Mela Ventures

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FoundrPwr

Building Exceptional Teams



As of March 2026, India has more than 2.23 lakh startups recognised by DPIIT, and together they have created over 23.36 lakh direct jobs, nearly five lakh of them in FY26 alone.[1] **Each of those jobs began as a hiring decision, and at the early stage that decision usually rests with the founder, long before the company has a recruiter or an HR team.**

The cost of getting these decisions wrong is well documented. Harvard Business School professor Noam Wasserman's research into why startups fail began with a 1989 survey. In it, venture capitalists named senior management as the biggest factor behind failure in 65% of cases, well ahead of product or market problems.[2] More recently, in a 2020 survey of 885 institutional venture capitalists, 47% ranked the team as the single most important factor in choosing an investment, and 92% named it as an important factor when an investment failed.[3]

Yet most founders build their early teams on instinct and under time pressure. The questions they face are practical ones: who to start the company with, how to persuade strong people to join something unproven, how to judge cultural fit when hiring from larger companies, how to pay fairly when cash is short, and what to do when an early hire stops working out.

We recently hosted **Phanindra (Phani) Sama, co-founder and former CEO of redBus**, for a FoundrPwr session on building exceptional teams. Phani co-founded redBus in 2006 and led it as CEO through its acquisition by the ibibo Group in 2013, one of India's earliest notable startup exits. He has since co-founded Kakatiya Sandbox in Telangana, served as the Chief Innovation Officer for the Government of Telangana, was an advisor at WestBridge Capital, and is an active angel investor in a number of Indian startups.

What follows are the key insights from the session: how Phani thinks about co-founders, first hires, culture, recruiting and pay, and the hiring systems he still uses.

1. *Ministry of Commerce and Industry, press release via PIB, April 2026 (figures as on 31 March 2026).*
2. *Joseph Gorman and William Sahlman, "What Do Venture Capitalists Do?", Journal of Business Venturing, 1989, as discussed by Noam Wasserman, The Founder's Dilemmas, Princeton University Press, 2012.*
3. *Paul Gompers, Will Gornall, Steven Kaplan and Ilya Strebulaev, "How Do Venture Capitalists Make Decisions?", Journal of Financial Economics, 2020.*

A team-building checklist for founders

The co-founders

- [ ] Familiarity beats competence when choosing a co-founder.
- [ ] Complementary skills come second, after trust.

The first hires

- [ ] You should be able to pitch the company's vision to a prospective hire with full conviction.
- [ ] Hire for sales earlier than you think. A sales hire can be a co-founder or an early employee; either works.

Culture

- [ ] What the company stands for is clear before the first hire.

The hiring process

- [ ] Founders should block a fixed time every day while a role is open.
- [ ] Hire two or three specialist recruiters per role, and give feedback on candidates within 24 hours.
- [ ] Create four or five written criteria to apply to every CV and every interview.

Pay and equity

- [ ] Salaries across the team are reviewed when a new hire raises the bar.
- [ ] Meaningful equity is reserved for the one or two hires who could change the company's trajectory.
- [ ] ESOPs are explained with the best, base, and pessimistic outcomes.

The team

- [ ] Early team members are retained and given new roles as the company grows.
- [ ] Performance concerns are raised in one-on-ones at the first sign, not at exit.
- [ ] People with different temperaments have room to do their best work.

1. Choose co-founders from the people you already know

Asked how founders should weigh competence against familiarity when choosing co-founders, Phani's answer was "If you get both, take both." When the two cannot be had together, he chooses familiarity.

At the start, the company is only an idea, and the early months bring many ups and downs. A co-founder who is already a friend, classmate or former colleague is tied to the founder by many strands, so the relationship holds even when some of them break.

- **Choose a co-founder with whom you can be radically candid.** It is much harder to build the same level of trust and comfort with someone you hire through a traditional process than with someone you've known since college, childhood, or through working together. In Phani's view, only someone who knew him well could navigate his contradictions with understanding and challenge him directly when he was wrong.

- **Complementary skills are a bonus.** Phani calls them "icing on the cake". The redBus founding group all studied the same engineering at the same college, and the three co-founders were all from similar backgrounds. The company still succeeded.

- **Matching platforms are a gamble.** Building a relationship with someone met repeatedly at events is one thing. Going somewhere specifically to find a co-founder and starting immediately "may be a disaster".

Expect attrition at the start
redBus began with seven classmates, all bachelors living in Koramangala. Within four months, four had left, weighed down by doubts. One of the remaining three left within two years, and only two saw the company through to its exit.

If he were starting again today, Phani would go back to the two to four people he has most enjoyed working with across his career, including a CFO he would approach even if he was building a tech company, because at an early stage, everyone needs to be fine with doing everything.

What this means for founders:

While competence matters, look for co-founders among people that you are comfortable with. During the long journey, you will need people that you can be open with, and depend on.

"You will hire many people later in your company, but I've never had that comfort with anybody but a co-founder, because one day I would say something, next day I would come and contradict myself. That I can do only with my co-founder, who will laugh it away or who will point it out, and say, 'What are you doing?'"

2. Have a salesperson as a co-founder, or at least among your first few team members

redBus was started by engineers who, in Phani's words, "just didn't know what sales was, nor what was marketing". Two of the earliest people to join filled that gap almost by accident. Mayank, who later co-founded Koo, came in through a college senior and became the company's demand-side marketer and growth hacker. The second was a career banker who walked into the office one day and told Phani he could either compete with redBus or join it and had chosen to join. That person went out to bus operators and brought in the inventory, and Mayank sold it. Neither role had been planned. "I never had that role in my mind that we have to hire a marketing guy and a growth hacker."

Why it matters

- **Technical founders often lack sales experience.** A typical Bangalore founder, as Phani puts it, is a techie. In his view, most companies fail because they do not have a salesperson early in the team, and as an angel investor he has made the most money in startups that had one from the beginning.
- **Salespeople shape the product before the startup builds it.** In a B2B company they can even go to customers before the code is written, bring back feedback and force the product to recalibrate.
- **The best founders sell.** Phani points to Bill Gates, who sold Microsoft's software before it existed and then he and Paul Allen had to build it to meet the deadline he had committed to.[4]
- **Selling takes practice.** Technical founders who assume sales is common sense are in for "a long, difficult journey".

Co-founder or first hire?
Many investors, Mela included, look for a sales profile within the founding team itself. redBus did not have one among its co-founders and was fortunate to find two in its first hires, "who made all the difference". For Phani, what matters is that founders take away the need to hire that person.

What this means for founders:

A founding team should have someone who looks at sales from day one. If it's not a co-founder, it must be an early hire.

"If you want to take away one thing from this session, I would say – early on in your team, make an effort to get some salespeople. It will change everything."

4. Bill Gates has written that in 1975 he and Paul Allen told MITS, maker of the Altair 8800, that they had a version of BASIC for its chip before they had written it, and then built it for a demonstration that led to their first deal (GatesNotes, April 2025).

3. Early hires take a bet on the founder, their vision & conviction

The first two people outside the redBus founding team were distant cousins of Phani and of a co-founder, both fresh engineering graduates without jobs. Both started at ₹5,000 a month, wrote the software alongside the co-founders, and are today among the most sought-after CTOs in Bangalore. Phani calls this "the life-changing opportunity of joining a startup". Many companies fail because they never find a customer, and in Phani's view that usually happens because the team gave up first: "when you give up is when the company dies". A team with ties beyond work, where anyone under stress can speak openly, holds together longer before product-market fit.

Making the pitch
For a founder without funding or a track record, Phani does not see money as the deciding factor. Funding is one form of validation, but at the early stage, "They're joining you, not the company. There's nothing else to show."

- **Clear the doubts first.** If the conviction is not there, Phani's advice is "don't even step out to hire". Founders should sit down and work out where the business could fail and how they would counter each failure, until no doubt is left.

- **Tell the story the thousandth time like the first.** A redBus mentor told Phani that even if you are telling the redBus story for the thousandth time, it should be as enthusiastic as the first, and he made it a rule.

- **Be upfront about pay.** Almost everyone who joined Phani, at every stage, took a lower salary than they were earning elsewhere. A founder who cannot pay more should say so plainly.

What this means for founders:

Before the first hire, a founder should be able to say without hesitation why the company will succeed and where it could fail, and be honest about what the role can pay.

> "I think the important thing is you sell your dream, and when the other person listens to it, they should just fall off the chair and say, 'I'm in.'"

4. Culture exists from “day minus one”

Asked whether culture is a luxury for a company still finding its feet, Phani said it exists before the company does, because organisations take on the culture of their founders. It is never too early to think about the culture the founders wish to instil and work on that. What changes later is that someone writes it down: “What you do much later is you will pull it out and then put it on the wall and you define it.” That becomes useful once twenty managers are hiring. When two founders are hiring, they already know what it is.

The hire that went wrong
Phani’s lesson came from hiring beyond his comfort zone. When redBus had grown, an investor recommended someone who had worked at a US tech giant. Phani did whatever it took to win him. In the chase, redBus treated him as a blessing and overlooked the cultural differences. These surfaced quickly, when the new executive wanted to announce surprise cash prizes for strong project work, as at his earlier employer. To Phani it felt like a king handing out golden garlands to bringers of good news. “I felt very odd. But I said, ‘What do I know? Large companies do it, so we should also do it.’” Other senior managers who did not follow the practice were made to feel they were doing it wrong. Phani says the hires he made beyond his comfort zone “have not worked out”.

What fit looks like
Another senior hire, a banker with fifteen to twenty years of experience who had always stayed in five-star hotels, was asked to stay in a budget hotel room the team used and to interview in the team’s spartan office. The banker understood the cultural difference (and the business constraint) and was comfortable. Candidates who understand the reason adjust to the culture and still bring their skills. For Phani, that is cultural fit.

- **Industry hires with relationships.** A person who knows every buyer in a sector is worth hiring, but there are usually only two or three such people in the country, and the choice among them should come down to culture.

- **Freshers and big-company specialists.** Hire freshers wherever possible and groom them; hire specialists when needed for specific skills, but try never to compromise on culture fit.

What this means for founders:

A founder should know what the company stands for before the first hire, and treat a sense that something is off about a candidate as a valid reason to stop, however strong the CV.

“You feel something odd, I would say please take a pause, think about it, reflect, write it down, show it to other people. Let other people also interview. That is a real valid reason why you should stop.”

5. Keep the early team, and never let an exit come as a surprise

When co-founders and early team members feel the company is growing beyond them, they often offer to resign. Phani received such resignations more than once at redBus. He let some go and kept others, and if he were doing it again, he "would probably not let anybody go from that team because they have the complete context of the business."

Why the early team is worth keeping

- **They carry context and loyalty.** They know the business, the culture and the people, and are very unlikely to act against the company's interest. Many will accept a smaller role, such as managing a small team, once the company outgrows the title they held at thirty people.
- **There is usually a better-fitting role.** One of Phani's co-founders ran technology. As redBus grew, he stopped enjoying it, and when a professional head of engineering arrived, he assumed he should leave. Phani asked him instead to build a small team to refactor the code, which the main tech team could not do while building the product. He hired five people, and the new code arrived just as the old system was breaking.
- **They carry the headquarters' rigour and cluture.** Phani sent early team members to set up new regions, and they took the company's culture with them.

Later hires may need a different approach
Someone hired later purely for competence comes, in Phani's words, with "competence minus all the context", and if that competence falls short, they may find it difficult to stay. Usually, the team has already seen the gap and accepts the decision. The exception is the popular non-performer whose shortfall only the founder can see. When Phani let one go after watching for several quarters, it opened emotional floodgates. Peers feared they would be next.

Since then, Phani has treated underperformance as a communication problem. At the first sign of underperformance, even before he is sure, he raises it in his regular one-on-ones with the senior team and gradually shares his view. "One-on-one is not only to hear the other person, it's also to convey your own thoughts to the other people." By the time a decision is taken, nobody is surprised, and those concerned have had time to raise problems or recalibrate.

What this means for founders:

Look for a new role for an early team member before accepting their resignation. With later hires, start the conversation about performance at the first sign of trouble, so that an exit, if it comes, surprises no one.

"If I've been seeing it for three quarters, then I should be talking to their peers, the senior team, for those three quarters."

6. Always be recruiting, or you will be forced to hire in a hurry

A common mistake, Phani says, is hiring at the last minute. “When we need it yesterday, we are hiring it today, and hence our desperation comes in, and then you pick up anybody who is there.”

He has seen where this happens at scale. On the boards of later-stage companies, he and other directors asked founders to bring in three or four senior executives as the business grew. The founders agreed but got caught up in firefighting and kept putting off the hires. Eventually, the investors on the board made the hires themselves, with almost no check on cultural fit. Because the investors had brought them in, the founders could not push back. In several companies Phani has seen, the new hires were out a year or so later, leaving the business in the same position or a worse one.

How he made time for it

- **Block the calendar.** Whenever a position was open, Phani kept the first half of every day for hiring, with nothing else scheduled and no meetings.
- **Show up even when there is nothing new.** On days without updates, he and his HR lead still sat in the room together and debated different ideas to increase the funnel.
- **Start before the need.** Recruiting should happen consistently and well ahead of when the person is needed.

What this means for founders:

Hiring for senior roles is the founder’s own job. Schedule fixed time for it while roles are open and start well before the need becomes urgent.

“Hiring is probably one of the most important things that you can do for your company. If you don’t do it, somebody else will do it for you, and that’s going to be a very bad thing for you and your company.”

7. Run hiring as a system

Asked whether gut or data has served him better, Phani said gut works for people with a good gut, and a good gut only comes from experience. Until then, hiring must be systematic. “Only then later you get a gut feel.”

Use recruiters, and compete for their best candidates
Founders are tempted to search LinkedIn themselves to save money, which Phani calls “penny-wise, pound-foolish”. Searching alone leaves too few options, and a tired founder ends up settling for whatever profile looks good enough.

- **Recruiters cost less than founders assume.** For junior roles, many charge nothing upfront and take a fee only if the candidate is hired.
- **Choose recruiters by speciality.** Each recruiter has a strength, whether tech, sales, marketing, or operations. Ask friends and VCs to help build the list and use two or three recruiters for each role.
- **The recruiter’s other clients are your competition.** The same recruiter is sending the same candidates to five other companies and has revenue targets to meet, so the best profiles go to whoever makes the job easy, with a decision and feedback on every CV within 24 hours. “You are their customer, but still, you have to win their heart to get the best candidates to you.”

The hiring spreadsheet
Phani noticed that founders give recruiters a different reason for rejecting each CV, leaving them unsure what the founder wants. His solution is a spreadsheet.

- **Pick four or five criteria.** Nobody has all twenty qualities an ideal candidate needs, so narrow the list to the few that matter most, put each in a column and make every candidate a row.
- **Give feedback only on those criteria.** Every CV is assessed against the same columns and nothing else. If a sixth criterion becomes important, one of the five has to make way for it.
- **Colour-code every cell.** Red, orange and green show the shortlist at a glance and make it easier to decide where to compromise after a month or two.
- **Record interview feedback in the same columns.** When a candidate is rejected after an interview, the reasons go back to the recruiter against the same criteria, next to the original CV assessment. Within one or two weeks, Phani says, the recruiter starts sending only the right profiles.

What this means for founders:

Write down the criteria for a role before the first CV arrives and hold every candidate and every piece of feedback to them.

“However tempted I am, I will never comment outside the criteria that I have defined.”

8. Pay fairly, make ESOPs concrete, and be generous with exceptional talent

Reset salaries when the bar moves
A growing company eventually hires someone at a higher salary than its existing team earns. At that point, Phani says, “it is our duty to go and reset it for all the other people”. If senior managers are on ₹20 lakh a year and a new hire comes in at ₹30 lakh, everyone moves to ₹30 lakh. He calls it a psychological commitment to the team, since people are hurt when they are paid unfairly less than a peer hired from outside.

Make the ESOPs concrete and explore various valuation-creation scenarios (best, base, pessimistic)
ESOPs are hard to understand, with vesting schedules, cliffs and strike prices. Phani recommends sending everyone receiving ESOPs an editable spreadsheet showing what vests in each year and what the grant would be worth at exit under best, base, and pessimistic scenarios. “If you’re still happy, join.” Otherwise, people join imagining they will make ₹100 Cr., realise a year later that they never will, and leave, which serves neither side.

Be generous with equity for hires who can potentially change the company’s fortune
Asked how to attract a specific person a team cannot do without, Phani turned to the example of Vinod Khosla. At Sun Microsystems, Khosla and his co-founders held about 25 to 27% of the company after the Series A because they set equity aside to recruit people like Eric Schmidt (who later ran Google). When Khosla’s son started a company, Khosla advised him to keep 15% and reserve similar stakes for one or two people who could change its trajectory.[5]

For most founders, Phani noted, giving even 1% to someone who is not a founder feels like a big deal. He used the contrast deliberately, so that founders recalibrate how they think about equity for the rare hire who changes everything.

What this means for founders:

Keep pay fair as new hires raise the bar, show every ESOP holder what their grant could realistically be worth, and be ready to offer co-founder-level equity to the rare hire who can change the company’s trajectory.

> “Give them co-founder equity, bring them in, be generous.”

5. *Khosla has said the Sun founders together kept something like 25 to 27% after the A round, with an equal or slightly larger share for the people they hired; that Eric Schmidt was among Sun’s first 15 to 20 people; and that he advised his son Neal to keep 15% and try to hire one or two people at 15% (Y Combinator, “Vinod Khosla on How to Build the Future”, January 2019).*

9. Great performers need a great team around them

Asked a related question whether to groom freshers or hire experienced specialists, Phani used the question to make a broader point - **A team made up entirely of star performers will not necessarily perform best.** He cited a study of surgeons with excellent success rates at their own hospitals whose results dropped when they operated as visiting surgeons elsewhere. The surgeon was the same, so the difference lay in the nurses and the team around them.[6] The same pattern shows up in hiring. Ask any strong candidate which of their four or five previous jobs went well, and nobody says all of them did. “So the A star performer needs a great team to be the A star.”

For Phani, that makes the environment and the system as much the founder’s job as the hiring. At redBus it meant working with very different people. One team member complained almost every week about working late and never seeing his son. An engineering head who had returned from the US would not pick up calls after six in the evening, even when the site was down. Another colleague was brilliant and very short-tempered. Phani admits he was frustrated and tempted to let go of some of them, but concluded that “if you get frustrated and you let them go, you will have nobody left.”

Making people feel at home
Instead, he set out to understand what each person needed. The colleague who complained wanted someone to sit with him and acknowledge how hard he was working. The engineering head needed to hear that his leaving at six was understood. Phani says the core of it is empathy that is genuinely felt, without putting on a mask, and once the founder practises it, others in the team begin to do the same. That, he says, becomes part of the culture.

What this means for founders:

Alongside hiring strong people, founders need to understand what each member of the team needs to do their best work and make room for those differences.

> “I think it’s our job to build that with empathy by making space for everybody so that they all thrive.”

6. The study Phani described is Robert Huckman and Gary Pisano’s research on cardiac surgeons who operate at several hospitals. Using patient mortality, they found that a surgeon’s performance at a hospital improved with their recent volume at that hospital but not with their volume elsewhere, suggesting part of individual performance is tied to the organisation (“The Firm Specificity of Individual Performance: Evidence from Cardiac Surgery”, Management Science, 2006).

In closing

Most of what Phani shared asks more of a founder's time and attention than of their bank balance. Choosing co-founders from people they trust, hiring someone who can sell, being honest about pay, running a fixed process for every role and holding on to the people who built the company early are all within reach of a team that has not yet raised capital. What ties them together is the conviction he expects founders to bring to every hiring conversation, and the empathy he expects them to show once people have joined.

> "Every time I tell that story, every time I talk about the company, it has to be as enthusiastic as the first time that I did."



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Mela Ventures

About Us

Mela Ventures is an early-stage Venture Capital firm backing audacious founders solving globally relevant problems across EnterpriseTech, DeepTech, and ClimateTech. Mela Ventures was founded by Krishnakumar Natarajan and N S Parthasarathy, who had previously co-founded Mindtree. Mela Ventures enables success beyond funding through strategic and operational insights, access to proprietary networks, and technical guidance for scalability. Since 2020, Mela has invested in over 15 pioneering startups including Vunet, GalaxEye, Mindgrove, and Indra.



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