FOUNDER AND CEO PSYCHOLOGY

Founder Journeys and Dilemmas

Hamilton · Wasserman · Horowitz · Sutton

PAPER 01 / 02

A Furtherance reference compendium on the intellectual traditions behind organisational design, leadership, execution, and culture.

IN THIS PAPER

This paper opens the Founder and CEO Psychology series in Furtherance's reference library. It covers the founder's journey – why people found, the choices that shape the outcome, and the lived reality of leading through crisis and scale. The question it answers: what does the evidence and hard-won experience say about the founder's path?

Hamilton shows most founders earn less than employment would pay, yet persist; Wasserman maps the early dilemmas that shape success; Horowitz describes leadership under duress; Sutton bridges founder psychology and the discipline of scaling and being a good boss.

Barton Hamilton Does Entrepreneurship Pay?, 2000

The economics of the founder's choice

CORE THESIS

Empirically, **most entrepreneurs earn less** than they would in paid employment – lower median earnings and slower growth – yet they persist. The implication: founding is driven substantially by **non-pecuniary benefits** such as autonomy and being one's own boss, not by expected money.

FRAMEWORK

Finding	Meaning
Lower median returns	Typical self-employment pays less than employment
Persistence anyway	Founders stay despite the earnings penalty
Non-pecuniary benefits	Autonomy and control carry real value
Skewed distribution	A few large winners sit above a modest median

METHODOLOGY

Empirical labour economics analysing the returns to self-employment.

SIGNIFICANCE AND CRITIQUE

The foundational empirical account of the founder's economic decision. The critique: it reflects its data era, and founder populations are highly heterogeneous.

Noam Wasserman The Founder's Dilemmas, 2012

Early founder choices · data-driven

CORE THESIS

Founders face predictable early **dilemmas** whose consequences are outsized and hard to reverse. The deepest is **rich versus king**: the trade-off between building wealth and retaining control. Most founders cannot have both.

FRAMEWORK

Dilemma	The choice
Rich vs king	Maximise wealth, or retain control – rarely both
Career timing	When to found, given readiness and cost
Co-founders	Whom to build with, and on what terms
Equity splits	Beware the quick, equal, permanent handshake split

METHODOLOGY

Analysis of a large dataset of founders and their early decisions.

SIGNIFICANCE AND CRITIQUE

The definitive data-driven map of founder choices. The critique: it offers probabilities and patterns, not prescriptions for a given founder.

Ben Horowitz The Hard Thing About Hard Things, 2014

Startup leadership under duress

CORE THESIS

There is no formula for the hardest parts of building a company – "the struggle." The founder-chief-executive must lead when there are no good options, and the one thing they must master is their **own psychology**.

FRAMEWORK

Idea	Meaning
The struggle	The lonely, formula-free reality of leading through crisis
Wartime vs peacetime CEO	Different modes for survival and for growth
Hard decisions honestly	Layoffs, demotions and firings done with candour
Manage your psychology	The CEO's first job is their own head

METHODOLOGY

A practitioner account drawn from leading companies through severe difficulty.

SIGNIFICANCE AND CRITIQUE

The definitive practitioner voice on startup leadership under pressure. The critique: it is built from war stories in a particular technology context.

Robert Sutton Good Boss, Bad Boss, 2010 · Scaling Up Excellence, 2014

Evidence-based bossing and scaling · Stanford

CORE THESIS

Great bosses pair **competence with humanity**, and toxic behaviour carries a real, measurable cost. As organisations grow, **scaling excellence** – spreading the right mindset without spreading mediocrity – is a discipline in its own right.

FRAMEWORK

Idea	Meaning
Competence + care	Good bosses are both able and humane
The cost of toxicity	One bad actor can outweigh several stars
Scaling excellence	Spread mindset, not just templates, as you grow
More is not better	Growth without discipline breeds mediocrity

METHODOLOGY
Evidence-based management applied to bosses and to organisational scaling.

SIGNIFICANCE AND CRITIQUE
The evidence-based bridge from founder psychology to scaling the organisation. The critique: it spans several distinct threads of work.

Synthesis

Contribution	Focus	Key idea	Register
Hamilton	The choice	Founders earn less, persist	Empirical economics
Wasserman	Early dilemmas	Rich vs king	Data-driven
Horowitz	Crisis leadership	The struggle; own psychology	Practitioner
Sutton	Bossing / scaling	Competence + care; scale mindset	Evidence-based

FOR THE OPERATOR
The founder's journey runs from a choice made largely for autonomy (Hamilton), through outsized early dilemmas like rich-versus-king (Wasserman), into the formula-free struggle of leading under duress (Horowitz), and on to the discipline of scaling and good bossing (Sutton). For the operator: found with clear eyes about the returns and the trade-offs, make the reversible-once decisions deliberately, and treat your own psychology as a core responsibility. The next paper turns to the darker side of executive psychology.