Healthy Founders = Healthy start ups

Why and how investors can support founders to thrive

“49% of founders say they’re considering quitting their startup this year.”
Amy Lewin, Sifted 2024

The benefits of an integrated approach by investors to supporting founders on their start up journey focusing not simply on the traditional financial performance led metrics but also on the founder(s) leadership and wellbeing cannot be understated!

At Wise Sherpa we are experienced in and excited to work with impact investors supporting their portfolio founders on this journey especially early stage (Series-A and certain Seed) through our offering:

1) Pre-investment phase – Founder(s) and Key Stakeholder(s) leadership due diligence
2) Post-investment phase – Founder(s) leadership and wellbeing coaching
3) Exit phase – Founder(s) coaching

Pre-investment – Founder(s) and Key Stakeholder(s) Leadership Due Diligence

“It’s a difficult truth that early-stage ventures and, by extension, their founders are seen as ‘disposable’ – ‘it’s a numbers game’ where only a small number of companies need to make it big for the investor(s) to get their return. If out of 100 investments, 20 are expected to succeed with one or two being home runs then that leaves a lot of companies (and their founders) failing and taking huge sums of investment with them. What if it were possible to improve those odds?”
Beatrice Hacketts - Start Up Magazine

Founders are typically bringing something new and innovative to the table. By definition, they are pioneering. Even if they’ve scaled a business before, have raised funding or had a successful exit, that was very likely in a different context, a different product, a different economic reality, different investors, a different leadership team, the overall situation is never the same. That’s what makes it so exciting, so challenging and prone to potential failure.

As founders grow their start-up, most know they face a high-speed roller-coaster and go in with their eyes open. However, even for experienced founders, optimism, self-belief, a good product market fit and strong revenue potential are not usually enough.

When it comes to investment, many of the most important questions potential investors should be exploring have as much to do with the founder(s) and the eco-system of their advisors and key stakeholders (crucially those with equity and/or financial interests) as the business model.

This is where an independent founder and key stakeholder leadership due diligence undertaken by an experienced independent professional can make a difference.

What is a Founder(s) and Key Stakeholder(s) Leadership Due Diligence?

We typically undertake one to one virtual interviews of 60 - 90 minutes with the Founder(s) and Key Stakeholder(s). Based on our experience, key areas of focus and exploration include the founders' vision, values, strengths, weaknesses and resilience all through the lens of post deal priorities (typically growth being the primary of these or in the case acquisition - integration). And similarly for those individuals in the roof of the business (ie key stakeholders who have a financial interest in the business); how they see their role, relationship(s) and involvement changing because of the investment.

Investors are then provided with **a concise and insightful written summary as well as verbal debrief** where there is opportunity to discuss in detail the findings and key recommendations in the summary report. The results of the due diligence can form a key part of the investment committee decision making process. And if the investment goes ahead, form the basis of a leadership priorities roadmap for the founder(s).

Why should investors consider undertaking a Leadership Due Diligence even for an early-stage investment?

Investing in early-stage businesses is risky. Historically, investors spend much time looking at the financials, product market fit etc. with limited consideration given to the founder(s) and their abilities and potential to build out leadership teams, collaborate and lead a scaling business to deliver under sustained pressure. And when it comes to key stakeholders (with financial interest), these relationships are frequently underplayed and yet have potential to cause considerable challenge to investors and founders alike post investment if not well understood and managed.

At Wise Sherpa, we have significant experience as consultants and coaches in working with the entrepreneurial eco-system on pre-investment leadership due diligences and would be happy to discuss this further with you.

Ultimately, better informed investment decisions are valuable to both investors as well as founders!

Post-investment - Founder Leadership and Wellbeing Coaching

"65% of failed startups fail for avoidable reasons like conflict and leadership issues"
(Noam Wasserman)

Whilst most founders have some experience of leading, for many it can be the first time they find themselves in a CEO and/or executive leadership team role (with a board). The learning curve of how to leave in a start-up can be steep.

Founders being stretched to the limit is often viewed as coming with the rollercoaster that is founding and scaling a business. The challenges founders face managing all the different demands as well as relationships, especially difficult ones, poses in our experience some of the biggest threats to their wellbeing and exacerbates their feelings of isolation and loneliness. Relationships with investors often being cited as one of the most difficult, along with co-founders (not to mention keeping personal relationships on an even keel).

What is Founder Leadership and Wellbeing Coaching?

Despite the importance of founder leadership and wellbeing increasingly being talked as well as written about, most founders continue to struggle often in isolated silence. And yet, there is much investors can do to support founder(s') on their wellbeing even at the earliest stages of investment including in our experience offering:

- Founder/co-founder - one to one and/or team coaching creating a safe. confidential space to explore issues
- Moderated peer sessions - connecting founders to each other to share experiences and address the rollercoaster and loneliness of the founder journey
- Small group sessions involving investors and founders to create connections and engender impactful collaboration

Why should Investors consider supporting Founder Leadership and Wellbeing Coaching?

The risk of founder conflict and burnout is real and no one wins – in fact investors potentially lose their investment whilst founders risk their health and livelihoods. At Wise Sherpa, we have significant experience as consultants and coaches in working with the entrepreneurial eco-system on these issues and would be happy to discuss this further with you.

Exit - with Dignity and Grace

In an ideal world, founders would stay and grow with their businesses but if a founder – especially CEO founder - exits through their own decision or through the decision of investors, it is either way a difficult journey.

The support investors offer exiting founders at this critical transition stage can make all the difference to the individual, the organisation and the success of the investment. In our experience, founder one to one coaching (typically over a 3-6 month period) is invaluable in helping founders work through this challenging stage.

Why should Investors consider coaching to support exiting Founders?

By investors investing in coaching support (which may seem counter-intuitive), they are enabling founders to leave with dignity and grace whilst ensuring disruption to the organisation is minimised. Ultimately, the outcomes for all involved are exponentially better. After all, many founders of both successful and failed organisations go on to found again (often repeatedly) so you never know...

If you are interested in discussing any of the approaches mentioned above further and how Wise Sherpa supports impact investors and founders in their portfolios on leadership and wellbeing, we would love to hear from you.

An integrated approach really does deliver the best outcomes!

Rebecca Hill
Principal Consultant and Founder at Wise Sherpa
+44 (0) 7860805528
www.wisesherpa.co.uk

A little more about Wise Sherpa -

Wise Sherpa's passion is business coaching, mentoring and consulting with purpose-led and impact-focused professionals and organisations creating a reflective space to help them thrive from a people, planet, profit perspective.

We use our experience as executive coaches, business mentors, facilitators and consultants of change to assist our clients to successfully realise their aspirations and achieve their goals.

Our approach is highly personalised and tailored to the needs of each client which is why our clients consistently report strong outcomes.

Crucially, we are also able to leverage our network to help clients to access further targeted support should they require it through a key number of associates with whom we collaborate on a regular basis.