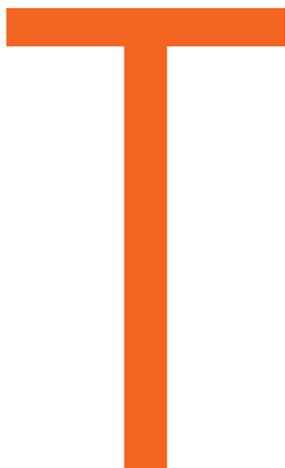


THE **STARTUP** FORMULA

GREAT IDEAS CAN'T GET OFF THE GROUND WITHOUT A BRILLIANT TEAM TO LIFT THEM. DO YOU HAVE THE RIGHT PEOPLE IN PLACE? START BY INSPECTING THEIR PERSONALITIES.

By
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HERE'S NEVER BEEN AS BIG of a focus on entrepreneurship in the business world as there is today. With crowdfunding websites becoming more popular and a multitude of startups invading virtually every industry, the time to start something new is now.

Not only have many startups used Eric Ries's *The Lean Startup* as their bible, but large corporations are also applying Ries's principles to deal with innovation and the inertia of being a big organization. The obvious reality, however, is that while many entrepreneurs are tenaciously following their dreams, in such a highly competitive global market, very few of them will actually succeed.

Startups fail for a variety of reasons: There wasn't any market need for the product, they ran out of cash, they didn't have a solid business model, and the product simply wasn't any good. But more than almost any other issue, team problems are responsible for 23 percent of startups stalling out, according to data from CB Insights.

Trust us: We've seen the skid. We've helped select startups for Startupbootcamp and Innoleaps, the first corporate accelerators to involve psychologists—via an online Big Five personality tool called Facet5—in the selection of teams. And in our experience, even game-changing ideas go nowhere without the right teams to see them through.

Startupbootcamp is a global network of industry-focused startup accelerators that supports early-stage tech founders to rapidly scale their companies by providing direct access to an international network of the most relevant mentors, partners, and investors in their industries. When we started working with the enterprise in 2014—the year it was awarded Best Accelerator at Europe's premier startup event, the Europas—team selection was a two-day process.

The teams that participated in the program would be rated by groups of experts on aspects like uniqueness of their ideas, traction with clients, scalability, finance, and their previous track record in entrepreneurship.

It was a tough selection process that started with hundreds of participants and ended with around 10 teams being allowed to join the acceleration program. Despite the rigorous selection efforts, however, there were still some situations in which teams didn't survive the 13-week program.

So the founders of Startupbootcamp approached us 4 years ago and

FIGURE 1: HOW THE FACET5 MODEL WORKS

By assessing five personality factors, Facet5 aligns people with roles they're best suited for.

Will	Determination	The inner drive to commit to own ideas
	Confrontation	A drive to confront issues as they arise
	Independence	A tendency to go your own way
Energy	Vitality	Obvious enthusiasm
	Sociability	Interest in being with people
	Adaptability	Involving others in your thinking
Affection	Altruism	Putting other people's interests first
	Support	Always trying to understand
	Trust	Tendency to take people at face value
Control	Discipline	Being personally organized and planned
	Responsibility	Being willing to take personal responsibility
Emotionality	Tension	A general sense of tension or stress
	Apprehension	Being cautious and not over-optimistic

issued this challenge: Help us identify team-related factors that influence the success rate of startups. When we set out to work, we focused on answering these questions: Does the team have the right personalities to build a startup? And is there a good role-person fit?

The Startup Personality

Many startups are founded by visionary individuals or groups who don't always know how to work as a cohesive team. A successful team

needs balance, with complementary skill sets and backgrounds, and so a thorough understanding of the personalities involved is vital.

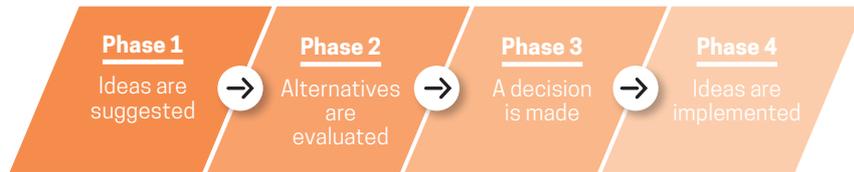
When you start to work with someone who is completely different from you, it's much easier to experience the downside of these differences than it is to reap the benefits. Misunderstandings and irritations are just around the corner, especially in a high-pressure environment like an accelerator program.

Team success is about a willingness to invest in one another, and to understand and value each other's perspectives. Teams need to be



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FIGURE 2: THE FOUR-PHASE TEAMWORK CYCLE



able to work together, overcome challenges, find the optimal solutions, inspire others, and keep things going when times inevitably get tough. Many startups don't think about how to survive success or how to evolve. They usually focus on going from zero to one—not on what's needed to scale up beyond that point. Successful businesses must be in it for the long haul, and that's where it's essential to have the right team in place.

In a 2007 study in the *European Journal of Work and Organizational Psychology*, Andreas Rauch and Michael Frese conducted a meta-analysis on the relationship between business owners' personality traits, business creation, and success.

Rauch and Frese discovered that six specific personality traits significantly correlated with entrepreneurial behavior. The characteristics were need for achievement, generalized self-efficacy, innovativeness, stress tolerance, need for autonomy, and proactive personality.

These relationships were of moderate size in general

and, moreover, heterogeneity suggested that future research should analyze moderator variables.

Other studies conclude that it isn't possible to predict the long-term success of a business by evaluating the personality factors of the founder in early stages of the startup process. Despite the lack of academic evidence, however, it still doesn't hurt to know more about all the different personalities in a team, and how they can prevent the pitfalls and early breakups that plague so many startups.

How to Measure Personality with Facet5

Facet5 is one of the most advanced measures of personality available today. It provides a simple model and common language to explain how people differ in their behaviors, motivations, and attitudes—and crucially, what they can achieve together. The tool helps team members understand one another's strengths and weaknesses

and establish a framework for communication that will enable constructive challenge and debate while accomplishing the ultimate goal for any team: retaining unity.

We used Facet5 to focus on the makeup of each team and the division of roles within them. Typically, members would fill in the tool before the selection days and we would discuss their team profiles with them, resulting in a team score as well as a number of red or green flags. In Facet5 terms, the Rauch and Frese results would then translate into high scores on the Will and Energy factors, and relatively low scores on Control and Emotionality (see Figure 1 on previous page).

We focused on establishing each team member's natural preferences in terms of role. Personalities are fundamentally different, and not everyone is naturally suited to being a CEO.

In a lot of cases, we actually found that the CEO of the startup wasn't ideally—given his or her personality profile—the typical CEO, or a leader with high Will and high Energy. Many times, it made more sense for low-Will, high-Control founders to instead hold finance or operations roles.

Facet5 can help align people with roles they're most naturally suited for and preempt future issues for workers with jobs that may present more challenges given their natural preferences. It also provides input for the team's next phase: What should they focus on when scaling up?



Many startups focus on going from zero to one, not on how to scale up beyond that point.

The Teamwork Cycle

Facet5 describes a four-phase work cycle that teams go through, from generating ideas to implementing a specific approach. These phases are linked with the first four Facet5 factors and indicate what the favorite phase of each team member will be (see Figure 2).

High Affection people usually like to come up with new ideas and broaden the discussion even further, but find it difficult to kill their darlings and move on to the next phase. High Control people find it important to evaluate all alternatives and work out the details. But it's also often hard for them to see the bigger picture. High Will people decide before others are ready, while High Energy people just want to try out an approach and see what happens.

Depending on the typical team setup, this might lead to an idea-generation team, which can lose the connection with the business and stall in place, or an implementation team, which prioritizes trying new stuff above anything else.

Both team types could limit the startup's possibilities to validate their product with potential clients, or their potential to scale up. But using Facet5, we're able to assess risks and possibilities and give startups advice on what their next team members should look like based on personality.

When we look at these

team reports, we usually focus on three things:

1. The team members' personality differences. Diversity can be a team's strength, but it can also make things vastly more complicated. When you get to know each other's perspective, you'll gain a crucial understanding that ultimately improves teamwork.

2. The fit between personality and team roles. These positions are sometimes based on factors other than job-person fit. Ultimately, this may lead to team members changing roles, or even founders taking a step back when investors object to a specific candidate.

3. The potential and risk of the team members' preferences for a specific part of the work cycle.

Startupbootcamp continues to work intensively with more than a third of the 300+ startups it has invested in since the organization launched in 2010. The companies that tend to perform best are the ones with great

teams in place and strong leaders guiding the business through all weathers.

Using Facet5—and relying on expert facilitation and mentor coaching, to boot—helps startups minimize risks. The tool also gives investors the confidence to select the companies that are most likely to succeed.

All startups will undergo ups and downs, and the founders in charge will need to possess the right mix of tenacity, drive, innovation, and leadership skills to endure potential fortunes and inevitable hardships. Ensuring that the people at the helm are best equipped for success is vital, because behind every successful business, there is a successful team—and it's important to remember that every team can always be improved.

Including a modern personality assessment can limit the risks and enhance the opportunities of the team involved. The ongoing success of both Startupbootcamp and the businesses it helps is a testament to the benefits of unlocking individual and team potential, and to the true power of personality.



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