

Moving Forward After a Co-Founder Dies



BY [JIM MURPHY](#) | December 20, 2013

It was July 2012 when I first heard the news I will never forget. It was from Ari Ramezani, my good friend and Phone Power business partner.

Ari, age 44, said he had just been diagnosed with stomach cancer.

With those simple, yet shocking words, my whole world quickly came crashing down.

We first met in 1987 as undergrads at California State University in Northridge. From the very first day, Ari impressed me as a bright man with a driving ambition, and a relentless focus on wanting to become an entrepreneur. We built our first business together in 1994 as the cell phone and pager boom began. Afterwards, we built a series of other successful companies. And finally, in 2006, we started Phone Power.

During those early years, we were an unstoppable force. Chemistry is sometimes underrated, but it can mean the difference between a startup with a multi-thousand percent growth rate and a startup that crashes before takeoff. In startup partners, we often look for tenacity, grit and vision. In this case, Ari had all three.

After processing the devastating news, Ari and I turned to our managers and told them about the situation. While we kept them up-to-date as details unfolded, we made a decision to not formally notify company employees during that stage.

We encouraged our managers to take on Ari's responsibilities and learn from him. We didn't know if his cancer was terminal yet, but we treated it that way. Even in sickness, Ari's heart was still in the business and he wanted it to succeed. And he was more than willing to mentor his replacement, despite what that suggested about his own mortality.

At the time of Ari's diagnosis, there was no buy-sell agreement in place. We're relatively young and never expected something like this to happen.

While I can't tell you whether you should or should not have a buy-sell agreement in place, I can strongly urge you to consider the following: *What if my partner died tonight? What would happen to*

the business? What would happen to my family and my partner's family? These may not be the most pleasant questions, but they are ones you cannot afford to ignore.

Thinking ahead and preparing for the unexpected is what makes a company successful. So it's just as important to think about the options you or your partners may face if one of you should die.

When we realized Ari was terminally ill, the effect immediately rippled throughout our startup team, blurring the imaginary line we drew between work and life. A few months after his diagnosis, by the fall of 2012, Ari's prognosis was looking bad.

We officially put a succession plan in place. With our board of directors, we decided that our chief operating officer would replace Ari. It was also in the fourth quarter that we announced to all 95 of our employees that Ari was terminally ill.

We gradually brought people into "the know" with a calculated approach, especially because these kinds of conversations are never easy. The sadness of death juxtaposed with the immediate concerns of business can stir up a range of emotions. Under such conditions, people often feel guilty for not believing in a business. Death makes it hard to see business as business.

Next, we notified our bankers and lenders of Ari's diagnosis and impending change in leadership, as well as our plans to make sure that Phone Power continued on its strong growth trajectory. We knew what Phone Power meant to everyone involved, and we were determined to preserve it for them. Thankfully, our supporters expressed continued confidence in the business.

Towards the end, while Ari was stuck in the hospital, we learned as much as we could from him. We also purchased a "key man" insurance policy to ensure that our investors and lenders would be compensated should I die, too. We had to simultaneously be human and financially responsible.

Our desire to learn all that we could from Ari motivated us to really listen. And when you truly listen, you ask critical questions about everything. We were pushed to evaluate how we handled all aspects of the business and ask if there was a better way to do things, because once Ari passed, we wouldn't be able to ask anymore.

Ari died in January 2013. For his family and friends, and for our entire company, this was an extremely difficult time. But like many tragedies, there was also a silver lining.

Ari's death brought our entire team together on a whole new level. By sharing in this tragedy, our managers developed a stronger bond than what you might normally see at startups.

From this experience, I can attest that preparation for this type of event does not begin when a co-founder gets sick -- it begins on the first day of a startup's existence. However, the best succession and financial planning is nothing compared to the power of values and company culture.

As startup founders, we like to think of ourselves as vital to our own businesses. Yet, to build such a strong culture and management team that we become unnecessary is a far better testament to our leadership than building a company that falls apart without us.

While personal loss is something which cannot be replaced, there are in fact legal and financial measures that can be put in place to ensure that your business continues to succeed and that your partner -- as in my case with Ari -- is remembered via a successful and powerful business legacy.

You cannot prepare yourself for a tragedy that takes your co-founder, but you can strive to build a company and culture with the strength and balance to handle any crisis. You can, despite the sense of crisis, take measured steps to be accountable to your employees, investors and lenders.

Today, nearly a year after he has passed, Ari continues to be a rallying force for our company. He is not only a constant reminder of just how precious time is, but a real-world example that when tragedy strikes in an organization, it can either forever ruin a team -- or dramatically transform it forever.



Jim Murphy

Jim Murphy is the CEO and co-founder of Phone Power, a voice over IP (VoIP) company that provides services to residential and small-business customers in the U.S. and Canada.

Read more: <http://www.entrepreneur.com/article/230336#ixzz2oz9WaY7n>