Business Guides on the Go

Vanessa Miller
Jens U. Pätzmann

Archetypical Roles in Startups

Eight Personality Traits You Need in Your Founding Team

Springer

Business Guides on the Go

“Business Guides on the Go” presents cutting-edge insights from practice on particular topics within the fields of business, management, and finance. Written by practitioners and experts in a concise and accessible form the series provides professionals with a general understanding and a first practical approach to latest developments in business strategy, leadership, operations, HR management, innovation and technology management, marketing or digitalization. Students of business administration or management will also benefit from these practical guides for their future occupation/careers.

These Guides suit the needs of today’s fast reader.

Vanessa Miller • Jens U. Pätzmann

Archetypical Roles in Startups

Eight Personality Traits You Need in Your Founding Team

Springer

Vanessa Miller
Neu-Ulm University of Applied Sciences
Neu-Ulm, Germany

Jens U. Pätzmann
Neu-Ulm University of Applied Sciences
Neu-Ulm, Germany

ISSN 2731-4758 ISSN 2731-4766 (electronic)
Business Guides on the Go
ISBN 978-3-031-22252-8 ISBN 978-3-031-22253-5 (eBook)
https://doi.org/10.1007/978-3-031-22253-5

This Springer imprint is published by the registered company Springer Nature Switzerland AG.
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Preface

The composition of the team is just as crucial as the startup idea itself. Some investors even maintain that an excellent team with a mediocre idea is more promising than a mediocre team with an excellent idea. Diverse teams seem to have advantages over very homogeneous ones. For example, a team of five made up exclusively of creative minds is missing key contributors like the seller, the resource guard, and the implementor. Throughout the startup journey, complementary and at times even contradictory skills are needed.

Nevertheless, it is the most common case that friends, not strangers, join forces to found a startup. Friendships are usually built for shared interests, attitudes, and values. A team consisting of friends tends to be homogeneous. Investors have recognized this and favor groups with diverse skills and characteristics, in order to ensure that the right team members can take on responsibility for the various functions—different personalities are needed for marketing, finance, organization, product development, and so on.

Most investors and mentors focus on technical skills, experience, and qualifications, because assessing team composition in terms of personalities is a challenge. However, evaluating potential founding teams' personality setup can be a worthwhile effort because there is often a lack of self-awareness and mutual understanding. A personality test, designed as a self-test, can be a useful tool. The market for personality assessment tools, including those that measure motifs and emotions, is varied and growing. And yet their application for startup teams is little explored.

The authors of this book suggest that an adaptation of archetype theory inspired by C. G. Jung can generate useful insights into the social dynamics within startup teams. Archetype theory is not without controversy. In particular, scientists wonder whether the approach is empirically sound. At least it can be proven beyond doubt that there are certain structures within the human psyche that have universal validity. In a so-called blockbuster analysis, Pätzmann and Hartwig (2018) analyzed fifty internationally successful cinema movies and grouped the roles that appeared in them into archetypes and anti-archetypes.

This was followed by publications on archetypes and how they can be applied for storytelling (2019), customer insights (2020), and employer branding (2020). Parallel to this book, publications on colors and archetypes (2023) and the emotionalization of business models through archetypes (2023) are planned. All publications aim to contribute to practical application.

Neu-Ulm University of Applied Sciences, where the two authors work, sees itself as an international business school for innovation, sustainable entrepreneurship, and digital transformation. All activities in research and teaching aim to solve burning practical problems in a global context. This is what we want to achieve with this book. It is intended to be a practical book based on sound research. We address founders, incubators, mentors, investors, business angels, and entrepreneurs in an international environment. We also target bachelor's and master's students in the fields of Entrepreneurship, Business Administration, and Business Psychology. This book intends to help start a business by successful teamwork.

We want to thank our international experts who helped us to gain insights about archetypical team roles in startup teams—Germany: Prof. Dr. Daniel Schallmo, Michael Reichert, Prof. Dr. Thomas Bayer, Prof. Dr. Tobias Engelhard; Israel: Tal Berman, Brian Steinberg, Itai Mendelsohn, Dr. Jaime Amsel, Nimrod Katz; Kenya: Pamela Mbae, Dr. George Kosimbei, Benjamin Barwa, Dr. Anncarol Karanja, Martin Irungu, Simon Ndirangu.

Special thanks to Prof. Dr. Vered Holzmann, Academic College of Tel Aviv-Yaffo. She advised us intensively and is our coauthor on several publications on entrepreneurship.

Thanks also to Barbara Bethke of Springer Nature, who convinced us that this book series was the right one for our project.

Neu-Ulm, Germany Vanessa Miller
October 2022 Jens U. Pätzmann

Contents

About the Authors

Vanessa Miller is a Research Associate for Circular Economy and Entrepreneurship at the Neu-Ulm University of Applied Sciences (HNU). She holds a Bachelor of Arts in Interdisciplinary American Studies from the University of Tübingen and an executive Master of Business Administration from HNU. She has lived in the USA and Kenya and has work experience in international education. At HNU, she is responsible for collaborative projects with African partner universities, among others for the joint development of a Master's degree in Circular Agro-Economy at the University of Rwanda. Her research interests include circular economy, sustainable entrepreneurship, entrepreneurial teams, and intersections of culture and business models.

Jens U. Pätzmann teaches Marketing, Branding, and Strategy for startups at the Neu-Ulm University of Applied Sciences. He received his doctorate from the Faculty of Communication Sciences, Freie Universität Berlin. Jens U. Pätzmann is a co-director of the Institute for Entrepreneurship and is one of few researchers investigating archetypes and their relevance to the startup ecosystem. Also, he is a member of the Africa Institute. His international activities focus on Europe, Israel, and Kenya. Jens U. Pätzmann has been applying archetypes to the practice for twelve years and has published extensively on exploiting archetypes for marketing, branding, and organizational behavior.

Part I

Team Roles in Startups

The implementing team behind a business idea is the decisive factor for its success. Choosing the right teammates is a founder's most vital decision and a critical point for investors, mentors, and other stakeholders. Not only hard skills and experience are important, but it is critical to have different yet complementary personality types within a team. Chapter 1 provides an introduction to the topic and proposes Jungian archetype theory as an untraditional approach to personalities in startup teams. Chapter 2 presents insights into social interactions in startup teams and which team member compositions are the most successful. Chapter 3 provides an overview of the development of archetype theory and which practical application fields modernized archetypical models have today.

1

Introduction

1.1 Relevance of the Topic

The creation of new firms is of broad economic relevance. It mitigates fluctuation of bankrupt ventures (Foo et al., 2006, p. 389), creates new jobs (Gopalkrishnan, 2017, p. 9), and functions as a coping mechanism in times of rising unemployment (Barba-Sánchez & Atienza-Sahuquillo, 2017, p. 1098). Moreover, entrepreneurship brings about change and innovation in old and new industries (Gopalkrishnan, 2017, p. 9) and can breathe life into developing economies much more effectively than foreign aid can (Christensen et al., 2019). Entrepreneurial ventures have therefore been termed "the lifeblood of most economies" (Klotz et al., 2013, p. 250). A newly founded company's statistical likelihood of success, however, is dishearteningly low. Failure rates are estimated between 40 and 90% (*Must-Know Startup Statistics*, 2021; Cerdeira & Kotashev, 2021; de Mol et al., 2015; Gopalkrishnan, 2017, p. 9; Kozusznik et al., 2020, p. 393 f; *20 Factors That Predict Startup Failure*, 2018).

Next to product-market-fit issues and insufficient funding, organizational and environmental factors have been blamed for the low chances of success (Vanaelst et al., 2006, p. xxii). Research on success factors

V. Miller, J. U. Pätzmann, *Archetypical Roles in Startups*, Business Guides on the Go,
https://doi.org/10.1007/978-3-031-22253-5_1

identified the characteristics of the founder(s) as a key aspect. Researchers at first concentrated on solo entrepreneurs*;* yet, more entrepreneurs operate in teams rather than alone (Klotz et al., 2013, p. 226). Teams of founders are not only more common than solo entrepreneurs but also more successful (Vanaelst et al., 2006, p. xxii). Therefore, researchers' attention shifted to the characteristics of and interactions between startup team members (Muñoz-Bullon et al., 2015, p. 3).

Founding teams have a significant impact on new venture outcomes (Kollmann et al., 2017, p. 845). Upper echelons theory states that the top management team profoundly impacts the whole organization and it has been confirmed for startup teams, indicating that the founding teams' impact is even greater in nascent ventures than in established ones (Jin et al., 2017, p. 745). Hence, the founding team is crucial in convincing an investor to believe not only in the idea, but also in its successful implementation (Brattström, 2019, p. 10; Coe, 2019, p. 51). Weak founding teams are cited as one of the main causes of startup failure (Wasserman, 2012, p. 3). Much emphasis has been placed on teams' demographics, prior experience, technical skills, and other hard factors. However, the compatibility of founding team members' personalities and interpersonal processes play a significant role as well (Brattström et al., 2020; de Mol et al., 2015; Kakarika, 2013, p. 32; Klotz et al., 2013; Kollmann et al., 2017; Kozusznik et al., 2020; Lechler, 2001; West III, 2007). Founders and investors have high stakes in working with balanced and effective startup teams. Founding teams weakened by mismatching personalities and dysfunctional conflicts can lead to failures of otherwise promising business ideas.

Therefore, much research has been conducted on team composition in startup teams: for example, on members' previous experience in industry and with startups (Muñoz-Bullon et al., 2015), new member addition (Forbes et al., 2006), team conflict in startup teams (Klotz et al., 2013, p. 240), and other factors. It has been proven that interpersonal conflicts, as opposed to cognitive conflicts, in startup teams hamper firm success most severely (Klotz et al., 2013, p. 242). Complementarity of hard skills is not sufficient to allow for effective teamwork. Social processes play an important role, too.

Human beings have a natural tendency to favor persons with similar characteristics, which often leads to rather homogeneous startup teams (Brattström, 2019, p. 6; Kakarika, 2013, p. 31). Yet, similar people do not always work well together. Collaborators should rather complement each other to form effective teams where each member can assume another responsibility that they are naturally inclined to (Belbin, 2010b, p. 64). Thus, even teams composed of highly capable individuals can be ineffective if members are overly alike (Belbin, 2010a, p. 23). The question of homophily versus diversity has received plenty of attention, whereby the emphasis has shifted from hard factors like demography and qualifications to diversity of personality, thinking style, and motivation (Kollmann et al., 2017).

Looking into personalities in startup teams and the compatibility of the members has been suggested as a promising field of research (Jin et al., 2017, p. 762; Klotz et al., 2013, pp. 230, 247; Kollmann et al., 2017, p. 855; Pitcher & Smith, 2001). Relevant findings can help identify suitable combinations of personalities to form more successful startup teams. This will enable startup founders to carefully select the right mix of team members, and help other stakeholders such as incubation mentors, business angels, and venture capitalists to evaluate a team's likelihood of success and give appropriate advice. The complexity of interpersonal relationships in a volatile startup environment requires a look beyond traditional business research (Brattström et al., 2020, p. 13).

Abundant practical and theoretical material on teams in the work environment is available. The literature has concentrated on areas such as team building, teamwork, team development, and different work contexts in which teams come together. In this general context, the question of team composition with regard to personalities has been examined (Bell et al., 2018). Team members do not only have functional roles based on their hard skills but also informal roles depending on their personality traits (Dick & West, 2005, p. 30). The work of Belbin (2010a, 2010b) has been very influential with regard to understanding how the mix of personalities in a team contributes to their success. Belbin (2010a, 2010b) has conducted expansive research on personality trait interaction in teams and created a model of nine specific team roles.

The context in which the team operates is significant for the demands that are posed on team personality composition (Bell et al., 2018, p. 354). Most of the aforementioned research focuses on teams working within established organizations. Yet, startup teams are operating under special conditions because they have limited resources, operate in uncertainty, are formed voluntarily, and face an entirely different set of challenges, low chances of survival, and evolving identities (Ambos & Birkinshaw, 2010, p. 1125; Brattström, 2019, p. 7; Klotz et al., 2013, p. 228). In short, they are fundamentally different, so that findings about teams in established organizations cannot simply be transferred to them (Brattström, 2019, p. 7; Klotz et al., 2013, p. 228). For this reason, more research on team member interactions specifically in startups is needed (Wright & Vanaelst, 2009, p. xxxvi).

1.2 Goals

This book responds to this need by reaching out to a concept developed in psychology and in the humanities: archetype theory based on the collective unconscious as conceptualized by the Swiss nineteenth-century psychiatrist Carl Gustav Jung. The concept of archetypes has been applied in management and organizational studies. In an investigation of archetypical themes in modern organizations, Kostera (2012) defines archetypes as "empty slots, ready to accommodate images, characters or plots important to culture and individual development" (p. 28). Archetypical roles and their practical relevance in human collaboration within a professional context have been empirically investigated by Moxnes and Moxnes (2016). Similarly, Ambos and Birkinshaw (2010) have applied the concept specifically to startup teams, using it to comprehend the nature of new ventures and the evolution they undergo over time. These examples show that archetype theory can be very helpful for the study of startup teams.

Pätzmann and Hartwig (2018) developed an empirically tested model of archetypes in contemporary language based on the study of internationally popular blockbusters. The model is based on Jung's theory of archetypes as well as Bischof's three fundamental motifs safety, excitement, and autonomy (Pätzmann & Hartwig, 2018, p. 3). It features 14 archetypes and 14 corresponding anti-archetypes, which are composed of both male and female figures and trigger human beings' motivational barriers and endorsers. The model has been applied to marketing and brand management (Pätzmann & Adamczyk, 2020; Pätzmann & Busch, 2019) and further developed into a personality test (Pätzmann & Genrich, 2020). Thus, the model has proven to be of high practical relevance. The work at hand takes up the suggestion by Pätzmann and Genrich (2020) to apply the archetypical personality test to startup teams (p. 36). The authors propose that this test can be used to generate practically relevant insights for founders, incubators, and venture capitalists in order to improve collaboration within startup teams.

This book pools a wealth of experience from German, Israeli, and Kenyan entrepreneurship experts, bringing together know-how from three very different entrepreneurship contexts. On the one end, Germany as one of the economic powerhouses in Europe represents an established, saturated economy in need of fluctuation and new innovations to defend its standing against upcoming economies, especially in innovation-intensive fields like artificial intelligence. As of 2020/2021, entrepreneurial activity is comparatively low in Germany (Bosma et al., 2021, p. 38). Israel, on the other end, has been labeled "the startup nation," with a government highly supportive of entrepreneurial endeavors and a vibrant high-tech startup scene (Almor & Heilbrunn, 2014). Kenya represents an emerging economy, one of the leading countries in Africa in terms of digital entrepreneurship, with its capital Nairobi being nicknamed the Silicon Savannah, and yet facing the challenges of a developing country (Mutuku, 2021). On the one hand, Kenya deals with rapid population growth and urbanization, youth unemployment, and a lack of basic infrastructure. On the other hand, it has a growing middle class and favorable economic outlooks (*Kenya GDP Annual Growth Rate*, n.d.). This creates huge market potential for bringing goods and services to the underserved (Christensen et al., 2019). These three countries represent diverse backgrounds where entrepreneurship fulfills different crucial roles. Expertise from those contexts can cross-pollinate and the innovation ecosystems can learn from each other.

In the present book, the authors suggest that the archetypical model developed by Pätzmann and Hartwig (2018) and the corresponding archetypical personality test by Pätzmann and Genrich (2020) can be a useful tool for startup teams. In the first step, a study was conducted to confirm the test's content validity. In the second step, the validated test was used as a research tool to identify the relevant archetypes for a startup team. In step three, in-depth expert interviews were employed to generate contextualized insights. With this mixed methods approach, we responded to the following research question, divided into five sub-questions:

Research question: Can archetypical roles be a useful instrument for startup team formation?

Sub-question 1: Which archetypes are most relevant for startup teams?

Sub-question 2: Which anti-archetypes are most tolerable in a startup team?

Sub-question 3: What is the role of the identified (anti-)archetypes in a startup team?

Sub-question 4: How do archetypical team roles interact within a startup?

Sub-question 5: Which practical relevance does the archetypical model have for the entrepreneurship ecosystem?

The quantitative survey identified seven (anti-)archetypes with special relevance for startup teams: mentor, leader, friend, artist, hero, rebel, and femme fatale. Those results were evaluated and deepened by means of semistructured in-depth interviews with 15 experts. Taken together, this generated seven profiles of archetypical roles specifically for startups and shed light on their interactions and their relevancy over the startup journey. Moreover, the manager was identified as an additional role of relevance for startup teams. Thereby, this work shows how the archetypical personality test can help to build more effective startup teams.

1.3 Concepts

Four central concepts run through this work: startup, startup team, archetype, and archetypical role. To understand the book, it is important to comprehend how it conceives and employs these terms. For this reason, the following section provides brief working definitions of the concepts. Thus, it becomes clear how these concepts were operationalized for the underlying studies.

1.3.1 Startup

Two different views on entrepreneurship can be distinguished: the following of new opportunities versus the creation of a new venture (Wright & Vanaelst, 2009, p. xi). In the broadest sense, entrepreneurship describes the pursuit of opportunities with insufficient resources (Wasserman, 2012, p. 332). Apart from that, researchers have formally defined entrepreneurial firms as any young businesses which have not exceeded a certain time since founding (Jin et al., 2017), are not yet officially registered (Ruef, 2010, p. 144), or below a certain maturity level in terms of branches, employees, revenues (*Must-Know Startup Statistics*, 2021), or positive cashflow (Muñoz-Bullon et al., 2015).

This book employs a very broad definition of *startups*. The focus is on the creation of independent new companies, allowing for a combination of both above-mentioned aspects and recognizing that not all newly founded businesses are characterized by an equal level of innovativeness. The novelty of a business' products and services has a great impact on the complexity it faces (Vanaelst et al., 2006, p. xxiv). This work does not limit itself to formalistic criteria of startups. It concentrates on business models with a certain level of novelty, but these can be incremental adaptations in established markets as well as disruptive high-tech innovations.

1.3.2 Startup Team

Teams, in general, are understood as a coherent group of individuals who depend on each other for a common goal and distinguish themselves from their environment (Afflerbach, 2020, p. 11). Yet, the term *startup team* is not clearly defined, and different operationalizations have been employed by researchers (Vanaelst et al., 2006, p. ix). Criteria for defining startup team members include mutual dependence and risk-sharing to build a common business, sharing strategic decision-making power and operational responsibility, significantly contributing to the main business idea, having financial interest and/or equity stakes, and joining the team early in the founding process (Brattström et al., 2020, p. 5; Chowdhury, 2005, p. 730; Francis & Sandberg, 2000, p. 9; Jin et al., 2017, p. 744; Klotz et al., 2013, p. 227; Muñoz-Bullon et al., 2015, p. 2; Vanaelst et al., 2006, p. xi; Wasserman, 2012, p. 81).

The term *founder* also has considerable symbolic power and depends on the labels used by the team itself. Sometimes, members who join the venture later than others but have strategic decision-making power over a key aspect of business development are also referred to as founders (Wasserman, 2012, p. 84). In addition, it must be recognized that the definition of the *startup team* heavily depends on the stage of founding under consideration. The legal founding of a company can be the outcome of a long process preceded by team member turnover (Vanaelst et al., 2006, p. x), thus the term *team* must not be misunderstood as a static concept (Vanaelst et al., 2006, p. 250 f).

This book adopts the concept suggested by Ruef (2010) which emphasizes the porous boundaries of founding teams. It considers the startup as an emerging organization born through collective action. The founding of a startup is distinguished from self-employment by the intent to work with others, may it be in the function of "cofounders, employees, investors, advisors, or unpaid helpers" (Ruef, 2010, p. 7). Instead of mechanistically splitting individuals into discrete categories of entrepreneurs and non-entrepreneurs, this perspective considers entrepreneurship to range on a continuum that connects individuals to entrepreneurial groups based on their material and time investments, social networks, identities, and goals (Ruef, 2010, p. 7).

Ruef (2010) distinguishes contributions to a startup by two dimensions: contribution of financial resources and contribution of time and commitment. Owner-managers have the highest commitment: they have high financial stakes because they own equity, plus they invest a substantial amount of time. Investors share the financial risk, but dedicate little time. Employees dedicate their working hours, but own no equity. Other players in the entrepreneurial network have a lower time commitment and lower financial stake, but can still play a crucial role, like consultants, vendors, contact brokers, or even helpers from private circles. These roles are not static. They can change over time or be altogether absent from a given team. The boundaries are fluid (Ruef, 2010, pp. 61f).

The owner-managers of a startup usually create their own common identity to distinguish themselves as cofounders from the outside world and from less committed contributors. They form relationships to benefit from a business idea by building a company together (Brattström et al., 2020, p. 6). These boundaries can be purely mental or formalized and they are permeable, allowing for changes over time (Ruef, 2010, p. 85). Yet, when looking at the founding of a new venture as a social process, researchers must not overlook the extended social assistance network, which can make crucial contributions to the startup.

Definition In line with Ruef's perspective of the entrepreneurial team as a continuum, this book employs the following working definition: *Internal* team members are two or more individuals who choose to work together and to commit considerable investment (e.g., time, money, resources, contacts, and personal risk) with the common goal of forming an entrepreneurial venture. They have legal and/or financial stakes, share strategic decision-making power, and contribute a significant amount of time to operational tasks. *External* team members are those players in the entrepreneurial assistance network who contribute only a specific resource like funding, space, work, guidance, or expert knowledge. These can be mentors, investors, or other helpers, taking on various roles and functions. External helpers often commit themselves only part-time or temporarily. The status of *employees* is not fixed. Depending on the self-understanding of the founding team, employees can be considered internal or external team members (Ruef, 2010, p. 94). This book considers the composition of the team both pre-founding and after formal venture creation, recognizing the emergent nature of the group as well as team member turnover. This definition purposefully includes team members who leave the startup at some point in time or join later than others. Instead of looking only at owner-managers, this definition recognizes the pervious boundaries of the entrepreneurial team and conceptualizes it as a continuum—an individual can be part of the startup to a stronger or weaker extent. Permeable and flexible boundaries are very common for startup teams (Ruef, 2010, p. 105). An extent of flexibility is only given up when ownership and liability are defined in legal terms, which is often done very late in the founding process (Ruef, 2010, p. 105).

Thus, the entrepreneurial team under consideration in this book is not formalized with a compulsory common identity. The following research looks at the entire continuum of internal and external contributors. This broad definition helps to consider aspects of teamwork concerning the variety of stakeholders who play a role in the dynamic process of building a venture and does justice to the heterogeneity of contributions. It appreciates that even entrepreneurs who are formally considered solo founders depend on a network of non-owners who assist the building of the venture in one way or another (Ruef, 2010, p. 87).

1.3.3 Archetype

In this publication, we reach out to the concept of archetypes. The term *archetype* (αρχίτυπος) is composed of the two Greek words *arché* (αρχή) and *typos* (τύπος) (Marneros, 2018, p. 2). Both terms are polysemantic, that is they can take on different meanings. *Arché* refers to "the beginning," "the origin," or "the principle" among others. *Typos* denominates "the imprint," "the stamp," or "the type" (Marneros, 2018, p. 2; Ritter, 2008, p. 4). Thus, an archetype describes an "original form," "primal image," or "template" (Bacon, 2003, p. 89; Collin, 2012, p. 105).

Nowadays, the term archetype is used in two different ways: (1) anything that can be considered a generic type or structural pattern can be referred to as an archetype, for example, a product or phenomenon with defined characteristics or subject to a standardized interpretation scheme (Kostera, 2012; Marneros, 2018, p. 3); (2) a psychological understanding uses the term archetype as a manifestation of central themes in the collective unconscious of all human beings. This understanding finds wide usage in psychology, media, and management studies and borrows from the concepts of psychiatrist Carl Gustav Jung (1875–1961). It builds on classical and theological sources, including Greek, Roman, and Sanskrit philosophers (Mark & Pearson, 2001, p. 4).

The present work concentrates on the latter. Archetypes are deep-level, universal psychological structures in the collective unconscious, which Jung identified as a layer in the human psyche even below the personal unconscious (Carr, 2002, p. 478; Mark & Pearson, 2001, p. 4; Ritter,