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Too Much Fuel? When Passion Impacts Decision-Making

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Much like fuel to an engine, entrepreneurial passion powers entrepreneurs to perform. Research underscores that passionate entrepreneurs are more persistent, receive higher funding from investors, attract similarly passionate co-founders and overall report higher venture performance. So far, so productive.

However, do these positive aspects also apply to entrepreneurial decision-making? After all, entrepreneurs are constantly taking decisions, which eventually should determine new venture performance. Hence, does higher entrepreneurial passion always lead to better decisions? So far, we know that too much passion can increase overconfidence, delay crucial decisions like pivoting, and reduce openness to feedback. But we still need to better understand how passion influences entrepreneurial decision-making. Moreover, not all passion is the same. While some entrepreneurs may be particularly passionate about identifying new opportunities and creating new products and services, others may be particularly passionate about setting up and growing a new venture. Does the type of entrepreneurial passion matter as well in decision-making?

As most startups are founded by teams[1], entrepreneurs inevitably must take the strategic decision to allocate equity stakes between co-founders. Entrepreneurs often see their startups as their own children, making the act of granting equity akin to entrusting a cherished part of themselves to someone expected to help nurture and grow it. We therefore asked ourselves if even this crucial decision to split equity, also referred to as a new ventures' "first deal", could be affected by an entrepreneurs' passion?

In other words, would an entrepreneur like Richard Branson who is particularly known for his entrepreneurial passion for founding (e.g., creating companies, assembling teams, scaling ventures across industries), assess and decide differently in splitting equity than an entrepreneur like Steve Wozniak known for his entrepreneurial passion for inventing (e.g., driven by the process of innovation and product development)? And if yes, how?

Examining the Role of Entrepreneurial Passion in Equity Decisions

We wanted to understand how these two forms of passion impact the equity split decision of entrepreneurs. To find out, we partnered with a leading professional networking platform to survey 198 entrepreneurs across the United States. We immersed them in a decision-making scenario and collected personal information about their passion.

Imagine you have a great business idea, but you can't do it alone. You need a co-founder. You need someone who brings relevant skills, extends your network, shares your values and venture vision. However, finding that person is tricky. In our research, we put entrepreneurs into exactly this situation. They reviewed profiles of potential co-founders, each one different in expertise, network access, alignment of personal values, venture vision similarity, and equity expectations. Then they had to make a tough call: how much of the company would they offer to each candidate? By studying their choices, we gained new insights into how entrepreneurs navigate these complex trade-offs.

Passion Shapes How Entrepreneurs Split Equity

Not all entrepreneurial passion is created equal—nor does it shape equity decisions the same way. Our analysis reveals that entrepreneurs passionate about *inventing* highly reward interpersonal similarity. In comparison to less passionate entrepreneurs, they grant up to 8 percentage points more equity (i.e., an additional 8% ownership of the entire company) to co-founders who share their personal values and venture vision, likely because such alignment fosters creative synergy and reduces coordination costs in the innovation process. In contrast, those entrepreneurs passionate about *founding* are more protective, granting up to 5 percentage points *less* equity to similar co-founders compared to those with low founding passion. These entrepreneurs likely aim to preserve autonomy and reinforce their central identity as the driving force behind the startup.

Moreover, we find that entrepreneurs passionate for *inventing* are far more generous with equity when co-founders display domain expertise. Entrepreneurs passionate about inventing give co-founders with domain expertise 4 percentage points more equity of their company than their less passionate counterparts. For passionate innovators, expertise isn't just useful—it's indispensable to refine prototypes, validate assumptions and accelerate product development cycles. Thereby equity serves as a strategic currency for acquiring the critical capabilities needed to transform novel ideas into viable solutions.

All three patterns demonstrate how passion identities shape strategic decision-making. Entrepreneurial passion isn't just motivational—it's highly instrumental.

Takeaways for Entrepreneurs, Co-Founders and the Start-up Ecosystem

While entrepreneurial passion is widely celebrated (and rightly so), our study urges to also be mindful of its unintended implications, particularly in the context of equity splitting and decision-making. We provide three key takeaways:

1. **Add Coolant to the Passion Engine.** Entrepreneurial passion is powerful fuel for the entrepreneurial engine. But founders fuelled by passion for founding may overly rely on rapid action and personal authority, unintentionally sidelining relational fit when making offers. The fix? Bring in a relational "coolant." That means valuing not just "Can they deliver?" but also "Can we work together through friction?" Getting ahead is important. But getting along makes it sustainable.
2. **Overcome the Passion Filter.** Not all value is perceived equally. Even co-founders' domain expertise or close alignment may be undervalued if they don't pass the passion

filter of the lead entrepreneur. Potential co-founders must *frame* their value through the lens of the lead's passion filter to ensure acknowledgement in their equity offer.

3. **Upgrade the Founding Toolkit.** The startup playbook is missing key pages on team dynamics and equity splits. Focusing only on pitch coaching and product-market fit, we miss the opportunity to help founders make better team and equity decisions—areas which heavily account for venture conflicts and failure[2]. Embedding tools like psychometric testing (e.g., passion assessments) and trade-off simulations can help building stronger teams and avoid preventable breakdowns.

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[1] Carta (2025). *Founder Ownership Report. Tracking Startup Founder Ownership from Idea to IPO.*
[2] HBR (2024). *Why Cofounder Partnership Fail – and How to Make Them Last.* and CBInsights (2021). *The Top 12 Reasons Startups Fail.*