

Investing in a Founding Team

The People Collective

Tech Coast Angels
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ABOUT US



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Why create a framework to assess founding teams?



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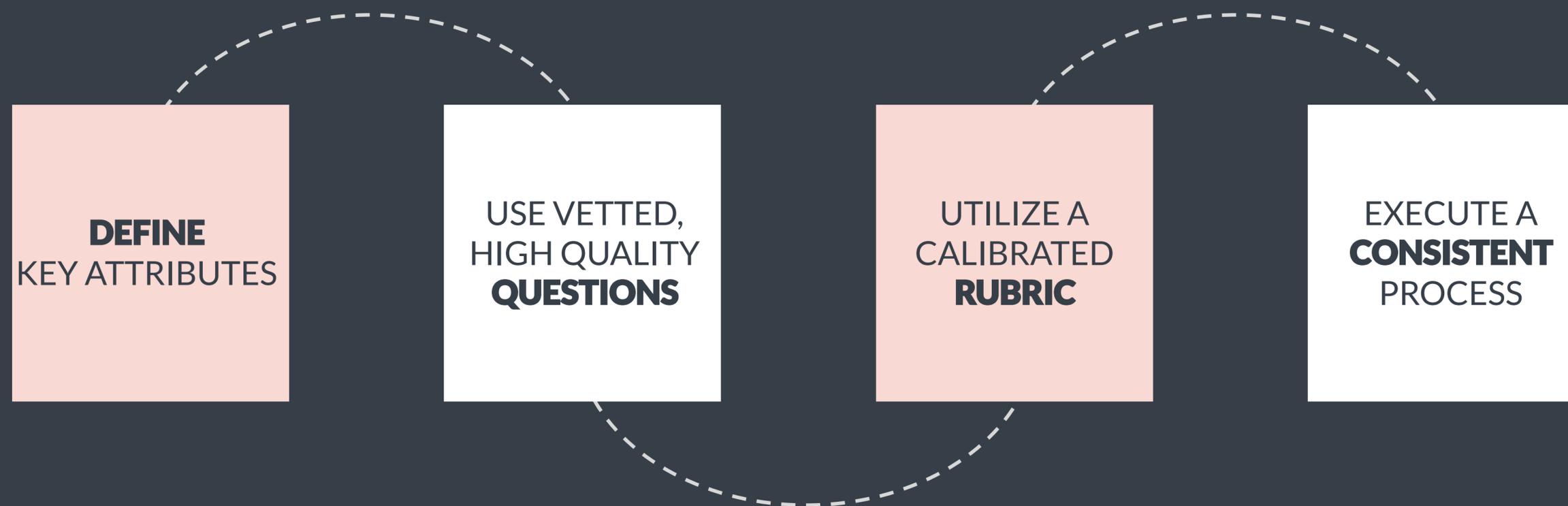
People matter. Angel investing = Team + TAM

Longevity matters. Ability to grow over time is key.

Minimize Risk & Maximize Return. Trusting your gut is not enough.

Mitigate Bias. Provide entrepreneurs an equal chance to prove their worthiness.

How to Create a Founder Assessment Framework



Define Key Attributes

Why? By defining the key attributes, you are clarifying your decision making

- **Deal breakers:** What are the immovable attributes of successful founders?
- **History:** What have you learned from past investments?
- **Research:** What have you learned from industry knowledge and collective wisdom?

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Use vetted, high-quality questions and scenarios

Why? Be deliberate about what you are assessing for and how they tie to key attributes

Vetting could be **behavioral** or **situational**:

- **Behavioral:** Test how a founder responded to a past situation; reveals patterns of behavior.
- **Hypothetical/Situational:** Assess how a founder will respond to a future situation; useful for understanding how a founder will respond in novel situations.

What are some of your favorite questions to ask?

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Implement a calibrated rubric

Why? Measure the effectiveness of your approach using a rubric or scorecard

- **Calibrate:** what does good/great/excellent look like?
- **Iterate:** challenge the rubric and adjust
- **Accountability:** Capture when you deviate from the rubric and why

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Execute a consistent, repeatable process

Why? A structured approach increases the predictability of the outcome
Pattern recognition, while susceptible to bias, is a useful method of investing

- Document the process
- Assign a steward
- Align General Partners (this is the hardest part!)

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POTENTIAL ATTRIBUTES

GRIT	GROWTH MINDSET	BIAS FOR ACTION	FOUNDER/ MARKET FIT
✓ Cognitive Intelligence (IQ)	✓ Focused		✓ Visionary
✓ Receptiveness to Feedback	✓ Mission Driven		✓ Excellent communicator
✓ Compensation Philosophy	✓ Humble		✓ Emotional Intelligence (EQ)
✓ Resourcefulness	✓ Leadership		✓ Ability to Execute
✓ Integrity	✓ Clarity of thought		✓ Ruthless at prioritization

Research

Attributes Questions & Scenarios Scorecard Research Resources & Notes EXAMPLE Scorecard				
Grid view 2 hidden fields Filter Group Sorted by 1 field Color Share view				
Source	Title	Attribute	Link	
Angela Duckworth	Who does well in life? Conscientious adults excel in both objective and subjective success	Grit Cognitive Intelligence	https://www.frontiersin.org/articles/10	
Angela Duckworth	Organizational Grit	Grit	https://hbr.org/2018/09/organizational	
Becoming Better	Become Better	Growth Mindset	https://becomingbetter.org/relentless	
Carol Dweck	Growth Mindset	Growth Mindset	https://www.amazon.com/Mindset-Ps	
CNBC	7 Key Traits of Start-up Founders	Receptive to Feedback Customer Focus	https://www.cnn.com/2016/03/11/sev	
Cognitive Skills: Why The 8 Core Cognitive Ca...	C8 Sciences	Cognitive Intelligence		
Dan Goleman	Emotional Intelligence: Why It Can Matter More Than IQ	Emotional Intelligence	https://www.amazon.com/Emotional-Intelligence	
Daniel Coyle	The Talent Code: Greatness Isn't Born. It's Grown.	Growth Mindset	https://medium.com/swlh/the-talent-code	
Daniel Coyle	The Power of Humility	Humility		
DavidCummings.org	High EQ, High IQ, and Strong Work Ethic	Cognitive Intelligence Emotional Intelligence Grit	https://davidcummings.org/2015/04/0	
DavidCummings.org	Focus, Focus, Focus – An Entrepreneur’s Challenge	Focus		
Early Growth Financial Services	8 Essential Traits of a Rockstar Start-up CEO	Aspirational Bias for Action Organized Ability to Build Followers	https://earlygrowthfinancialservices.c	
Editorial: Emotional Intelligence and Cognitive ...	Frontiers in Psychology	Cognitive Intelligence Emotional Intelligence	https://www.ncbi.nlm.nih.gov/pmc/art	
Elisa All Schmitz, Founder & CEO of 30Second...	11 Traits of Successful Start-up Founders & Entrepreneurs	Resilience Conviction Metrics Oriented Empathy Emotional I	https://medium.com/been-there-run-t	
Emergence Capital	VC20: Santi Subotovsky	Customer Focus	http://www.thetwentyminutevc.com/20	
Emergence Capital	Jake Saper	Ability to Build Followership	https://www.linkedin.com/pulse/how-z	
Emotional versus Cognitive Intelligence: Which...		Cognitive Intelligence Emotional Intelligence		
Entrepreneurial Programs Office Ira A. Fulton S...	FIVE MINDS FOR THE ENTREPRENEURIAL FUTURE: COGNITIVE SKILLS AS THE INTELLECTUAL FOUNDATION FOR NEXT GENERATIO...	Cognitive Intelligence	https://pdfs.semanticscholar.org/aa86	
Funders Club		Unconscious Bias	https://fundersclub.com/blog/2016/10	
Harvard Business Review	Male and Female Entrepreneurs Get Asked Different Questions by VCs — and It Affects How Much Funding They Get	Unconscious Bias	https://hbr.org/2017/06/male-and-fem	
Harvard Business Review	What Having a Growth Mindset Actually Means (Carol Dweck)	Growth Mindset	https://hbr.org/2016/01/what-having-a	
Harvard Business Review	Being a Successful Entrepreneur Isn't Only About Having the Best Ideas	Grit Excellent Communication	https://hbr.org/2016/08/being-a-succ	
UPP		Unconscious Bias	https://hbr.org/2017/06/male-and-fem	

Key Attributes Example

Attributes					
Questions & Scenarios					
Scorecard					
Research					
Resources & Notes					
Grid view ... 1 hidden field 2 filters Group Sorted by 1 field					
Attribute	Category	Definition	Details	Why is this important?	
1 Ability to build followership	Required	Ability to attract, hire and inspire strong leaders and team members, ability to build a product that cu...		A strong founder must be able to hire w	
2 Bias for action	Required	Sense of urgency; action as a default state	A counter point to consider is that while sense of urgency is effec...	Speed matters in business. Many decisio	
3 Clarity of thought	Required	Clarity of thought is having only the thoughts to visualize the outcome, and the steps needed to achi...	Visualizing the outcome: We often proceed without knowing the o...		
4 Cognitive intelligence (IQ)	Required	Cognitive intelligence is defined as the combination of verbal, numerical and spatial abilities which in...		Smarts. Understanding how to build thir	
5 Decision making (clear & thoughtful)	Required	Is it obvious how the team makes decisions? Even if you don't agree with the conclusion, is there clar...	There is a lot to unpack in this one so it may be better to break it a...	Leaders are right a lot. They have strong	
6 Emotional intelligence (EQ)	Required	EI or EQ is the ability to recognize, understand and manage our own emotions and influence the emot...	The Baron measure of EQ is comprised of five core elements each...	Excellent soft skills are critically importa	
7 Excellent communicator (ability to articulate vision, story, strategy)	Required	Ability to communicate effectively with multiple audiences (team, customers and investors). This incl...	Listen for crisp, short, clear answers	Founders that are hard to talk to are alm	
8 Focus	Required	Ability to only execute against those things that materially move the business.		The only advantage a startup has is focu	
9 Founder/market fit	Required	Founder-market fit is an indicator of a match between the founder and the problem they are going aft...	What compelled the founder to start the business? What experien...	Test for whether its a founder that really	
10 Grit	Required	Firmness of mind or spirit: unyielding courage in the face of hardship. Grit = Passion + Perseverance; ...	The two critical components of grit are passion and perseverance...	Grit predicts who will accomplish challer	
11 Growth mindset	Required	In a growth mindset, people believe that their most basic abilities can be developed through dedicati...	In a growth mindset, people believe that their most basic abilities ...		
12 Humility	Required	Having or showing a modest estimate of one's own importance	True humility, scientists have learned, is when someone has an ac...	Humility is a catalyst for group growth A	
13 Integrity	Required	The quality of being honest and having strong moral principles			
14 Mission driven	Required	Clarity of purpose, aim and goals as an organization			
15 Resourceful	Required	Having the ability to find quick and clever ways to overcome difficulties and problem solve	Accomplish more with less. Constraints breed resourcefulness, se...		
16 Ruthless prioritization	Required	A realization that you will have to make hard choices every day on where to focus	Tied to focus but perhaps important enough to have as a separate...		

Example Scorecard

Score	Company	Founder(s)	Co-Founder (At time of Investment)	(M) Grit	(M) Growth Mindset	(M) Founder/Market Fit	(M) EQ	(M) IQ	(M) Bias for Action	(N) Integrity	(N) Humility
5	ACME Co.	Bugs Bunny	No	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
4	MUber	Elmo	Yes	4.0	4.0	3.0	2.0	5.0	5.0	3.0	2.0
4	AirChair	Wonder Woman	Yes	5.0	4.0	4.3	3.4	2.2	1.1	4.3	5.1
4	BioTech 2.0	Mad Scientist	No	5.0	5.0	3.0	2.0	5.0	3.0	4.0	2.0

Q&A

