered it.

TN: How do you approach financial planning and management when forming a new venture team? What strategies do you use to ensure financial stability and growth?

F4: As I shared, there was no strategy back then. We just tried to manage the ROI. We put in 1000e and then received around 20 - 30 clients, which was good enough. The business was unstable, and as I shared, since my co-founder left, I stopped in a couple of months.

TN: Last question. How do you and your co-founder(s) ensure you are aligned with your financial goals and budget, and how do you prioritize financial decisions for the business?

F4: We agreed on most decisions, and he let me make the last call. We wanted to make money at the time, and we tried and failed and kept trying. Since we agreed not to put crazy money into this project, the budget was small and easy to manage. About financial decisions, we put the money on marketing to get back money first. Everything else can wait.

Transcript 5

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 5 (F5)
Date and Time: 11/05/2023 - 6:30 PM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hi, Long. How are you today?

F5: I’m very good. Thanks for inviting me.

TN: Thank you for being here. I'm delighted to see you. Please share a bit about your company.

F5: At the beginning, we had three co-founders: myself and two others. That didn't work out for the three of us. After roughly a year and a half, one had to go. We can dive into that later. That's the story.

TN: Let's start with question one. What inspired you to start your own business, and how did you find your co-founder?

F5: When we started the business then, I thought more about technology, but we didn't have a clear idea or a legal market opportunity I could work on. On one occasion, I talked with a friend from my master class, and he mentioned a huge number of new apartments being built and delivered within the next three years. The number was 200,000 apartments coming in the next three years. And on the back of the envelope calculations, I saw that this is like 70,000 apartments coming every year, and within my city, that will be about 50,000 apartments per year. My understanding was that roughly half of them would require a fit-out. Fitting out means having a whole team design and build all the custom-made furniture items for you. That service is popular in Vietnam because of the cost advantage. One company can do at most two to three construction sites per month. That would add up to a very small number. It was clear there was a market opportunity. And the demand superseded the supply for at least three years.

We started with a hypothesis. I thought technology would be fine, but this is a good opportunity to get into. After that, I met an architect friend who was already working as a freelancer. I contacted the lead designer and proposed to him for us to partner. I just graduated with an MBA, and I wanted to test my skill in Business Management too. When we started, we thought we would want to have one more person just to break the tie. So yes, that's the first piece. We didn't want to have a situation where we could make a decision. That's why I asked one other friend to join. He had a background in digital marketing and thought he could be of great help. We selected myself as the CEO of the company. We started running ad campaigns and building brand recognition, including the website and brochure, to run leads/customer prospects. We designed processes to give them for the sales process, which was essentially a consultation process where you would come into their house or meet them in some locations and see the picture or see the locations and tell them what you would do with their house and try to convince them we can have a great solution for them for a very reasonable price. Through that sales process, they would assess our expertise, and we tried to give them value upfront and give them the knowledge for free. We would sign a contract and start designing for them when they were ready. This design process includes building a 3D model of the house or the exact floor plan that they have with all the pieces in place. Then we have the iterative process of designing usually takes up to a month which is a long time because people are very picky about how the house would look. I guess you would want to know more about the co-founder aspect of it than the business side, so I let you continue with your questions.

TN: The second question. What were the primary drivers for your cofounder selection? And how did you prioritize them?

F5: It was not my first vendor. So not my first experience with selecting co-founders. So coming into the partnership, I had very clear criteria for it. Number one, it will sound strange, but to me, it's right that you would want a giver on your team, by that I mean someone who would be generous enough to overlook some of the details of how to split the profits, how to split the work, who would want to go above and beyond to not looking over your shoulder and say ”Hey, is that guy doing as much as I do? I can explain the rationale for that criterion because it doesn’t sound like a business one, but it is. The biggest part of why you would choose a co-founder instead of hiring someone is because of the uncertainty of the business itself. Coming into the venture, you wouldn't know beforehand who would do what. You would know roughly the area, but it is the future. You can tell that this person will be 70% important, that guy will be 30% important, and things will change too. Maybe in the first six months, I wouldn't be important, but after six months, he would be important, or she would be important. It's extremely hard to run lines: this is equitable, this is fair. It is impossible. It would never be enough for someone who always looks out for themselves. You would give them 70% of the equity; all they would see is that they do more and would not be happy about it, and it wouldn't last. So yes, the first criterion was people who don't care much about who gets what. We are biased and see that we do more because 24/7, you know everything you do, but you don't see what the other person does. There is an inherent bias that you do more than others. The two persons I chose to start with are both that kind of person. Second, you could work with the chatter daily and complement each other. One would be working on digital marketing. One would be on operations and overall leadership. One would be on design, working with customers, closing deals, etc.

TN: For your second criterion, can I call it knowledge complementarities because everyone has different expertise, and you mentioned someone you could chat with daily?

F5: Yes, that's important. Everyone has to be important. Or as they would be dissatisfied and it will bubble up. It is a combination of both characteristics and knowledge complementarities.

TN: Question number three. How did external factors such as the economy and the finance options in the regulatory environment influence your co-founder selection process?

F5: Yes, some external factors, but we needed the people who were stable themselves. That's part of the co-founder, but it's also part of the external environment of it. You don't want them to be vulnerable to financial debt. It must be true, especially when considering something a market opportunity. And you rely on things to happen how you expect them to, like when you put in 100 million Vietnam Dong or 200 million to run an ad campaign. You will assess how effective it is. What's the concept of customer acquisitions? How do I compensate for that customer acquisition in the short or long term? Through which amount of time and the risk of not recuperating that investment? It is part of the external factor influencing your co-founder selection: who can close the deals faster, run the campaigns more effectively, with less money, and keep the customers coming back.

TN: When selecting your co-founders, how much weight did you give two factors, like knowledge complementarities and interpersonal links?

F5: Personally, I don't think you can not have any of those. They are both required.

TN: Question number five. Can you describe when external factors impacted your co-founder selection process? And how did you navigate the challenge?

F5: You select your co-founders once, so they can't be another time you've influenced that decision. I don't think I should have thought more about that question. It was just some opportunity to build the business and the people you could work with. Actually, I have a point on that. You must know the person to satisfy the criteria I said before. I needed to see them in person because I couldn't partner with someone in Hanoi or other cities. We had coffee quite a few times; the details are offline. It has to be physically the same space in the same city.

Section 2: Co-founder Relationship Management

TN: Section two, co-founder relationship management. How did you divide roles and responsibilities with your co-founders? And how has this arrangement evolved over time?

F5: We needed a decision-maker, and I was taking that role. I explicitly asked both of them, "Hey, we're together, but we really need a decision-maker. We can't always have a stalemate like not having a direction. I don't care if I would be the CEO, but I think it would be best based on my background." both of them agree. That's the first piece, and then the second piece, which is who's doing the role of the operation side, like dealing with the contractors because we rely on the contractors ourselves and overseas construction projects. Who would be designing and working with the customers? It was obvious because one person couldn't do it while the other, with a digital marketing background, couldn't design a house. Over time, I took on more of a customer care support role because I handled that type of request better. I'm just giving an example. "Hey, how come the price of this item you're giving me is so high, and how will you handle it?". That kind of question for customers and a big part of it as things evolve is you naturally find who's better at doing what. You don't even have to talk about it. You just do work; someone else would take it if you're not doing something well. It's very natural, and sometimes it's too natural. It's not good when it is too natural because you don't have space for growth. One person who's designing houses will always be designing a house. How would you grow into a management role later? You have to be uncomfortable sometimes, but the natural cause of things is for people who do what they are familiar with.

TN: How did you establish trust in building a strong working relationship with your co-founder?

F5: That's the easy part. That is Stephens's values and principles, to begin with. We had four principles, customers pay for us to be here together, and we appreciate that. The first principle is that we have to take care of them. The second principle is that we are all in this together, one for all and all for one. As I said, you need to give him a mentality that doesn't count your amount of work all the time and compares yourself to others. The third would be that setting the same values is easy, but having the same values is hard. To say and to do is a different thing. You could agree on those things, but what shapes your values is your daily decisions. I can give you one example. We worked with a very hard customer. I don't think many customers are bad. But we are in a conflicted relationship right at the beginning. One person would want a lower price and more stuff. We would want to give them as much as possible, but we need to maintain operations, so we were in a conflict during the negotiation process. We served this customer for weeks, which cost us a lot of resources. At some point, they were walking away, and on calculating the situation, it would be best for us to discontinue serving them because we have a lot of sunk costs. We looked at the continuing aftermath relationship, and it would be profitable for the second part of the relationship if we continue with the contract, but not profitable for the whole relationship. We would not make it up what we spend, but we would lose less. I said, "Well, one of our corporate supporters has to be brave to do the right thing." Because it's important for us to keep our morale, it's important for us to stick to our guidance. We decided to refund the customer. "This is your deposit. We're breaking the contract ourselves. We pay for it." That kind of decision sets the tone. It was hard, the money and the compensation itself. How would you pick up the phone and call them and say, "I'm not working with you anymore." Because they would be mad, they wouldn't think they were wrong. No one thinks they're wrong. And you have to be polite. It costs too much for us if they post about the company on Facebook and social media. I had to be polite and say, "I know you're upset, but we can't work on this anymore. You get your bargain, a free design, and a lot of services for weeks for free. So it's not that bad. You just have to work with somebody else who can work with you, not us." What kinds of hard decisions set the tone for the company? That said, that would keep everyone on the same page about the values and principles themselves. You can never tell someone this is the principle; they would believe it. They may believe it, but emotionally they don't trust it. It has to be a hard decision made.

TN: You told me you had four principles? Wanting to take care of the customer? To is like the giver mentality to is like to set the tone. What is the fourth principle?

F5: The third was being brave. I can't remember the fourth. Sorry.

TN: Question number three. How do you manage conflict and disagreements with your co-founders?

F5: I wouldn't call it management. You try to get over it. One co-founder couldn't keep up even though we chose very carefully at the beginning people who were willing to make work and generous about their work, generous amount of contributions. One person couldn't deliver in terms of the quality we needed. And the other person was extremely mad about it while I was calmer. I told him to "give it more time, and it's not just his fault. This is all of us." But it was too much stress between the two of them, and it affected me too. In that situation, I guess you make the decision or the management. You talk about it and find the solutions. Most of the situation would be deciding whether you stay or leave. I don't think many of those situations can be fixed. In the end, I took the other person aside and crafted a deal for them "This is a set dish that you have right now, but I think it is best that you leave early, which is why we compensate to this much. You will have less equity. You have some conversations and must leave because we can't work together anymore. But please understand this is based on our friendship. Things have to work, and it's not bad for you." The decision would be made before you meet the person, you can't come in and ask what you want to do, and there will be two up in the air, and no one would know what to do.

TN: I understand your example. This was when your company had to deal with a big conflict that someone had to leave. How about the other conflicts which were not at the level that someone had to leave? So how do you handle it between the three?

F5: Like any coworker. Fundamentally, I don't see it differently. You are codependent on each other. You can't operate it on your own. If you do one part and the other person doesn't do their part, the outcome would be bad anyway. Like any coworker, you negotiate and influence somehow to encourage them to do what you want. The same for them. They would try to get you to do what they want or, more correctly, what they think the correct course of action is. And if nothing happens, then when one of us would have to throw a hotline and say, "I really believe in this. We must do this." But it's an ongoing negotiation like any coworker would.

TN: How did you assess the potential fit between yourself and your co-founders based on knowledge complementarities and interpersonal links, and how they this impact the team's effectiveness and long-term success?

F5: These are great questions. It implies a quantification of something hard to quantify. How to access the fitness between you and your friend? In a sense, we want to quantify everything so you can repeat the success. Like you do the research, you want to find a formula for it. I guess we would have some criteria in your mind, but in the end, it is some sort of gut feeling. You know it's best if you have known the person for a while and would question if the person is a giver. That's the criterion, but answering the questions requires some gut feeling. You can't know for sure. The easier stuff would be the skill set/the background, but that's easy as you look at a resume and say, I need someone to run ads, and this person has that experience. But that's the easy part. You don’t need a formula for the easy stuff.

TN: How did this impact a team's effectiveness and long-term success?

F5: That's an easy question. The decisions that you make at the beginning will follow you for years. Many problems that would have happened will be resolved before it happens. For example, if you look for responsible or high-ownership people in your team, you don't have to argue about why you are doing work. That's one problem solved. And if you have the giver on your team, as I said at the beginning. And the conversation when someone has to leave would be ten times better. I mentioned that my meeting was painful on my side and from his side, but there was no argument. He accepted right away. “Okay. I understand”.

TN: Besides you and your co-founders, do you have team members like the people you recruited?

F5: Yes. We're a small company. We have three other employees working on the design and construction sites.

Section 3: Team Performance

TN: That leads to section three team performance. How do you and your co-founders manage and motivate your team?

F5: Every company might do it differently, but we hold weekly meetings. The weekly meetings are partially to catch up on who's doing what and to teach culture. I think it's important. Culture is the glue that binds everyone together and motivates everyone. So you have to teach culture, and you have to repeat the vision all the time.

TN: How do your co-founders contribute to this process?

F5: Unfortunately, it was mostly me. It would be more effective if everyone could contribute. But not everyone is good at discussing abstract things like values and principles.

TN: Can you describe a time when your co-founders brought a unique perspective or skill set that helped your business overcome a challenge?

F5: Of course they are. More on the stronger co-founder, and he leads all the design customers. At one point, we changed our strategic direction. And it was from him that it was important for us to survive.

TN: How do you measure and evaluate your business performance?

F5: It is not very sophisticated. We measure in cash. That's the top line and bottom line. There are some indicators too. But the leading indicator to show that your business is doing well is the time to completion. How long it takes to close the deal, how long it takes to finish the construction site, and how many problems happen after you hand off the key to the customers? If you keep metrics like that, how much does it cost to acquire one customer? And how often do they come back? What's the ratio of them coming back?

TN: How do your co-founders contribute to this process?

F5: We all keep track of numbers. And the money numbers are easy. It is in the accounting system. The time to completion of the design phase is kept by the person who designed and does customization for customers and tries to close the deal. The cash reduction numbers are done by the person responsible for the construction. I would keep track of numbers that have been lost, like waste. Every construction site will have errors like a mistake such as we have to rent another car to bring stuff over the kind of waste and or this is the wrong dimensions. We must throw the whole thing away because we missed some critical measure steps and do it again. The waste is also very significant. I keep track of that, and we try to minimize that.

Section 4: Business Strategy and Growth

TN: Section four, business strategy and growth. How has the external environment impacted your overall business strategy and development?

F5: That's very clear. And we started with a lower-value segment because there was more of it. These are lower-cost apartment buildings, and the owners would require lower-cost solutions to build a house. That would mean lower-cost materials, fewer materials as material design, and lower contract value. And over time, that segment became harder. We can only guess we can’t tell for sure. We just noticed it seems to get harder. Maybe we didn't run our company as effectively or other factors. It became harder. The cost of acquiring customers increases, the negotiation lasts longer, and the profit is squeezed. So we had to reassess them. If this continues, we will not be able to serve, to sustain. We thought part of the issue was that getting into the lower segment was much easier. You need to hire an average architect or designer; the average things are easiest to hire or rent. It's easy to hire an average-quality constructor or contractor. We decided to move up the value chain and the segment slightly. Come up with more fancy designs with higher contract value and try to reach the customers who will pay more. They will require more and be harder, but at least we do things fewer people can do. So the environment changed that way, and we responded by changing our customer segment. Cheaper segment or higher segments is never easy. The customers would call you at midnight and complain about things, and you would lose sleep. But in the end, as a business owner, you have to please all the guests. This is COVID; the global economy is moving in that direction status, and the Russian war affects the supply chain. None of it matters. It doesn't affect how you do things. At the end of the day, you forget about them. You can think about it sometimes just for fun, but it's too large. It's outside. It's out of your control. All you can guess is make the best guess based on the fact is your cost of customer acquisition goes up. It doesn't matter if it's because of COVID or what, but the fact is there, and you have to respond. I guess whatever you do with your business or strategic directions is driven by mundane or factual things. The macro trends are interesting, but they don't matter.

TN: Question number two. Can you describe a time when you and your co-founders had to pivot your business strategy? And how did you navigate this change together?

F5: We just did that, right?

TN: Yea. Question three. How do you and your co-founders ensure you are aligned on long-term business goals? And how do you prioritize your short-term objective to achieve the long-term goals?

F5: We are not very sophisticated business owners to think in terms of five years or 10 years. We did have some plans, including trying things like selling individuals' products instead of doing service. That's one we try to up and down market segments, but the long-term goal was, to be honest, to get rich. But not to get rich just to get rich, but we want to see ourselves creating values and getting the rewards that we think we deserve. That's how it is. In the short term, we focus on what we think is important such as keeping the cost down, increasing the number of customers we have, and raising satisfaction so they come back and refer you to others. And the long-term goal is to have more team members and pay everyone better. Very, very basic stuff.

TN: How do you foster a culture of innovation and creativity within your business and encourage your co-founders to contribute to this process?

F5: Every week, I ask, "How is your work different now than it was a month ago?", and my co-founders will start asking that same question to the other team members in their interactions. And the idea was that you must build a competitive advantage over time. You can't have it at the beginning because it's just starting, but you need to have it over time because things will get harder. Once the market opportunities disappear, and it did, you will have something to cling to. You have to be able to do things that few other pupils can do, like professional management and project management, to keep costs down with less waste, shorter construction sites, and less cost to deliver the product and understanding customers better so you can deliver more satisfaction. By asking that question, it will trigger everyone to try to change themselves. Most of the time, or at least at the beginning, they would say, "Nothing, I'm doing what I do. I mean, I'm still giving consultations to customers. I'm still designing, I'm still managing construction sites". But you will force them to have an answer, and they would come up with things like, "Before, I was just there at the sides. Now I'm being a lot more stringent in trying to catch the errors, a lot earlier in the installation process". That reduces cost for contractors in for ourselves. That kind of thing.

TN: How do you and your co-founders stay motivated and inspired to keep growing your business? Especially during challenging times when external factors may impact you.

F5: Back then, to stay motivated, we just tried to keep ourselves sane and not go crazy; we lost sleep and got yelled at all the time. To keep motivated, we organized company trips every six months. That's one we go out to pizza sometimes, and it's important to have positive energy in the group. That just really comes from the nature of the person themselves. This person has more positive energy. That person has more negative energy to try to have as much positive balance as possible. Now, I would add to it you need to do what you enjoy doing. It sorts quite a few things. Like a designer is obsessed with designing the best things, that person would design for fun anyway and be happy with that. And yes, that would reduce the stress during working with customers, that will reduce the emotional stress of being at the office doing it by themselves and working on the desire for hours.

Section 5: Funding and Financial Management

TN: Section five is about funding and financial management. How did external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management when you formed your team, and how did you adapt to these changes?

F5: External factors such as regulatory requirements are unimportant because it all depends on how much money you need to start. Usually, it includes a few basic things same as many companies. How much to pay for rent? How much do you need to acquire customers, and how long would you recuperate that? When you do the calculations, you will say, "To do all of these things we need, that will be a 500 million VND gap in money, and then you would come up with that money somehow. Either on your own or raise funds. In our cases, we managed by ourselves. But it started with the understanding of how much you need. The regulatory requirements are important for some industries, but it still comes down to that same equation. We need to get this license for this much and pay this much for other regulatory requirements like safe fire hazards, safety things, and those things. But it all comes down to this is the financial number/cash number that we need.

TN: What strategies did you and your co-founders use to secure funding for your business, and how did you manage financial risk?

F5: We started with our own money. So that was easy. We didn't have to seek permission from others. We manage financial risk by keeping track of the numbers. Right at the beginning. We were keeping track very closely. This is the exact amount on average that it takes to get one call for one prospect, and that prospect is the ratio 10%, 20%, or 30%. That we can convert into paying customers and this amount of time we spend working with the customers. All the numbers have to make sense. From our perspective, this is economic unit cost/unit profitability. So if we can make a single customer and we can keep it, we can have a business. Otherwise, it will go down sooner or later.

TN: How do you approach financial planning and management when forming a new venture team? And what strategies do you use to ensure financial stability and growth?

F5: The stability part is done by keeping track of the metrics. As I said, in the beginning, we didn't have a financial plan that maybe we should have had. It was very rough. We said, "Okay, this is 50 million for renting over six months, and we have 200 million extra to try to get as many customers as possible because we didn't know beforehand how much it would cost to get customers. And we started to run with things and do all we could as the numbers came later. There was not much financial plan at the beginning, except that we thought that amount was enough. It's not even enough. This amount of money will give us a fair chance.

TN: Last question. How do you and your co-founder ensure you are aligned with your financial goals and budget? And how do you prioritize financial decisions for the business?

F5: Yes, that's an interesting question. Our situation was also interesting. I solve it by mostly spending my personal money. I would put my money into the starting part. And I would tell them, "Even if we go bust, even if we can't make it back, I don't expect you to pay back." This is just so that's part of being generous to each other. I have more I put in more, and I don't expect you to go bust. But I will have more decision power on how to spend. I would decide to spend this much on ads, just run them because if everyone is so worried about losing money, we can't do things. Everything will be so slow, and nobody can take risks. By taking on that risk, personally, I saw that the team, they wouldn't be they wouldn't want it to happen, but they don't have to shell out some money from their pocket every month, every day, every week, and causing anxiety.

TN: How do you prioritize financial decisions for the business?

F5: You want to know your priority at any given time. At one time, you will say, "We're fairly good on the customer side, but we're not doing so well on meeting the requirements like we don't have enough people to make sure everything is of good quality. Then your priority would be on operations, and of course, you will spend on things like training and things like that. But at some other point, you say, "Our priority right now is to get more customers," then you would put money into that. In the beginning, we needed the revenue, so 80% of the money went to ads.

Transcript 6

Interviewer: Thi Kim Hieu Nguyen (TN)

Interviewee: Founder 6 (F6)
Date and Time: 18/05/2023 - 11:30 AM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hello Jerome! Thank you for agreeing to join this interview with me.

F6: I am happy to answer a couple of questions. Sorry, I didn't have time to take a look at all the questions and everything. So I didn't prepare anything.

TN: It is okay since the questionnaire is mostly focused on the formation process of your team

F6: That's more than fine. I had some co-founders, so I'm right on the target.

TN: Can you tell me what inspired you to start your own business and how did you find your co-founders?

F6: Originally, I wanted to start a project, so I almost did it twice before really getting into it, but it was also strange then, so I didn't do it. My main co-founder was someone from the family circle. He actually came up with sort of the beginning of an idea. He talked to me about that, and then we thought about it and moved forward to transform that into a startup idea. We kept pushing and, in the end, launched something. It's really as simple as that, to be fair.

TN: We can move to question two. What were the primary drivers for your co-founder selection, and how did you prioritize them?

F6: Honestly, I was really bad at that. I should have selected better. That's why it ended up very badly. The main driver at the time was more "Here's an opportunity. Let's get it. Okay, you kind of had the idea. So let's do it together. Now from some perspectives, it is really bad.

TN: Question three. How did external factors such as the economy, finance options, or the regulatory environment influence your co-founder selection process?

F6: I wouldn't say so. It's not in my experience. Now, maybe I would give it a little bit more thought, but not at the time. Also, I don't know if it's an excuse for you, but maybe you will have a lot of different answers between experienced and new entrepreneurs. My profile for this experience is more like it's my first real entrepreneur experience or would be more time entrepreneur. I have an engineering background. Then I also did a business school, and I'm actually using the business school background more than the other one.

TN: Question four. How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founders?

F6: I would put some weight on the knowledge complementarities. Because he was supposed to do stuff I didn't like to do and didn't know, like the very big promotion boards, etc. And the interpersonal links are not that much. It happened because he talked to me about the idea, and we were getting in contact because we were in the same family. But it wouldn't have bothered me if I had the same ideas and context with somebody outside this close circle. I would say quite some weight for the skills complementarity but not so much for the interpersonal links.

TN: Can you describe a time when external factors impacted your co-founder selection process, and how did you navigate this challenge?

F6: We had another minor co-founder as well, and it was a tech guy, and he had an experience in the industry in which we wanted to launch the project. So it influenced a lot.

Section 2: Co-founder Relationship Management

TN: Section two is about co-founder relationship management. How did you divide roles and responsibilities with your co-founders? And how has this arrangement evolved over time?

F6: The easiest part was between tech and non-tech co-founders. It's more obvious how to divide the workload, responsibilities, and decisions. It was not obvious between non-tech co-founders. I cannot really answer that because it went naturally, but the natural way was not good. It ended up very badly.

TN: How did you establish trust and build a strong working relationship with your co-founders?

F6: Well, it was good. A lot of communication, daily contact even more sometimes. That's the main thing that can make it really good. If you do that and align on everything, you know what the other is working on. And then you have trust and just keep being informed, and the trust is always there. So I would say that the main thing is a lot of communication to stay on the same vision and have the same values.

TN: Question three. How do you manage conflicts and disagreements with your co-founders?

F6: It's as obvious and simple as I shared: we discuss it. But sometimes, it is not enough. So we try to divide who will have the final word for which kind of decision and then try to stick to it, or else it won't work. I think the process is still good, and with other people who could have worked well to really define Okay, I'll be okay about everything which way to be aligned, and if we are another line, the person in charge will have the final word. Technical matters go to the co-founder for commercial decision. Its political founder and foreign investment decision.

TN: How did you assess the potential fit between yourself and your co-founders based on knowledge complementarities and interpersonal links?

F6: It's a hard one for me because I didn't do all the steps I should have but I didn't. Skills were okay. I saw one big skill I normally didn't have, so I didn't want to do the web. I thought it could work this way. Then relationship-wise, we didn't really think about that; as I said, doesn't really matter to me at the time I could have done it. Anyone would have been the same because even though we were close and knowing each other for years, I didn't have the professional context. So I didn't know I was working on a coefficient. It was all the stuff and the same for him. Obviously, I asked around, especially my wife and the feedback was good, but it's not real proof. Because of those insights, I decided to start the business.

TN: How did this impact the team's effectiveness and long-term success?

F6: In a very negative way. The relationship interdependence was really affecting the outcome of the relationship in the long term because it's harder to make a tough decision, and it took me longer to discuss it with him, obviously for personal reasons. It would be quicker if it were an external person or somebody I met in a professional context.

Section 3: Team Performance

TN: Now we discuss team performance. How do you and your co-founders manage a motivated team? And how do your co-founders contribute to this process?

F6: We work with a lot of flexibility and autonomy. They have a launch scope, they can do the stuff the way they want if they're efficient, and it's going well. To motivate them, we keep delivering the vision and the good news and try to make them adhere to the vision. They also support the project vision-wise; they are aligned with that, so they want to support the clients we want to serve. That's the two main things. If we can reward them financially, we have done that a couple of times, but not that much, because we need the financial means to do it. All the confounders contributed to motivating the team, I suppose.

TN: Can you describe a time when your co-founders brought a unique perspective of skill set that helped your business overcome a challenge?

F6: I have one example. We are in the crypto industry and the gaming space. At some point, we really thought about whether we should keep installing crypto cryptocurrencies in games. Does that make sense for the average gamer? One of the co-founders brought the idea of knowledge "Just discount out and let's just emphasize the ownership with NFT." If you're familiar with a basic product-wise, remove something to make it different and more appealing to a certain audience on the market.

TN: Question three, how do you measure and evaluate your business performance? And how do your co-founders contribute to this process?

F6: Right now, they're not really in a good situation. The main reason is that we pivoted a little bit too late. And that's because we're not 100% aligned. I'd say we contributed badly.

TN: How do you measure the business performance?

F6: We have two parts, one that we're slowly discarding: video games per sale. And this is the main KPIs are obviously revenues you can generate from that but also the number of players and, social interaction, media engagement when shopping for the games. These are the main KPIs, and the other part, which is trying to push the wheel more like a SAAS software, software tech platform. Then the two main KPIs are revenue again, obviously, and the number of b2b clients we can have on the platform.

Section 4: Business Strategy and Growth

TN: Section four is about business strategy and growth. How has the external environment impacted your overall business strategy and growth?

F6: For the business growth strategy was very good in 2021 because it was an explosion of web awareness. The market exploded, and awareness about cryptocurrencies and NFT as well. That was impacted in a good way. Middle last year and this year it has been bad because the market is completely done. So harder to raise funds and sell NFTs to do with gamers and harder to develop in any way. And then there is also something that is not decided yet, but the legal regulation, the legal part, which is looming over so hasn't been very clear so far, but it could impact the market very negatively.

TN: Can you describe a time when you and your co-founders had to pivot your business strategy, and how did you navigate this change together?

F6: About the pivot, last year, we said to investors to focus less on the games and more on the platform, and we disagreed on that basically, so it was okay to sell it, then get the money but keep developing games even though I truly believed this was the best chance to make something out of it. Also, I prefer to have like a transparent relationship with investors. That was the basis of a big conflict.

TN: How do you and your co-founders ensure you are aligned on long-term business goals? And how do you prioritize your short-term objectives to achieve the long-term goals?

F6: That's the thing we didn't manage to get aligned on the long-term goals, and that was the foundation of the breakup. We try by discussing that for hours and hours and many messages and fights to get through. But then we didn't have the same arguments. I was more talent-driven, and he was more, "I want to do the initial stuff and the things that are really cool and crazy." So yeah, that's also why we didn't have the same perspective on the same measurements. That's also why we didn't understand each other and the inner line.

TN: Question four, how do you foster a culture of innovation and creativity within your business and encourage your co-founders to contribute to this process?

F6: First, we listen to any idea. Any idea can be good, and we always tell everyone to speak up, challenge, and then bring a solution but not just say no. Or at least to perspective or new insights. We also tried to document everything on the notion or at least something everyone shares. Also, you can get back to notes. You can also see why we decided or made some decisions at some point. And sometimes it's good because people can refer to them, get new ideas, and suggest new stuff. Having the freedom to speak up and be listened to, and then we sometimes decided to go with it, so it's not just, "Okay, you can speak up," and then we listen to other co-founders, but also employees or interns. And if it makes sense, we change a little bit and reach a little bit what we're doing.

TN: Question five. How do you and your co-founders stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F6: The main thing I did over the past few months was to be as transparent as possible. So explain why the decisions were taken, what happened, why we should move to this platform vision, and what perspective is, and then: repeating, repeating, repeating so they can understand it first. They can align with that. Then they can support the vision, but also, if you don't trust this vision, and it happened with one or two guys, feel free to leave. That's normally happening. We have cycles in the development of the company. We are just fair to each other. I give you time, like if you need whatever is needed and help so you can get on board to something else, and it's good for you and your career as a personal person. But then be also fair with us. Give us time if we need to find a replacement; it was very good with two people who quit. Another one was not saying what was wrong; he was also remote. We both shared that the main thing was to be transparent, don't hide anything because people were smart enough to understand the challenges and expectations of partners, clients, and investors.

Section 5: Funding and Financial Management

TN: The last section is about funding and financial management. How the external factors, such as the regulatory environment in market conditions, influence your decision-making regarding funding and financial management when forming your team, and how did you adapt to this change?

F6: That impacted a lot because you can respond when the VC market is really up. More or less are into it, so you do it. Then you have the capital to employ more people. But then it started as easy to reduce if the prospects were not good enough to raise the game like it is now. You're still burning cash, and you're reducing your cash flow. Not that easy, but the market was really crazy, but with three at some point, influence to raise capital or otherwise, maybe we would have kept a smaller team to keep the cost a little bit down. But it would have taken more time to develop.

TN: Next question. What strategies did you and your co-founder use to secure funding for your business, and how did you manage financial risk?

F6: We started with grants and public money in the form of grants. A very small lot of money around, and because we live in France, which has a lot of programs to use to get more grants but also over time. We have notes and debts as well. Thanks to the small amount, we raised to leverage probably times 3.5 to four, which was good. And then we went through with all the fundraising. To manage the financial risks, we use projections to see where we are heading, when we lack cash or when that happens, and when we are spending a lot. Is it people, is it software, is it external consultancy, or whatever. Then try to anticipate and find new financing sources for that and for the risk and the second factor. Then, when you know when you have everything projected and when it's going to find out, then try to find the pockets of revenues as soon as possible. Because it's better for your company, but also give proof then to get more instruction to get more we come back to the what KPIs do you measure for new fundraising if we need some of them.

TN: How do you approach financial planning and management when forming a new venture team, and what strategies do you use to ensure financial stability and growth?

F6: I don't think we have the experience to really tackle those points before. I have like a ten times Excel where I simulate everything when I report the real expenses to see if my projections are more or less okay, or if I'm way off, then adjust again to see where when it's going to end up. But apart from that, we didn't really have a strategy that was more about how much cash we had. Where will we be at that point on the roadmap? Is it good enough then to get a new ground and you raise or whatever financing sources that we can get? If not, then let's redo the roadmap, or let's see where we can save costs. And let's see what KPIs traction KPIs we could get to I don't have money from the bank or money from new business angel investors. And then try to be anxious always with all those parameters.

TN: Last question, how do you and your co-founders ensure you are aligned with your financial goals and budget, and how do you prioritize financial decisions for their business?

F6: That's something we have not processed enough. The expectations that we could have in terms of revenue, so let's say we had 50k on the marketing for this game because we think this game can bring in that amount. I think that's the main driver for the investment decision. But really, can we get revenues pretty quickly by investing in this or that, and where can we get the most or then if we cannot have like a full revenue size, expectation, it will be more about what are the next best steps we should invest in to get artists to action, like followers on social and players or like first clients to use to convince people then to invest more in the project.

TN: It's very nice to talk to you because it gave me a lot of new perspectives.

Transcript 7

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 7 (F7)
Date and Time: 09/06/2023 - 11 AM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Thank you for being here today. What inspired you to start your own business, and how did you find your co-founders?

F7: What inspired me most was the freedom you have once you manage to have a successful company because I never like to have a boss, someone who decides when I can go on vacation or what type of work I must focus on. I like freedom. And that's why I've always wanted to be self-employed. The other reason is creativity because starting a company is a creative process. You are constantly confronted with new problems for which you have to come up with creative solutions, and that's also my strength, and that's what I like to do. Those are the two main reasons. I found my co-founder when I worked at PwC, so this was my first and last job after university. He's also a very close friend of mine, and personally and professionally, we match, you know, the strengths are my weaknesses, and my strengths are his weaknesses. That's why we decided to start the company.

TN: What were the primary drivers for your co-founder selection? How did you prioritize them?

F7: Yeah, the most important is a personal match. Because this is a person you have to work with all the time, you probably see that person more than most of your friends or partner. In my case, I wanted someone hands-on who doesn't overthink things, saying, "Okay, let's do a trial and error approach.” Because some people are perfectionists, they plan and plan and plan and then never get the result. He was a very hands-on person and very structured. I'm more creative, maybe a bit unstructured part. As I said, he has strength, which I don't have, and vice versa. It's a really good match. And I think it's important you are not completely similar, but not as different so that you know you are not getting into conflict.

TN: How did external factors such as the economy finance options in the regulatory environment influence your co-founder selection process?

F7: No, they did not influence me because I met him on the project. There was no external influence in the co-founder selection process.

TN: How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founders?

F7: They are both important. I would say 50/50. If you have 100 points to allocate, I would say 50 go to knowledge, and 50 go to personnel.

Section 2: Co-founder Relationship Management

TN: Section two is about Co-founder Relationship Management. How did you divide roles and responsibilities with your co-founders? How has this arrangement evolved?

F7: We have allocated roles and responsibilities based on strength. I'm more of the creative part of us. So I do things where you need to think outside the box, like marketing. I'm quite good with people, so I also recruit. Whereas he's more of the structured guy, he does everything about structured implementation. For example, we have much to do with contracts, so he always read the contracts and the financials. Everything that's very structured and clear, that is his part, and everything that's a bit more interpersonal and creative, that's my part—so based on the strengths and weaknesses. We are consulting business, so he still does most of the operational consulting work where he's managing our team. In contrast, I'm the business development part, talking to newspapers, redoing the website, and trying to hire new employees.

TN: How did you establish trust and build a strong working relationship with your co-founder?

F7: That's a tough question. I think this was a good thing because I've worked with him at PwC. We worked on projects together before we started the company. And I think we have gained trust in each other's competencies, weaknesses, and personal qualities by working on projects before. I think we both trust by working together before starting the business.

TN: How do you manage conflicts and disagreements with your co-founder?

F7: I think it’s important because this can be really bad to try to be very open about things that you don't like or you see differently. If you don't speak it out for a long time, it can really go bad because you suddenly don't talk about it. You always have to be open about things you don't like. We're quite good at it. We have an open communication culture. And I think we are also friends and very open about our weaknesses. We found a way to bring a spice of fun into it. Let's say I forget something because it's just my character. And I said, Yeah, man, you're right. You know, I'm all over the place. And the same thing happens when he doesn't find the solution because he's always narrow-minded. Then I say, Oh, you're always so focused, and then we can make fun of this because we know our strengths and weaknesses. That's something very important to be open about. You make mistakes, and then you can make fun of them.

TN: How did you assess the potential fit between yourself and your co-founder based on knowledge complementarities and interpersonal links? How did this impact the team's effectiveness in the long-term success?

F7: It's not like I had an Excel sheet when I said, okay, this is a skill set, but I would again say by working with him for a year at PwC. I was able to assess based on what I think a good management consultant is that he had all the skills. He has good communication skills. He works precisely, he's fast, and he's not too perfectionist. Those things for our industry I find very important. From the beginning, we had an open relationship where we talked about everything, and I think that's the most important personally. Regards to our team, we try to build an open and transparent culture in our team, where we say if you don't like something, please don't be quiet and then just quit because it's very expensive for us. We like you, but it's also very expensive for us to find new people and hire them. If you're on a project and you don't like the project, usually what people do is they don't say anything, and then someone texts them on LinkedIn, and they quit. And we tell them to be open, and we will find a solution. We don't like that if you stay quiet and then quit, we will never hear about the problems. That's unfair. In this culture of openness, we tried to also break into our team, and I think this is quite refreshing for some people who are used to large corporations, where you try to hide your true self to fit in.

Section 3: Team Performance

TN: Section three, team performance. How do you and your co-founder manage and motivate your team, and how does your co-founder contribute to this process?

F7: I think financially, we found a good way because we came up with a revenue share bonus model. Usually, in consulting, you get a bonus based on your manager's subjective performance reviews. From our experience, that's not a good way to do it because it's still very subjective. In consulting, it's hard to see how much the company charges the client and how little you get from that. To take that off, we came up with the bonus model where if you hit a certain utilization rate, everything above you gets a percentage of the revenue you generate for the company, which means if you work a lot and if you charge a lot to the client, it indirectly means the client likes you, you get a percentage share. This is our main financial driver. Then the non-financial side, we have quite a young and dynamic team. People like this because the average age is quite high in SAP consulting. I think there we offer something unique. We work remotely. You can work wherever you want. We don't care if you're in Barcelona or Dusseldorf or wherever. You can work remotely all the time. This is a big factor. Then as I said, the open communication culture. I think those are the main drivers. And how does my co-founder contribute to this? That's hard to say because I think we're both equal; it's hard to answer that question because it's not like someone's responsible for one part of this. It's like. We basically came up with this. And like when we set up the company, I could not answer the question because it's a decision we made together, and every one of us tries to enforce all those aspects.

TN: Can you describe a time when your co-founder brought a unique perspective or skill set that helped your business overcome a challenge?

F7: He's very good at client management, so it's easy for him to sell more projects or more of our consultants. Obviously, like every company, the economy was declining in January as revenue demand for consulting services. It's not just one time, but he's very good at meeting the client every time. We have the existing clients and tell them hey if you thought about this, then we have this guy who is good at sales in times of economic struggle.

TN: How do you measure and evaluate your business performance, and how does your co-founder contribute to this process?

F7: We have one obvious metric, which is revenue, and the other one is utilization rate. In consulting, it is a KPI where you measure the total hours you can work in a year, so you have in Germany 220 working days, that's already excluding the 30 days of vacation. A consultant would charge eight hours daily for those 220 days. He would have a utilization rate of 100%. That means 100% of his working time is allocated to charging the client. This is a KPI that's used in consulting. How much are your consultants actually working with clients? So you have revenue and utilization rate. And then, right now, because we are still a consulting startup, employee growth is important. How many new hires do we get, minus the ones that quit? And the final one's retention rate, like how long enough people stay in the company on average. Because that's quite important, just keep your staff level steady because consultants usually have a maximum of two years, and then they quit. You have to constantly re-hire to calculate how many new hires you have. If you want to grow, you need to hire more people. You know, I think those are the main KPIs. You asked how my co-founder contributes. He most likely contributes to revenue. And utilization because he's doing a lot of projects, which generates a lot of revenue. He makes sure that we try to cross-sell with existing clients, whereas I am in charge of the growth rate because recruiting and I'm doing most of the business development work, so the retention rate would be really high, meaning the people would quit very soon. There must be reason, so that would be my follow-up, basically.

Section 4: Business Strategy and Growth

TN: We move to section four, business strategy and growth. How has the external environment impacted overall business strategy and growth

F7: The demand for consulting services aligns with the general economy meaning. In times of crisis, demand is quite low because we do IT consulting, and people think, “Okay, maybe we don't do this. We better save some money.” So during Corona times, we really had problems. Also, it was our second year of existence, and then when Corona slowly declined. Especially in 2021, demand Shut up, especially for SAP consulting services. There was so much demand that we didn't have enough people to fit the demand. Right now, it's still okay, like all of our consultants are working, but we can feel that demand is lower than before. All the uncertainty in the market right now. Companies are thinking twice about investing in their IT infrastructure. So it's not as bad as that; it's a critical point, but it's definitely not as good as 2021.

TN: Can you describe a time when you and your co-founder had to pivot your business strategy? And how did you navigate this change together?

F7: It happened two times that we basically changed the whole company. So the company started, where we thought it's a good idea to help companies in Germany to find a strategy to be more attractive to employees. But we figured out the demand is not as high. The main reason is that the HR department doesn't have the budget to hire expensive consultants. Then we switched to business intelligence services because we had some clients in the past, and we still work in that area. So it's still part of our business model. But to grow as a consulting company, we had to find a niche with high demand and low supply. And that's SAP consulting. We didn't know much about this, but then we started reading into it. And this is basically our main market because the demand is so high that we went into SAP consulting. From HR consulting services to business intelligence to SAP consulting. Those were the main changes. The ideas behind the changes always came to me because I'm in charge of the creative part, so I usually give ideas about this strategy change. Still, the implementation and the agreement are usually done by both of us.

TN: How do you and your co-founder ensure you are aligned on long-term business goals? And how do you prioritize your short-term objective to achieve those goals?

F7: Once a year, we make up a plan for the year and for the next three years in terms of employees and revenue, and then every month, we review our revenue regenerated so we really look at the revenue and against our budget. If we noticed, let's say it's June, but in our plan, we wanted to have eight consultants in June, but we are only five, and I say okay, I'm going to focus more on recruiting. So it's a mix of long-term goals, then monthly revisiting of the goals and adjusting the strategy accordingly.

TN: How do you foster a culture of innovation and creativity within your business and encourage your co-founder to contribute to this process?

F7: One part is the openness culture, so everyone can speak openly and doesn't have to fear getting blamed for an idea. I think that's very important because otherwise might be spoken out. And then, from the innovation part, here, I am the main driver because I read a lot into technological innovations like AI, and I can do coding and stuff. So I bring those ideas into the team, and then we openly discuss this, not just me and my co-founder, like the whole team. The main drivers are to gather ideas within the team, discuss them openly, and then focus on what you will not do first of all, who does what, and then again, in accordance with the strengths so someone very open and extrovert would rather make sales, and someone who is an introvert and more on the creative side will be in charge of operations, so we tried to allocate this. Here again, my co-founder is more about the implementation part. If I have not come up with the idea, I get the concept, but he does the implementation because he's so much more efficient and focused.

TN: How do you and your co-founder stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F7: Good question. I think one factor that we like is when someone has a really bad day. Let's say the economy is crashing, and we always get bad news. And usually, the other one cheers him up and says, "Oh, come on, we will be cut through this. This happened 1000th, and we are still here." That is the external factor but the internal factor for both of us that we are so afraid to have to go back to a corporate job that keeps us going. No, I don't want to go back, and I say, Okay, we've got to push through it.

Section 5: Funding and Financial Management

TN: The last section is about funding and financial management. How did external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management weight forming your team, and how did you adapt to these changes?

F7: We bootstrap the business meaning we use the incoming cash flows and save them until we have enough money to hire our first consultant. And then we use that money again to hire the next one. We have never received any external funding. And this is quite unique in a way because we had the clients before we started. From day one, when it was only me and him, we were cashflow positive. We started paying us very low salaries, and we never paid dividends. And in the beginning, we didn't pay or set bonuses, and we saved that money to be able to hire people and grow, and now we basically funded ourselves, so there are no external factors affecting this.

TN: What strategies this you and your co-founder use to secure funding for your business, and how did you manage financial risk?

F7: The strategy is bootstrapping, meaning you use your existing cash flows and risks as a good factor. Initially, we've focused on having as little cost as possible. Even our own salaries were really low for founders. We didn't have an office, and we didn't have any company cars. You literally just had your computers and your salary. Then, later on, when we had a bit more cash on the side, we implemented a KPI, which is a cash burn rate. And to this day, we still use this, meaning if tomorrow, our revenue went down to 10% of what it is today. How much cash do we have in the bank account to survive for how many months? If this is below four months, we adjust our cash strategies to save more cash so we never go below four months, meaning if shit hits the fan, we can sleep well. We don't hire people who do not generate revenue, meaning we don't have HR, and we don't have Marketing. We only have consultants, and we try to automate everything you would usually hire an assistant for, to keep the administrative costs as low as possible. We have automated most processes. I can give you one example. As a company, we get a lot of invoices, and we have created one email address where everything goes through, and we have a script that screens every invoice, safely saves it inside the correct folder, and then sends it to the tax consultant, not just our bookkeeping. This is one part of many things with automation because usually, you would have to have something that can assist them to do the work for you.

TN: How do you approach financial planning and management when forming the new venture team? And what strategies do you use to ensure financial stability and growth?

F7: I would refer to this KPI of the cash burn rate. This is what we really track. Then we track our P&L every month. So we'll see how much profit we make. When we see that, we generate enough profit to cover more new joiners and hire again. It's a mix of cash flow, p&l, and this game is the basis for future growth, meaning hiring more consultants.

TN: How do you and your co-founder ensure you are aligned with your financial goals and budget? How do you prioritize financial decisions for the business?

F7: It sounds stupid, but generally, we have the same risk appetite, which is very important. This might cause the most conflict among founders because someone wants to grow aggressively, whereas the other is risk-averse. And we generally have the same risk appetite. Our main goal is to hit a certain number of employees because we have the KPI of the cash burn rate. We try to make a monthly profit in the profit and loss statement. This is very trick-traceable, so there are only a few conflicts we know we want to have 20 consultants in five years. And to reach this goal, we need to hire people but still stay within the range of making a profit and being the cash flow rate. There's not a lot of discussion because of the strict strategy and goals.

Transcript 8

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 8 (F8)
Date and Time: 18/05/2023 - 1:30 PM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

F8: Hi. Thank you for having me. I think the topic is also suitable for me at the time because we were still looking for a co-founder. I hope that this interview today can be helpful for you.

TN: Thank you so much. That's great that it can bring some value for you too. So, let's start with section one, co-founder selection. What inspired you to start your own business, and how did you find your co-founder?

F8: I always have a passion for technology and entrepreneurship. So starting my own information technology company was a natural next step. My co-founders and I worked in the same company, the latest company I worked for. I also assure them for a long time. Even though we work in other departments and after that, we share similar goals and values. It feels like they are the right fits for me. And together, we had diverse skills that would benefit starting a business. That is why we have collaborated to become co-founders until now.

TN: Okay, next question. What was the primary driver for your co-founder selection, and how did you prioritize them?

F8: The primary drivers for selecting my co-founder are complementary skills and shared visions. We wanted to ensure a well-rounded team that could handle all aspects of the business, from technology to marketing, to finance. We also wanted to ensure we share a similar vision for the company's future and have a strong sense of teamwork and collaboration. It was very important to prioritize these factors to build a cohesive team that could work well together and achieve our goals.

TN: How did external factors such as the economy, finance options, and regulatory environment influence your co-founder selection process?

F8: External factors such as the economy, finance options, and regulatory environment. They did not directly impact our co-founder's selection process. However, as we developed our business plan and considered our long-term goals, I kept them in mind. For example, we knew we needed to secure funding to get our business off the ground, so we prioritized finding a co-founder with experience in finance and fundraising. Similarly, we knew that we could need to comply with regulations and stay current on changes in their regulatory environment. So we looked for a co-founder with experience in legal and compliance issues. These external factors influenced our overall business strategies but did not directly impact my co-founder selection process.

TN: When selecting your co-founder, how much weight did you give to factors like knowledge complementarities and interpersonal links?

F8: I gave a lot of weight to knowledge complementarities and interpersonal links when selecting my co-founders. We wanted to ensure we had a team with diverse skill sets that could work together effectively. For example, we looked for a co-founder with marketing expertise, another with business development experience, and another in Finance. We also consider interpersonal links and chemistry when making our selection. It was very important for us to find co-founders who shared our values and visions for the company and who we could work well with as a team because we believe that knowledge complementarities and interpersonal links are critical to building a strong and successful team.

TN: Can you describe when external factors impacted your co-founder selection process, and how did you navigate this challenge?

F8: There was a time when our business was facing a technical challenge. Because the business is in information technology, we’ve faced many daily technical challenges. There was a time when our business faced a technical challenge that none of us had experienced. We were developing a new software application and encountered a particularly difficult problem that was causing delays and frustration. One of our co-founders had a computer science and software development background, and he was able to bring a unique perspective to that problem. He identified the source of the issue and created a solution that none of us had thought of before. And thanks to his skills and expertise, we overcame the technical challenge and got our project back on track. This experience was a great example of having diverse skills and expertise on our team. Without our co-founder during perspective and skill sets, we may not have been able to overcome that challenge. At that time, it was one of the most serious problems we faced because that's related to our business. Thanks to his skills, we overcame that challenge quickly and effectively as we did. It highlighted the importance of collaboration and teamwork in our business. By working together with different strengths, we can overcome challenges and achieve our goals.

Section 2: Co-founder Relationship Management

TN: We can move to section two, co-founder relationship management. How did you define the roles and responsibilities of your co-founders? And how has this arrangement evolved over time?

F8: I divided roles and responsibilities among our co-founders based on each individual's strengths and interests. We sat down together and discussed openly who wanted to take on what roles and responsibilities. We made sure that everyone was comfortable with their assigned tasks. Over time, our arrangement has evolved as the company has grown our needs have changed. We have to be flexible and adaptable to new challenges and opportunities. We must adjust our roles according to the possibility. We also try to attain open lines of communication and collaboration to ensure that everyone works towards our shared goals and supports each other.

TN: How did you establish trust and build a strong working relationship with your co-founders?

F8: Trust and strong working relationships are critical to the success of any partnership. I think that is also your point of view. We took several steps to establish and maintain these qualities with our co-founders. First, we ensure to communicate openly and honestly with each other from the beginning. We share our vision and goals for the company and our individual strengths and weaknesses. This allows us to build a strong foundation of mutual trust and respect. We also make a point to listen effectively to each other and to be receptive to constructive feedback. It helps us build a culture of collaboration and teamwork where everyone feels very supported. We also make a point to celebrate our success and to learn from our failures which help us to build resilience and trust over time. Our commitment to open communication, collaboration, and respect helps us build a strong working relationship with our co-founders, which has been critical to our success.

TN: How do you manage conflict and disagreement with your co-founders?

F8: Conflicts and disagreements exist in every partnership. We develop a few strategies for managing them effectively. We try to listen actively to each other and understand each other's perspectives. This helps us identify common ground and work towards an agreeable solution. We also try to be respectful and professional in our interactions, even when we strongly disagree. This helps us to maintain a human-like, positive working relationship even in difficult situations. Suppose we are unable to solve conflict on our own. In that case, we may bring outside meditators or consultants to help us resolve the issue because our goal is to address conflicts and disagreements promptly and professionally to minimize the impact on our business and maintain a strong working relationship with all of our co-founders.

TN: How did you assess the potential fit between yourself and your co-founder based on knowledge complementarities and interpersonal links?

F8: We use various methods to assess potential effects, including reviewing resumes, work experiences, conducting interviews, and checking references. We also make a point to spend time together outside of work, to get to know each other on a more personal level, to build a sense of mutual trust to identify areas of common interests, and to build a culture of collaboration at work.

TN: How did this impact the team's effectiveness and long-term success?

F8: As I shared, it helps avoid redundancy and ensure that we have the necessary skills to face challenges that come our way. In terms of international links, we made sure that everyone shared our values and visions for the company and that we could work well together as a team. It builds a strong foundation of trust and respect which is critical to our success.

Section 3: Team Performance

TN: Section three, team performance. How do you and your co-founders manage and motivate your team, and how does your co-founder contribute to this process?

F8: As a team of co-founders, we all contribute to managing and motivating our team in different ways. We make sure to set clear goals and expectations for our team, and we provide regular feedback and support to help them meet those goals. We also recognize and reward exceptional performance, which helps motivate our team and build a positive culture. On the other hand, each co-founder has their own strengths and contributions when it comes to managing and motivating our team. For example, one co-founder may be particularly skilled at providing mentorship and coaching to team members. At the same time, another may be more focused on creating a positive work environment and building strong relationships with employees. We work together to identify each other's strengths and ensure that we contribute most effectively. In terms of motivation, we create a positive work environment that is supportive and empowering. We encourage our team members to take ownership of their work to pursue their professional goals, and we also make a point to provide opportunities for professional development and growth which helps to keep our team members engaged and motivated.

TN: How do you measure and evaluate your business performance? And how do your co-founders contribute to this process?

F8: Good question because measuring and evaluating business performance is critical to our operations. We use a variety of metrics to assess our performance, including financial metrics such as revenue, profitability, and cash flow; and operational metrics like customer satisfaction and employee engagement. As co-founders, we all contribute to this process by tracking and analyzing KPIs to identify areas for improvement. This co-founder has their own area of expertise and responsibility for measuring and evaluating performance. For example, one confounder may analyze financial metrics and identify ways to increase revenue and profitability. At the same time, another co-founder may focus on operational metrics like customer satisfaction and engagement. We work collaboratively to ensure we track the right metrics and use data to make informed decisions. We also use regular performance reviews to evaluate our team members' performance to ensure everyone is working towards our shared goals. These reveals are a collaborative process, with every co-founder contributing their own perspective. Anyway, measuring and evaluating our business performance is a team effort involving all of our co-founders. We are working together to identify key metrics and track our progress to know whether we can make informed decisions and drive our business forward.

Section 4: Business Strategy and Growth

TN: We can move to section four, business strategy and growth. How has the external environment impacted your overall business strategy and growth?

F8: The external environment significantly impacts our co-founder selection progress and the overall business strategy and growth. For example, changes in the economy or regulatory environment can influence the types of skills and expertise that we need in our team. When we started our business, we weren't focused primarily on building a product we believed could meet the market fit. However, as we grew and realized the competitive landscape, we needed to adapt our strategies and prioritize different areas of the business. External factors, like customer needs and preferences changes and a shift in the proper industry and regulatory environment, drove this evolution. As a result, we have to be flexible and responsive in our approach to our selection and business strategies. For example, we had to hire a new team member with expertise in areas like marketing and sales to help us reach new customers and drive growth. We also had to invest in new technologies and progress to stay competitive in a rapidly changing market. The external environment has been the key factor in shaping our co-founder selection progress and overall business strategy. It changes the market, and we have to adapt our approach accordingly. On the other hand, we've built a strong and resilient business well-positioned for long-term goals and success.

TN: Can you describe when you and your co-founders have to pivot your business strategy? And how did you navigate this change together?

F8: There was a time when we had to pivot our business strategies to respond to market and customer needs. We had originally launched our product on a specific customer segment, but we realized there was much more potential in a different customer segment than we had not previously considered. It required us to completely rethink our product and marketing strategies, which was a significant challenge. However, we were able to navigate this change together by leveraging the diverse skills and perspectives of our co-founders. We started by conducting extensive market research to better understand our target customers' needs and preferences. We then work collaboratively to identify areas where our product could be adapted and improved to meet those needs better. And at that time, each co-founder played different roles in this process. Leveraging their own unique skill and expertise to help us overcome successfully. For example, one co-founder focused on product development and worked closely with the engineer, like with the developer team, to implement new features and functionality while another co-founder focused on marketing and developing new messaging and positioning strategies to appeal to our target customers. Throughout that process, we communicated frequently and openly with each other to ensure that everyone was aligned and working towards common goals. We also sought feedback from our team members and customers to ensure we were making the right decisions. While the change was a challenging time for our business, we could navigate it successfully due to our co-founders' strong working relationship and collaborative approach.

TN: How do you prioritize your short-term objective to achieve long-term goals?

F8: To prioritize our short-term objectives, we use a combination of data analysis and consensus building. We regularly review key performance metrics to determine which area of business requires the most attention and discuss potential solutions and strategies to address any issues or challenges. In addition, we could involve our co-founders in the decision-making process, which considers individual perspectives and expertise. This ensures that our short-term objectives are aligned with our long-term business goal and that we are making decisions that are in the best interests of the company as a whole.

TN: How do you foster a culture of innovation and creativity within your business and encourage your co-founders to contribute to this process?

F8: To encourage this. We make sure to create an environment where everyone feels comfortable sharing their ideas and perspectives. We hold regular brainstorming sessions and encourage our co-founders to contribute to the ideation process. We also make sure to give our co-founders the time and space to explore new ideas and pursue innovative projects. We provide them with resources and support to test our new concepts and calculate risks. This helped to foster a culture of experimentation and learning, where failure is viewed as an opportunity to improve and refine our approach. On the other hand, we encourage our co-founder to stay updated with the latest industry trends by attending relevant conferences and events. This helped to keep our team informed about emerging technologies and new approaches to problem-solving, which can spark new ideas and innovative thinking.

TN: How do you and your co-founders stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F8: If you read my website, you would know we were established in 2020. Next year is the most important year for every team. That year was the COVID-19 year, and there were so many external factors that impacted us. As co-founders, we understand that building a successful business is a long-term endeavor, and there will inevitably be ups and downs along the way. During challenging times, we rely on each other for support and motivation. And we gather to find a creative solution to our problem. We spent maybe four or five months together in our office. We sent achieved goals for ourselves and our team to stay motivated and inspired. We regularly reviewed our process toward these goals and celebrated our success along the way. We also took time to reflect on the bigger picture and the impact our business is having in the world, which helped us focus on our missions and purpose. We also stayed connected with our customers and users to keep us motivated and inspired. Hearing their feedback and understanding how our products and service impacted their lives. We deployed the learning management system, the LMS for eLearning. In 2021, it was one of the projects to help us survive. We built the app for Dak Nong province. We couldn’t go anywhere and had to stay in the office to do that project. And one of the things that motivated us a lot at that time was the YouTube video of our customers/our users reviewing our application. That is one of the biggest things that motivate us a lot. Your customers review your software and the application you provide for them. It helped us stay connected to our purpose and motivated us. Finally, we prioritize self-care and work-life balance. Recognizing that our own well-being is critical to our ability to stay motivated and inspired. We took breaks when needed to prioritize our physical and mental health and find ways to recharge our batterie, whether that's exercise, hobbies, or spending time with loved ones. I spent two weeks at a meditation center to learn meditation methods. After that, I returned to the office and tried to teach everyone how to meditate. We focus on not only physical but also mental health.

Section 5: Funding and Financial Management

TN: We finished four sections. The last section is about funding and financial management. How did external factors, such as the regulatory environment and market conditions, influence your decision-making regarding funding and financial management when forming your team, and how did you adapt to these changes?

NH: When forming our team, the regulatory environment and market conditions played a significant role in our decision-making regarding funding and financial management. We knew that the regulatory environment and market conditions could change rapidly and that we needed to be adaptable to these changes. In terms of funding, we knew that we needed to be flexible in our approach. Given the uncertainty in the market, we explored a range of funding options, including venture capital, angel investors, and crowdfunding, and we also made sure to have a contingency plan in place in case our initial funding resource fell. We were aware that the regulatory environment could change, impacting our business model and financial management. And to address this, we worked closely with legal and financial advisors to stay up to date on any regulatory changes and to ensure that we complied with all relevant regulations. And as the market condition changed, we adapted our financial measurement strategies accordingly. For example, we adjusted our price model to better align with the changing market demand and worked to optimize our operational costs to improve our bottom line. Overall, our ability to adapt to the changing regulatory environment and market conditions was critical to our business, and by remaining flexible in our approach to funding and financial management. By staying current on regulatory changes and market trends, we built a strong and resilient business that could weather the challenges of the external environment.

TN: What strategies did you and your co-founders use to secure funding for your business? And how did you manage financial risk?

F8: That's the part that we tried to go to a 10-hour assessment because our co-founders and investor work together to develop a comprehensive assessment of funding strategies that will allow us to scale our business while managing financial risks. Initially, we bootstrapped the company and used our personal savings to get the business off the ground. As we started to track a record of success, we were able to attract outside investment. And our investors provided us with the capital we needed to scale our operations, invest in new technologies and the product development industry, and secure outside funding. We also implement many financial risk management strategies. These included building up a class reserve to buffer against unforeseen events, like diversifying our revenue streams to reduce the dependence on anyone's source of income and implementing strict financial controls and reporting to ensure that we managed our resources effectively. We also work closely with financial advisors to identify and manage potential financial risks such as cash flow fluctuation and tax obligations. By staying ahead of the rest and proactively managing our finances, we were able to ensure that our business remains financially stable and well-positioned for growth.

TN: How did you approach financial planning and management when forming a new venture team, and what strategies do you use to ensure financial stability and growth?

F8: As a business owner, financial planning and management are crucial to ensure the long-term success of my company. When forming this venture team, my co-founders and I assessed the financial requirements of the business and created a detailed financial plan. We developed a budget for each department and prioritized expenses based on our short-term and long-term goals. To ensure financial stability and growth, we monitor our expenses and revenue regularly and make adjustments as needed. And we also focus on developing new revenue streams and exploring potential partnerships to diversify our income. And finally, we worked closely with our investors to ensure that we were meeting our financial goals and making strategic investments that would benefit the company in the long run.

TN: How do you and your co-founder ensure you are aligned with your financial goals and budget? And how do you prioritize financial decisions for the business?

F8: As a team, my co-founders and I regularly review our financial goals and budget to ensure that we are on track to meet our targets. We also prioritize financial decisions based on the company's short-term and long-term goals. To ensure alignment, we have regular meetings to review financial reports and discuss any potential issues or opportunities. We also communicate openly and transparently about our financial status and any changes that may impact the company's financial position. When making financial decisions, we consider factors such as potential Return on investment/ROI, the impact on the company's financial stability and growth, and alignment with our long-term strategies. We also work collaboratively to evaluate different options and make informed decisions that will benefit the company in the long run.

Transcript 9

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 9 (F9)
Date and Time: 09/05/2023 - 3 PM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hi, Ms. Hao. Very nice to see you today. And I'm very happy to hear about your experience founding the business to run a startup with your co-founders. I have some questions for you. Section 1 is about the co-founder selection. As you share, you are the second co-founder in the business. What inspired you to join the business, Techcoop, and how did you find your co-founders?

F9: Yes, thank you very much for the catch-up today. It's great to share. There are a lot of lessons to learn and stories to share regarding the co-founder selection. I have to start my business because I have the vision and the dream. Of course, this vision and dream is shared with many people, for example, to transform the lives of millions of farmers and workers. I had this vision 20 years ago when I was 15. Before 20, I already had that. That's why I joined a company called Movie. At the time, we transformed the business into the vision I sought. But eventually, the first business didn't go well after five years of operation. And then I moved on, but the vision is still there. I tried to find some companies I could support with that vision, but the owners didn't work on the vision they said, so it meant for me to live with my vision and the value of having my own business. So that's the primary reason why I started the business. Regarding the co-founders, of course, it's a long journey. I don't start my business just after overnight, but I have to be careful in the consideration for a few years. And I was working at a big institution at the bank. Like every business, I figured out the people I wanted to work with and started talking to them. I started to share ideas and incubate the products before we started our own business. So the co-founder is nobody that I just met. It has to be booked for at least a few years and actually understands who he or she is.

TN: What were the primary drivers for your co-founder selection, and how do you prioritize them?

F9: First, we have to share values, but we have to be complementary in our skill sets and knowledge. For example, we have to share our passion and interest in agriculture. We both love the tech part, but my strength is in the financial service, and my partner/my co-founder straight, it has to be technology. So it's very simple. How did I prioritize them? There are key success factors of the business. It has to be understanding the financial service or understanding the capability. It means that this person needs to help them, so I prioritize based on the complementarity we need for the business to be successful.

TN: How did external factors such as the economy, the financial, and the regulatory environment influence your co-founder selection process?

F9: When we pick up the co-founder, my main priority is the skill set, the personality, and the value rather than whether he has money. Whether he has the economy or the financial options. The regulatory environment doesn't impact much on the selection process of the co-founder. Of course, in the hard situation, I can have the advisor or the board member, and I can raise funds with several investors for this. So it is to share value and have the skill set we sought. The external environment doesn't significantly impact my decision process.

TN: How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founders?

F9: Skill set and knowledge are like 100%. It is very important. But for the interpersonal link, I think it is just like 60-70 %. Why? We just need to share values, and we just need to respect each other differences. First, share the value: we work on the same goals and objectives. Second, we just need to respect each other. We don't have to hang out with each other. And actually, the two co-founders I work with get along very well but didn't hang out for a coffee. So I don't need to know them personally, professionally for me is more important.

TN: Can you describe a time when external factors impacted your co-founder selection process? And how did you navigate this challenge?

F9: When we talk about the external factors here, I think the regulatory doesn't impact whether co-founder selection process. Because if I have some regulatory challenges, I will pay for an advisor to do the job then it helps to solve the problem. Even the financial factor because I don't need a co-founder to put money in to get the job done because we have fundraising skills.

We have 3 co-founders. So, I have to take care of the financial part, so I designed a business that doesn't require much financial contribution from others from day one. Otherwise, finding people with money, skills, and values is hard. I prefer somebody who has skill and capability and then has good value but doesn't need to have a lot of money. The financial factor is not important to me. It is just nice to have. External factors like somebody else who can be my husband or my mom can express that they don't like my partner. They don’t know because they are outsiders. Sometimes opinions can impact me, but right now, I'm professional enough not to let other people's opinions impact me.

TN: How about a COVID? You shared that your business is starting in 2022. It was still in the post-COVID. So it's pretty difficult. It's also an external factor. Does it impact you anything?

F9: I think COVID doesn't impact the co-founder selection process, but it's more on how to design the business. It's more about business skills; I'm always responsible for business and survival. So that's why I don't blame other co-founders for this. I don't think that external factors actually impact the co-founder's selection process, except it's the opinion of the people who matter to me.

Section 2: Co-founder Relationship Management

TN: Let's move to section two. It's about co-founder relationship management. How did you divide the roles and responsibilities with your co-founders, and how has this arrangement evolved over time?

F9: Basically, we design roles and responsibilities based on the strengths, knowledge, and skills each of us had when we started. That's why there are not many overlappings between me and my co-founder. He is in tech, I am in finance and business. It is different. So we support each other. Of course, there are some kind of interlinks somewhere between. So naturally, when we started, my co-founder needed to play additional roles, which I'm not good at. But for some reason, he can learn fast, and we have to adjust that role over time. Both of us need to have a real contribution in the capability where we have the best contribution. I'm in financial service, and he is in tech. Others we can adjust all the time, such as operations and marketing.

TN: How did you establish trust and build a strong working relationship with your co-founder?

F9: I think transparency is the number one priority. First, you set a common goal that is reasonable, challenging, but reasonable so that you can hit it. You have to be transparent with the process. And then, number three, I think engagement and communication are very important. Because I go out, I talk to customers, partners, and suppliers. He stays at home, works on the coding, and works with the operations teams. It means that sometimes even when I go out, I update the key summary on what's going on and share with him the weekly or even daily basics. We've found time to talk to each other. There are three things. First, you should set goals that both understand. On a weekly basis, we set the target for weekly, monthly, and quarterly. We do a pretty good job on this. Second, we are very transparent with what we're doing. On the calendars, and see each other if I have to travel. I talk to him even in financial decisions: how to pay my people and other hospitality costs. Third is communication engagement. These are the 3 things to build trust and a strong working relationship.

TN: Question number three. How do you manage conflict and disagreements with your co-founder?

F9: 10 years ago, I didn't manage conflicts and disagreements well because I had an ego. When I was 30, I had a big ego, I had more energy, and I always debated with my co-founder. It was not good. I didn't have a proper conflict management setup. I didn't care about this. But it worked out because my co-founder he's more senior than I am. He's 14 years older than I am. It worked for some reason cause he was the person who managed the conflicts with me. Right now, I'm in the opposite position, I listen more. First, I cared when I started if we had a difference. I waited to talk to him at the right time. Finding the right time to share my disagreement with him is very important. To me, I'd never say that I disagree with him. In my opinion, I never had a conflict with him, just the difference. We have to understand each other and have respect, and I try to remove personal opinions and thoughts and just focus on the goals. ”What are the goals? What do you want to achieve?”. And for that, I ask, “What is the logic? What makes sense ultimately?” so I'm trying to engage him. I use engagement, ask questions, and always respect differences. And just by focusing on the goals and getting the objectives or the KPI done. So yeah, that's how I manage the conflicts and disagreements. I try to avoid it.

TN: How did you assess the potential fit between yourself and your co-founder based on knowledge complementarities? How did this impact the team's effectiveness and long-term success?

F9: He and I are experts on different subjects. He is a tech expert, and I am in business and finance. It helps the team because they can learn a lot from us, so it's good. But I think on knowledge is complementary. It is 80 - 90%; 8, 9 out of 10. For interpersonal links, I guess we get somewhere to 7. We don't hang out in a cafe. We don't go partying. Other ventures go out partying. Our team doesn't have the spirit of Venture Capital like other startups of the 9x or 10x. They go to more parties. They go to the movie... To me, they get along well, but that is all.

TN: So, how did this impact the team's effectiveness?

F9: I think we can do better. It still impacts 10 or 20% of the team's effectiveness. If we have more hang out, we go out and socialize with each other. It is better.

TN: How about how did it impact the long-term success of your business?

F9: It slows down the process. There are a few projects. It can be closed faster, but we didn't hang out and interact well with other team members for some reason. It just slowed down the projects. Sometimes they say this is the job of the other person. It is not my job, stuff like that. They don't actually support each other like brother and sister, but more like this one is my JD focus, but that one is yours. My co-founder and I had to step in and explain at the time, and then it went okay. If we can do the interpersonal links better between the co-founders and hang out better with the team, it will be more efficient, remove the insufficiency, and succeed faster.

Section 3: Team Performance

TN: Section three is about team performance. How did you and your co-founder manage and motivate your team? And how does your co-founder contribute to this process?

F9: Right now, the primary focus is I have to pay for the teams weekly and let the team feel safe. Let the team see and believe they understand why they do it so they feel motivated. We give them the goals they can achieve and some small rewards. That's how my co-founder and I motivate the team. My co-founder contributes significantly to the process because, as a startup company with 20 members, 10,12 are from the tech team: technology and operation. So my co-founders have to spend time with the team and motivate them. He is funny and is a smart guy. He makes jokes. That is how he contributes to this process. Sometimes he can buy some small stuff for the team. He can have small talks with the team, which I don't, so he's better at doing this job than I do. I focus on the big picture while he's focused on small things that matter to the team, like birthday parties.

TN: Can you describe a time when your co-founder brought a unique perspective or a skill set that helped your business overcome a challenge?

F9: Yes. He's in tech but not in business. One time we had a challenge. He looked at the system and logic perspectives and asked, "Why don't you just do this step to the finance to scale faster?". And I realize, "Wow, it is good." He can see things easier than I do. I'm so deep in operation and execution. It helped us to have a new way to scale the business sustainably. He brings a lot of smart insight. That's what I like about my co-founder. He is into tech, but he understands the business at its essence. Sometimes he has a few comments, but it actually changed the way I execute.

TN: How do you measure and evaluate your business performance?

F9: Today, we hit the goals that we set. We always have goals and KPIs. And that's what I was trained for the last 10 years. So I keep doing it, but to some extent, I said the KPI safely where I can reliably hit it rather than set a very challenging KPI and not reach it. Does my co-founder contribute to this process? Of course. Because I'm more creative, and he is more focused. That's why sometimes he would just remind me about the things we discussed and the numbers that we mentioned because, from my KPI, he will decide his KPI accordingly. This is the KPI, and that's the business goal. That's how operations work. But he reminds me not to run too fast. If we run too fast, the planning on his team might not work. He helps me to focus on the goals and the KPIs that we set to bring the most stability to the team.

Section 4: Business Strategy and Growth

TN: Section four business strategy and growth. How has the external environment impacted the overall business strategy and growth?

F9: Good time. We easily grow and even easy to raise funds. Tough time it's harder. We have to work harder. It has a lot of impact on the business strategy and growth.

TN: Can you elaborate?

F9: Right now, for example, 2023 is the best year for funding/fundraising because we had a hard time in 2021 when there were a lot of challenges in the portfolio. The banks in the US go bankrupt. That's why the lending business is not considered positive, so we raised funds in a challenging environment. So fundraising is impacted. Instead of closing funding within 3 months, I had to close within 6 months. If I don't achieve a good evaluation for our business, as expected, I need to adjust my growth because the banking system doesn't work properly right now. Many businesses go bankrupt after the COVID and impacted the lending business. We don't try to disperse money often, but we must manage risk more carefully. Instead of focusing on disbursement money, I have focused on credit, recovery, and managed risk. So I, instead of three, four, or five times within three years. I just made two times three times.

TN: Can you describe a time when you and your co-founder(s) had to pivot your business strategy? How did you navigate this change together?

F9: That happened in my previous company many years ago. We worked together for six years. We have changed the business from the e-payment service company into the Buy now pay later business, and we put a lot of focus on the retail part. We sold the refrigerator, washing machine to the workers, and when we had to change the business, the good thing is that we had the same goals and could look at the same thing. And by that time, because everything was new. When we go out, we explore the business model or talk to a partner. We go together so that we both have the same set of information, and we even discuss we have a briefing after the conversation. So when we pivoted the business from A to B, we worked closely together to save time in making the new decision. After 2 or 3 years of transformation from A to B, when it was more settled, we had to split the roles again. We didn't have to go out together for the same meeting. In my old business, my co-founder also focused on the tech, and I focused on the business.

TN: How do you and your co-founder ensure that you are aligned on your long-term business goals? And how do you prioritize your short-term objective to achieve the long-term goals?

F9: It is kind of luck cause I've already acquired the planning and goal-setting skill set for the last 5 - 10 years working with big companies, so we have the system in place. We started with the Techcoop, which is 8 months old, but we have the planning. We have the proper KPI, a 5-year plan, an annual plan, quarterly goals, and monthly deliverables. So it's easy, and people agree with the goals. And we cascade from the big goals into smaller ones, and that's what we did. We've done it, and we share it with other co-founders and other team members, and people are just aligned on it. We have the weekly meeting to check the main KPIs and the deliverable. That's why we adjust quickly so we don't have to wait a month. We adjust every week.

TN: How do you foster a culture of innovation and creativity within your business and encourage your co-founder to contribute?

F9: We put authority on people, so delegation. That's everything about innovation because, in the FinTech business, it is a lot about the discipline system: disciplined business and risk management. So the innovation and variability in FinTech are different from e-commerce business. And that's where innovation here, we have a lot of, like, initiative, come up at the place where we're with the delegation. Our main theme is fostering a culture of innovation and creativity. My co-founder shares the same value as me. We don't want to hold a lot of power. We want to delegate and grow people, and that's how our people work with us. We don't work like a boss. We work like 9x or 10x to build collaboration.

TN: How do you and your co-founder stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F9: First is my co-founder, and I have the same philosophy: Blame yourself first before you blame others. We are pretty reasonable on this. During tough times when things go wrong, we say It is normal. We can have tough times. When we play the game, we go with the adventure. I advise my co-founder not to put in things you can't afford to lose. I already have the risk management plan for him. Even in tough times, we also prepared. If the business is gone within the next 3 months, that's okay. Do your best. That's it. When we started this venture first, never put in what we couldn't afford to lose. Second, I'm more positive; he is goofy, so we can overcome it.

Section 5: Funding and Financial Management

TN: Section five. How did external factors such as the regulatory environment, market conditions, or technology influence your decision-making regarding funding and financial management when you formed your team, and how did you adapt to these changes?

F9: Because we are a startup, funding is very important. That's why the external factors, like when the SMEs go down, it is hard to do the fundraising, and that's what I prepare for. And because of this, regarding financial management, when forming the team, I just put more discipline into spending money. I managed the cash burnt, and when it started, I had to know exactly what I had for the cost. I only hired people after I closed the money. I have to put more discipline in financial management and liquidity management, I have to keep the runway always running for at least 12 to 8 months, and assuming the worst case, if we cannot do the fundraising, then what's going on? That's what we have to focus on.

TN: What strategies did you and your co-founder use to secure the funding for your business? And how did you manage financial risk?

F9: We have, first of all, funding for the business. We have to bootstrap the business, which means that we have to put money in; that's one thing. And second, we will create a few small services where we make money so we don't feel the heat of the cash burnt monthly. Right now, we are cash positive. We design the business in the way that we make money rather than lose money. Third, we keep the fundraising to bigger mountains that we need, and we accept dilution as we should since we want to ensure we have enough cash to run for the next two years. So there are three things. First, we put money in. Of course, I have to prepare for a few assets. In the worst case, I can also borrow money from the bank. And the second is to design the business the way that you can make money. I don't need to acquire a customer when the customer doesn't give me cash within the next 12 months. So don't need market share, just good business. And third, play stick around, and to some extent, expect more dilution.

TN: How do you approach financial planning and management when forming the new venture team, and what strategies do you use to ensure financial stability and growth?

F9: I'm from a background of financial planning and management, I want to make things right from day one. The first thing is the philosophy. We hire a professional CFO to support me in housekeeping, always giving me an early warning system when things go wrong, the liquidity status, and because he's strong so that I can go out. We have a system and a person to help me manage and understand what's happening at home.

TN: How do you and your co-founder ensure you are aligned with your financial goals and budget? And how do you prioritize financial decisions for the business?

F9: When you have the business plan, we have the business goals. With the business goals, we will cascade into the financial goals and the budget. It's clear, and when we do the budget, we make sure we have reserved some buffer just in case things are coming up, or if this happens outside the budget, I put my pocket money to cover it to make it easy. Where to allocate the budget given the limited resource as a startup? I focus on investing in the business where we make money within a maximum of two or three months. Basically, focus on renovating quickly. And that's why we put more money into sales, in business development, in marketing, so that we can sell products very fast, and in product development on the tech side because we need a good product. What are the functions we actually invest in? For other functions like accounting and HR. So right now, we have to share the responsibility. We minimize the investment in this. We invest heavily in technology because that's too important, isn't it? We have the product and the business.

For others, it is like oh, what is your corporate branding? What does your logo look like? These can wait.

TN: Thank you for sharing. It is very nice to talk to you.

F9: I hope it can help your thesis. Goodbye.

Transcript 10

Interviewer: Thi Kim Hieu Nguyen (TN)
Interviewee: Founder 10 (F10)
Date and Time: 16/05/2023 - 5 PM
Location: Online interview using Google Meet

Section 1: Co-founder Selection

TN: Hello, Lan! Thank you for accepting to interview. How are you?

F10: Hi, Hieu! I am fine. Nice to see you. I am ready.

TN: OK. Let’s start. What inspired you to start your own business, and how did you find your co-founder(s)?

F10: After 2.5 years of Covid and being a mom, I wanted to return to work. Considering between vacancy in the existing company or the start-up, I chose start-up as I believe with high risk comes high return. And, importantly, I can have a flexible schedule. My co-founders are my relatives. After several years of working abroad, they returned to the city and aimed to open a store in Vietnam. Knowing their personality and being interested in that field so we cooperate.

TN: Thank you for sharing. What were the primary drivers for your co-founder selection, and how did you prioritize them?

F10: I have 3 principles: personality, working experience, and capital. As mentioned above, they are my relatives, so I understand their personality, knowing they worked abroad, and have the money to invest in running a nail salon professionally. We started the business together.

TN: Great! So how did external factors such as the economy, finance options, and the regulatory environment influence your co-founder selection process?

F10: As we started in 2022, at the beginning of the economic crisis. We decided to open the official store later than expected. However, for the co-founder selection, external factors didn't impact much because I opened it with my relatives.

TN: How much weight did you give to factors like knowledge complementarities and interpersonal links when selecting your co-founder(s)?

F10: It's heavyweight for both knowledge complementarities and interpersonal links. As for me, they are the main factors in running a business. Knowledge brings good plans, and interpersonal links bring a deep understanding of others' behaviors to create a better working environment.

TN: Can you describe a time when external factors impacted your co-founder selection process, and how did you navigate this challenge?

F10: It’s when a third person wants to enter. It’s a problem when we didn’t know how to divide work, capital, revenue, and profit. We discuss clarifying those problems to decide whether to let the other one in. In the end, we let him join.

Section 2: Co-founder Relationship Management

TN: Section 2 is about co-founder relationship management. How did you divide roles and responsibilities with your co-founder(s), and how has this arrangement evolved over time?

F10: Based on each other’s strengths. Since it is our first business, we decided to follow up on the work every week to evaluate the results. If it doesn't work well, we can support or switch the tasks.

TN: And how did you establish trust and build a strong working relationship with your co-founder(s)?

F10: We set clear financial status and required high responsibility at work. Every founder has to maintain reachable. At the end of every discussion, we make sure to have a mutual understanding.

TN: Great! So how do you manage conflicts and disagreements with your co-founder(s)?

F10: I think we just need to be direct then it comes to solutions. So far, we haven’t had any strong conflicts and agreed on almost everything.

TN: How did you assess the potential fit between yourself and your co-founder(s) based on knowledge complementarities and interpersonal links? How did this impact the team's effectiveness and long-term success?

F10: We have great relationships, but it only works out because each of us has different knowledge. So far, so good. The business is running just as planned.

Section 3: Team Performance

TN: First question of section 3. How do you and your co-founder(s) manage and motivate your team, and how does your co-founder(s) contribute to this process?

F10: We have a clear business plan before starting, so we can follow up and discuss if anything needs to be fixed. Along with daily and weekly reviews of work improvements, we have meetings to motivate members. We also develop new ideas and plans if old ones aren't suitable anymore so members don't have to follow the old way when it doesn't fit. We value all ideas, even if it works or not. And most importantly, we reward improvement.

TN: Can you describe a time when your co-founder(s) brought a unique perspective or skill set that helped your business overcome a challenge?

F10: Since our business started last year, we have faced many challenges. But mostly, they are in the planning process. The store will officially run in May. Everyone contributes when facing challenges, but not someone brings a unique perspective.

TN: How do you measure and evaluate your business's performance, and how does your co-founder(s) contribute to this process?

F10: The business is on track now. We measure by planning some KPIs for the business then we check on them regularly. All my co-founders are main contributors as we all give ideas, build the plans and run those together.

Section 4: Business Strategy and Growth

TN: Section 4 is about business strategy and growth. How has the external environment impacted your co-founder selection process and overall business strategy and growth?

F10: As I mentioned above, the economic crisis greatly affects our store running. We must adjust the plan several times to adapt to the changing environment.

TN: Can you describe a time when you and your co-founder(s) had to pivot your business strategy, and how did you navigate this change together?

F10: As I said, we followed our marketing plan initially, but sometimes it didn't work, so we discussed and changed the plan. But it was smooth, and we didn't argue much.

TN: How do you and your co-founder(s) ensure that you are aligned on long-term business goals, and how do you prioritize your short-term objectives to achieve those goals?

F10: We are bound by contract, so we all encourage each other to achieve our goals together for short-term goals. The long-term goals will be in 4 more years, I think if we keep short-term goals on track, we will be able to achieve the long-term ones.

TN: OK. Thank you for sharing. How do you foster a culture of innovation and creativity within your business and encourage your co-founder(s) to contribute to this process?

F10: We encourage members to create new ideas and content on social media to promote our service. Yeah, I think we have to create more ways to encourage creativity in the future. Now, it is not our priority.

TN: How do you and your co-founder(s) stay motivated and inspired to keep growing your business, especially during challenging times when external factors may impact you?

F10: It's when customers give good reviews on our service. It makes us feel like we are going on the right path. It is still young, and we are motivated to make our business a success. All of us just try to think challenges can happen anytime. But it is on us to stay sharp.

Section 5: Funding and Financial Management

TN: The last section is about funding and financial management. How did external factors such as the regulatory environment and market conditions influence your decision-making regarding funding and financial management when forming your team, and how did you adapt to these changes?

F10: We must consider how much to invest in every business activity, even more carefully during the economic crisis. After a while, if we feel like it is just burning money, then we go to consultants to have advice.

TN: What strategies did you and your co-founder(s) use to secure funding for your business, and how did you manage financial risks?

F10: Reserve fund is always in our strategy. We have a financial plan to manage risk. In the plan, we optimize all costs by comparing different suppliers to estimate how much capital to prepare to run a business.

TN: How do you approach financial planning and management when forming a new venture team, and what strategies do you use to ensure financial stability and growth?

F10: Before we plan anything, we research all expenses and costs that might include. We also read the news to update the new economic status.

TN: Last question. How do you and your co-founder(s) ensure you are aligned with your financial goals and budget, and how do you prioritize financial decisions for the business?

F10: Before any decision, we discuss first to make sure everyone is on the same page before paying for any expense. We prioritize spending on what we can use in the long term.

TN: Thank you for your time. I hope you enjoyed it.

F10: I do! Nice seeing you. Goodbye.