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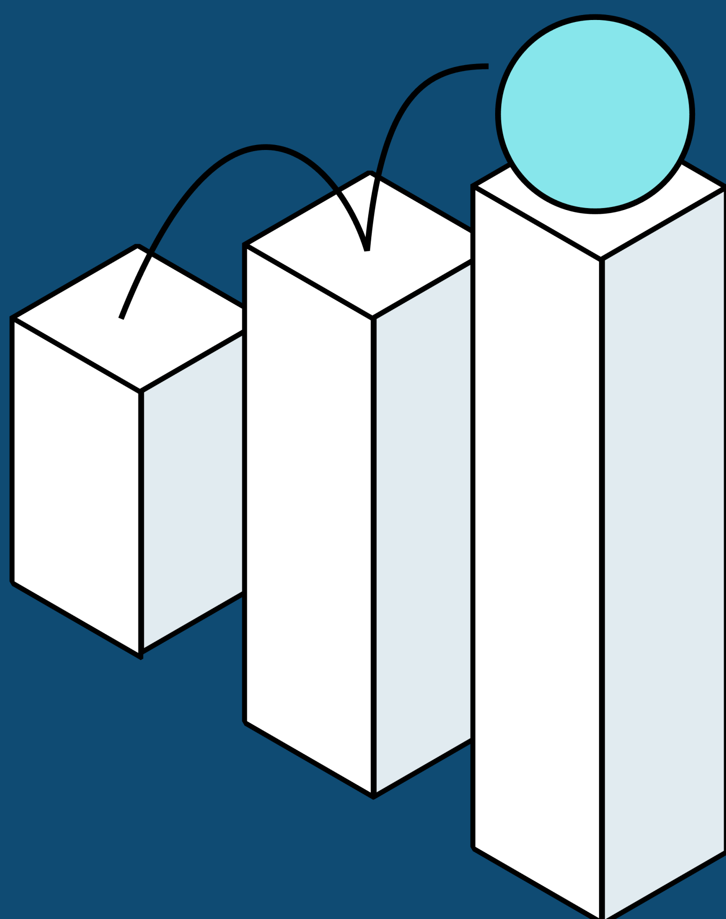
Founder Ownership Report 2025

Tracking startup founder ownership from idea to IPO



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we speak startup

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Executive summary

Every startup begins with an idea. And that idea begins with the founding team.

In some cases, that founding team is one individual—a solo entrepreneur with an appetite to do it all. In other cases, the team includes multiple co-founders who hope to use their complementary skills to conquer a market.

In the beginning, the founding team typically owns all of the startup's equity. But this state of affairs rarely lasts for long. From the outset, deciding how to divide equity among co-founders, investors, employees, and other stakeholders is a strategic choice—and it remains critical as a company continues to grow.

This report uses anonymized data from more than 45,000 startups incorporated from 2015 through 2024 to shed new light on how founder ownership works across the U.S. venture ecosystem, digging into first-of-its-kind data on the composition of founding teams, how founding teams divide their initial pool of equity, and how equity ownership evolves as startups move through their fundraising journeys.

How should a company spend this precious equity resource? We hope this data can help founding teams and their investors as they consider this question at every stage of the venture-backed journey.

Report highlights

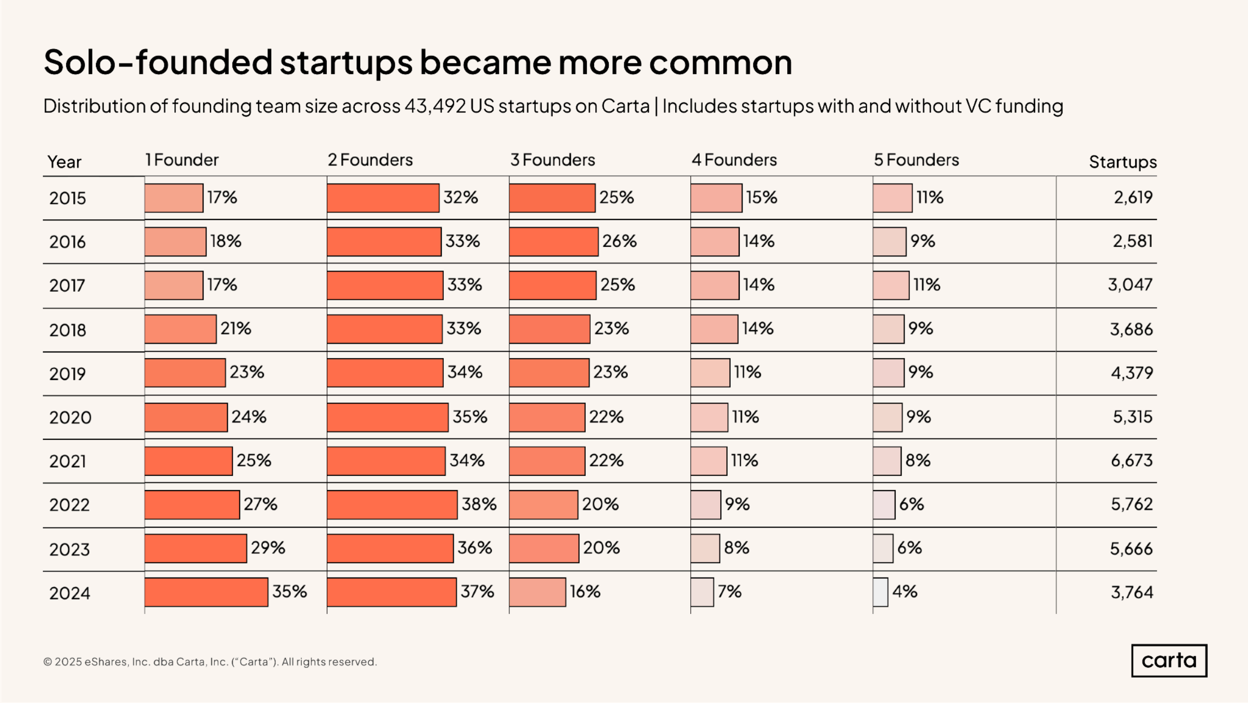
- **Solo founders are stepping up**: The percentage of all startups incorporated on Carta that are led by a solo founder has more than doubled over the past decade, reaching 35% in 2024. Over this same span, startups with three, four, and five founders have become less prevalent.

- **Solo founders are less likely to raise VC funding**: Compared to larger founding teams, solo founders are less successful in raising venture capital. While solo founders comprised 35% of all companies incorporated in 2024, they accounted for just 17% of all companies launched in 2024 that also closed a VC round before the end of the year.

- **Equal equity splits are becoming more common**: While most founding teams choose to divide equity among themselves on an unequal basis, a growing number of co-founders are opting for an even split. In 2024, 45.9% of two-person founder teams divided up their equity equally, compared to 31.5% back in 2015.

- **Founder ownership declines most at early stages**: After raising a seed round, the median founding team collectively owns 56.2% of their startup's equity. At Series A, that figure falls to 36.1%, and at Series B, it's 23%.

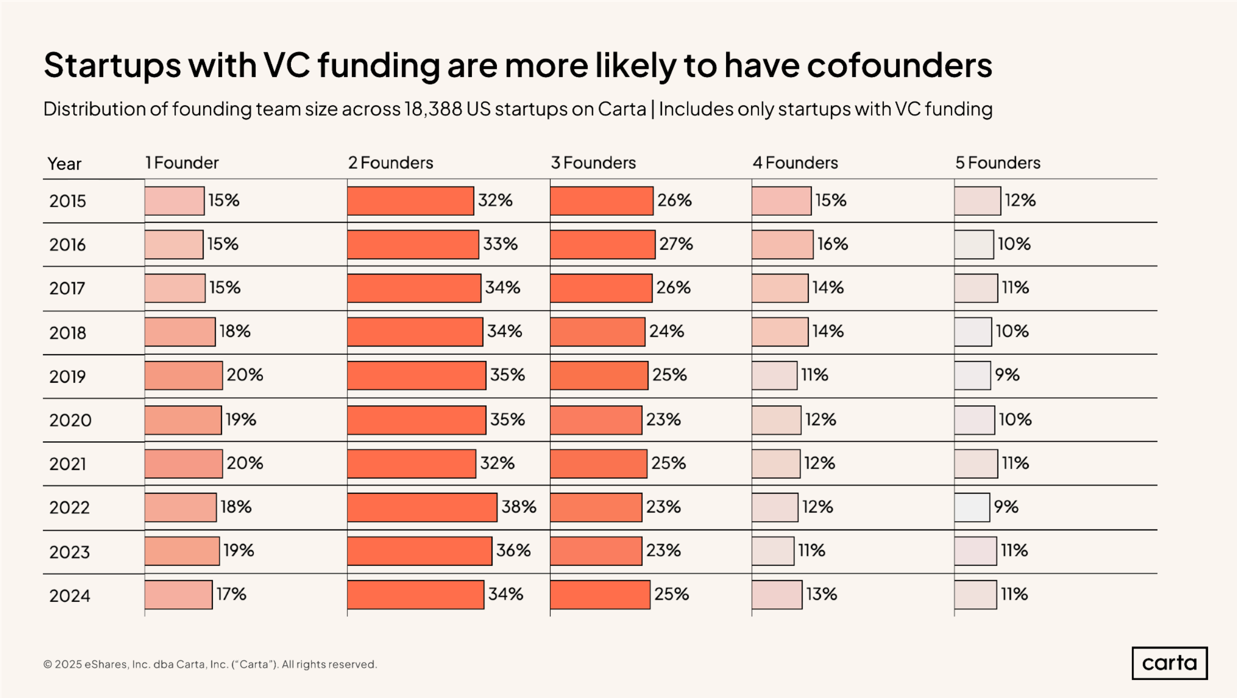
Founding team composition



For the past several years, the percentage of all startups on Carta with a solo founder has been on the rise. This trend further accelerated in 2024. About 35% of all new startups formed on Carta last year had just one founder, up from 29% in 2023 and from 17% as recently as 2017.

Larger founder teams, meanwhile, are growing less prevalent. In 2024, just 16% of all new startups had three founders, 7% had four founders, and 4% had five founders. In each case, those are the lowest percentages of the past 10 years.

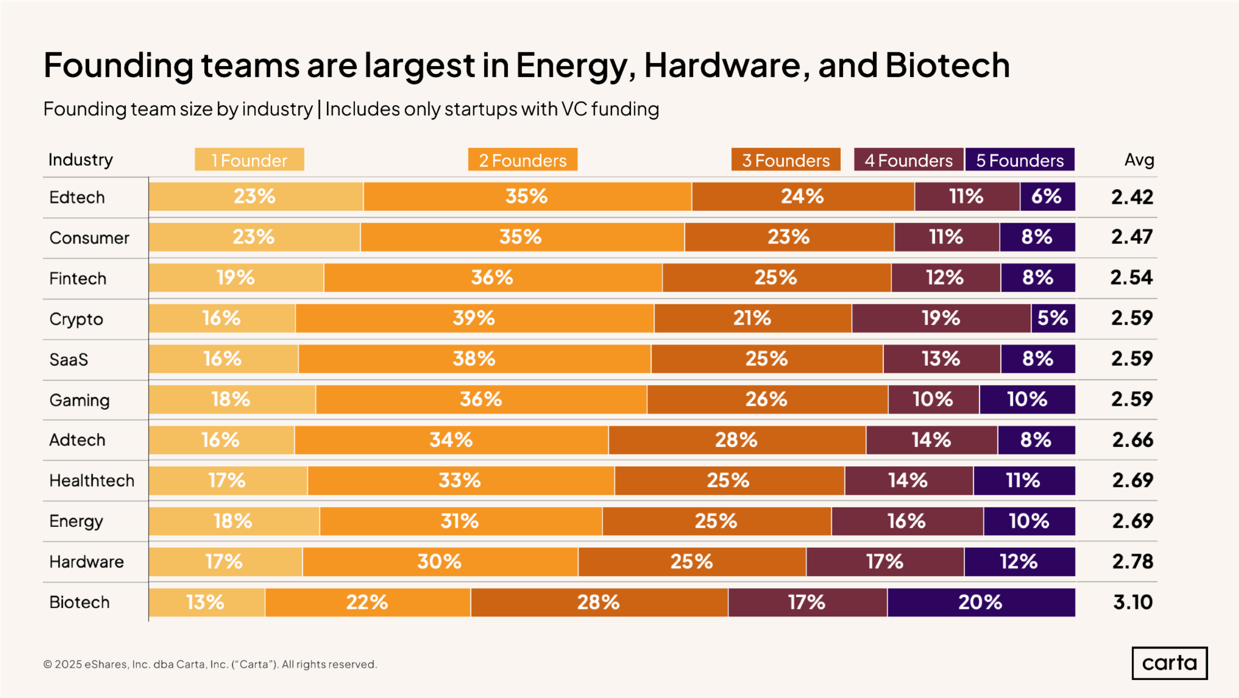
Back in 2015, solo founders were more common than five-founder teams, but the distance between the two was navigable. Today, the gap is considerably wider. These shifts in the size of founder groups have continued to steadily unfold even as the broader VC market has undergone a period of considerable volatility.



When it comes to raising capital, startups with multifounder teams still tend to find more success. Of the startups on Carta that were founded in 2024 and have successfully raised capital, about 17% have a solo founder. Compare that to the 35% rate of solo founders among all startups founded last year regardless of whether they've raised VC funding.

Startups with three, four, and five founders, meanwhile, tend to punch above their weight. About 11% of all startups founded last year that have already received VC funding have five founders. Compared that to a 4% rate of five-founder teams among startups founded in 2024 regardless of whether they have raised VC funding.

While the data doesn't show the exact reasons behind this observed preference for co-founders, we can speculate that investors want both insurance (should a primary founder leave the company) and complementary skillsets (perhaps a commercial founder paired with a technical founder) to de-risk these early-stage bets.



In general, startups in software-focused sectors tend to have smaller founding teams than startups in research-intensive industries that produce physical products.

At one end of the spectrum lies edtech: There, 58% of new startups have one or two founders, and 17% have four or five. At the other end is biotech, where just 35% of new startups have one or two founders, and 37% have four or five.

In most cases, however, the differences between sectors isn't enormous. The average team size lies somewhere between 2.42 and 2.78 founders for every sector, except for biotech, and two-founder teams are the most common structure in every sector, again with the exception of biotech.

About 24% of 2-founder teams lose a founder by Year 4

Percent of VC-backed, 2-founder teams that eventually lose a cofounder | 6,567 startups incorporated from 2015-2024

Percent of VC-backed companies that lost a co-founder

Incorp.	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years
2015	4.0%	8.8%	13.4%	19.1%	23.7%	29.5%	34.6%	38.9%
2016	4.8%	8.0%	13.0%	18.7%	24.2%	28.4%	33.8%	38.0%
2017	4.7%	11.0%	15.6%	24.1%	29.4%	34.6%	37.6%	39.1%
2018	4.5%	10.6%	17.6%	24.2%	29.0%	34.8%	36.4%	
2019	5.5%	12.3%	19.8%	26.0%	30.7%	32.1%		
2020	7.0%	14.9%	23.0%	27.1%	29.5%			
2021	6.2%	15.3%	22.8%	25.0%				
2022	5.8%	12.8%	16.0%					
2023	6.9%	10.3%						
2024	7.5%							

Under 10% | 10%-19% | 20%-29% | 30%+

Breakups happen. But for the first several years, at least, most two-founder teams tend to stick together.

It's rare for a two-founder team to split up during their startup's first year. But these early breakups are growing a bit more common. From 2015 to 2024, the rate of first-year splits nearly doubled, rising from 4% to 7.5%.

Fewer than 25% of two-founder teams split up during the first four years of their startup's existence, with some variance depending on the vintage. That leaves more than 75% of all two-founder teams with both co-founders still in place after four years. The frequency of founder splits increases a bit with each ensuing year, but even after eight years, more than 60% of two-founder teams are still together.

It's important to note that the data above only looks at companies that are still in operation. As such, there may be survivorship bias expressed in the figures, especially if a founder leaving was the inciting incident for the company in question to shut down.

Initial equity splits

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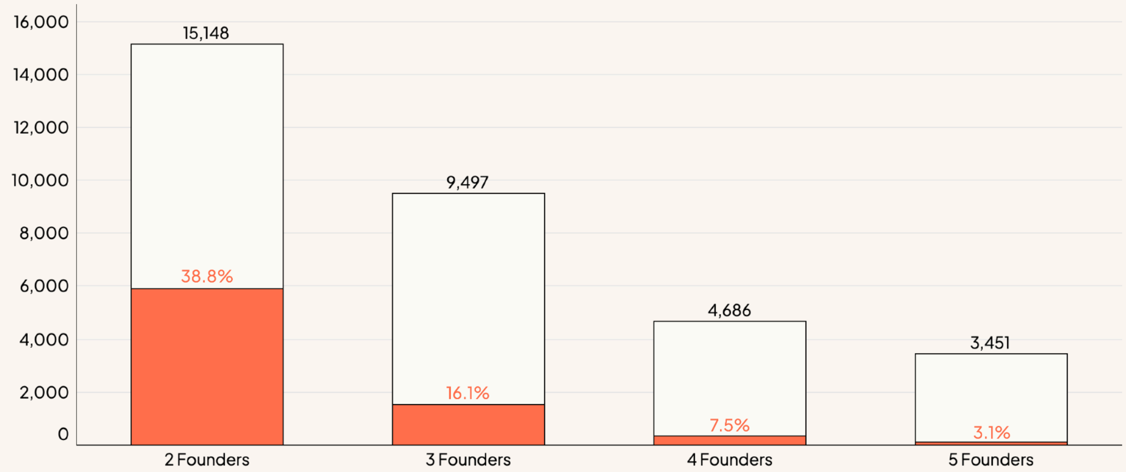
The majority of founding teams did not split equity equally at the start

Startups by founding team size and initial equity split | Incorporated 2015–2024 | % that split equity equally



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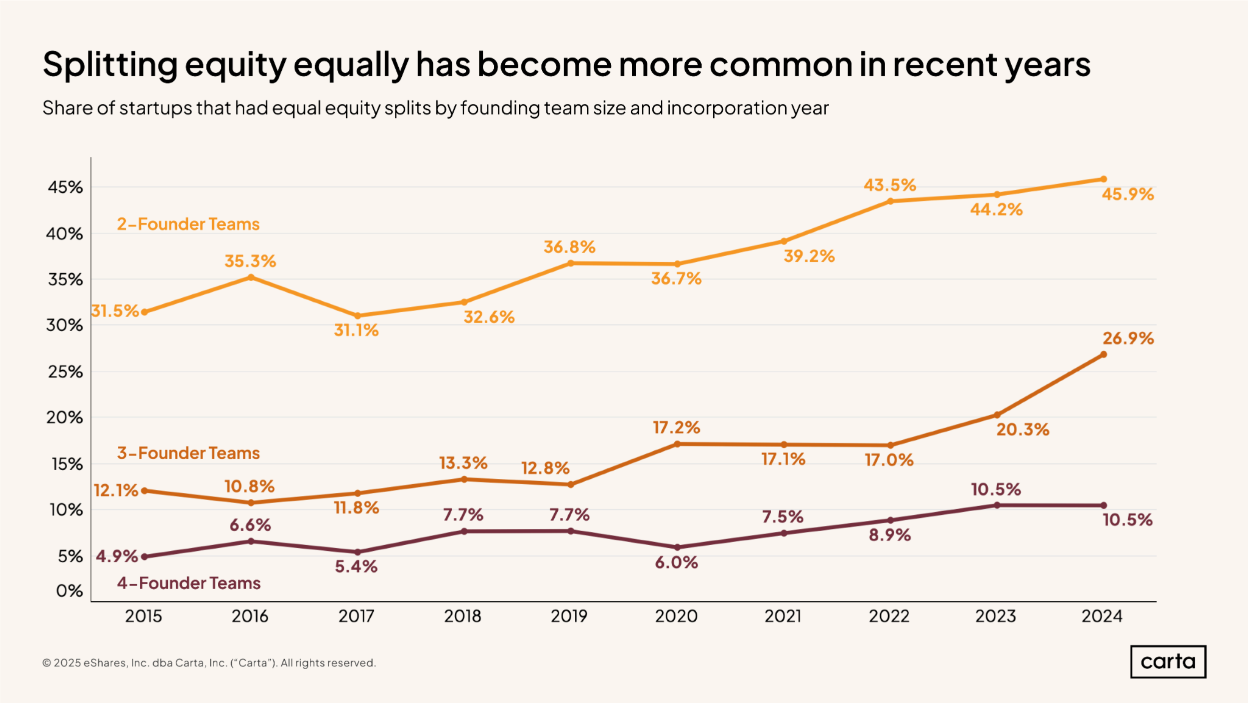
Most startup founding teams choose something other than equal equity splits. The larger the founding team, the rarer it is to see an even split.

Among startups incorporated over the past 10 years with two co-founders, equity is split equally among those two founders 38.8% of the time. The other 61.2% of the time, one co-founder receives more equity than the other. If a company has three co-founders, the frequency of an equal split of equity drops to 16.1%. If there are four or five co-founders, it's exceedingly rare for them all to receive equal slices of the equity pie.



While equal splits of equity among co-founders are not the norm, they have grown much more common over the past 10 years. In other words, founding teams are becoming more democratic when it comes to divvying up ownership of their new companies.

Back in 2015, co-founders that were part of a two-founder team received equal equity stakes 31.5% of the time. In 2024, that percentage was at 45.9%. For three-founder teams, the frequency of even equity splits has increased from 12.1% to 26.9% over the same span, including a significant uptick in 2024.

The lead founder typically takes an outsize portion of equity

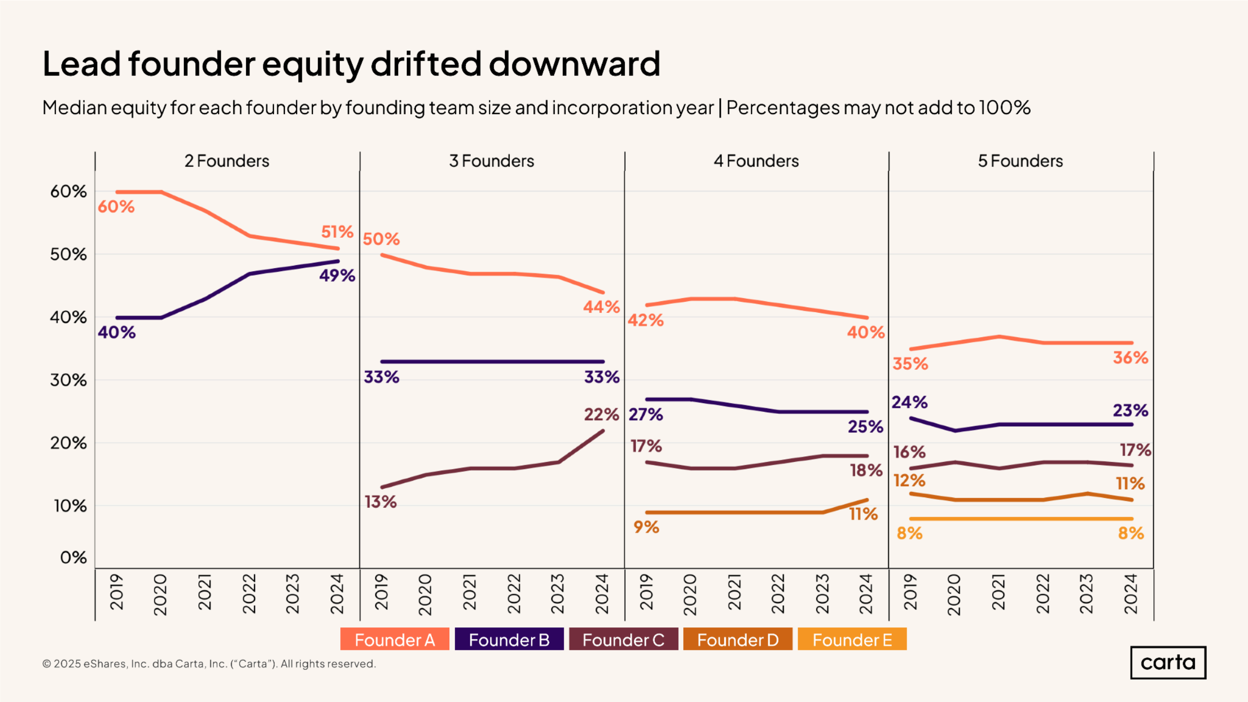
Median equity for each founder by founding team size | Incorporated 2019–2024 | Percentages may not add to 100%

Team Size	Individual founder (alphabetical by % equity)				
	Founder A	Founder B	Founder C	Founder D	Founder E
2 Founders	55%	45%			
3 Founders	47%	33%	16%		
4 Founders	42%	26%	17%	9%	
5 Founders	36%	23%	16%	12%	8%

If startups typically don't divide equity equally among all co-founders, then how do they divide it?

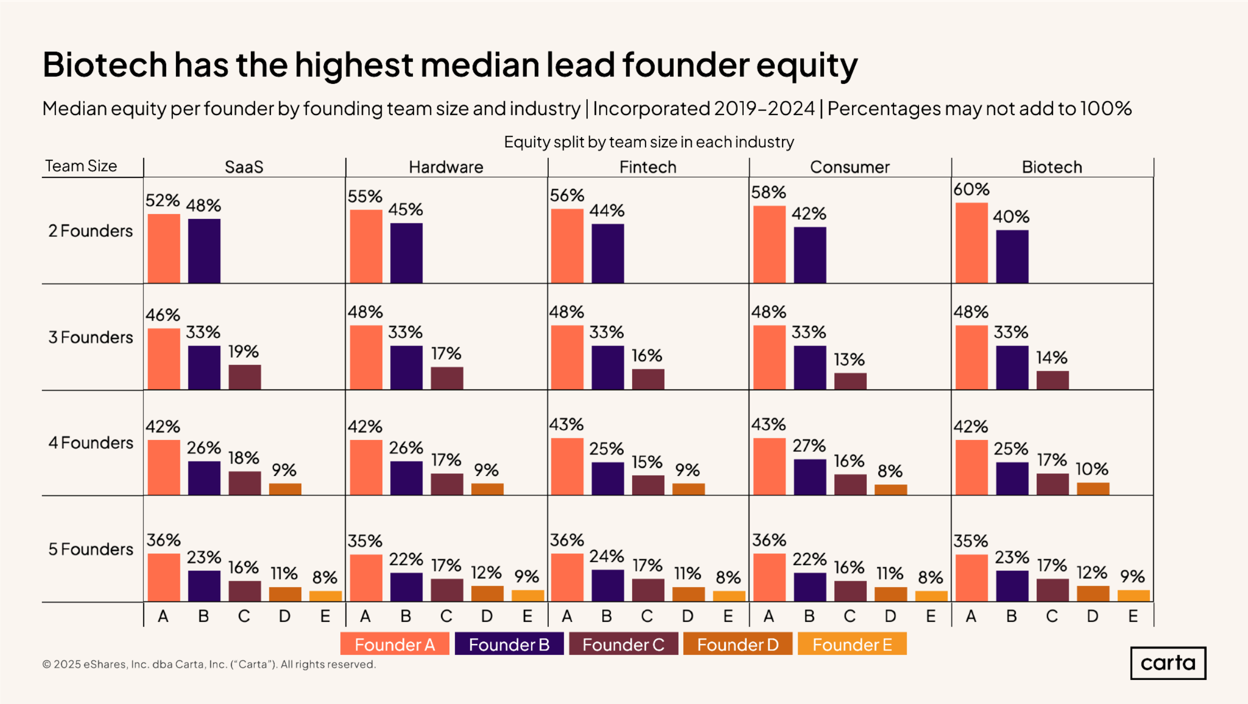
Among two-founder teams, the split is pretty close to even. The median outcome is for one founder to receive 55% of equity and the other to take 45%.

As founding teams get larger, however, the equity divide typically grows less balanced. Among three-founder teams, it's common for a lead founder (Founder A in the above chart) to receive 3× more equity than the third founder (Founder C). If a startup has four or five co-founders, a lead founder may receive 4× or 5× more equity than a co-founder lower down the cap table.



Startups formed more recently tend to divide their equity among co-founders more equally than older startups. This trend is particularly strong among smaller founder teams. Among startups with just two founders, the equity gap between the lead founder and the second founder nearly vanished in 2024, landing at a 51–49 split.

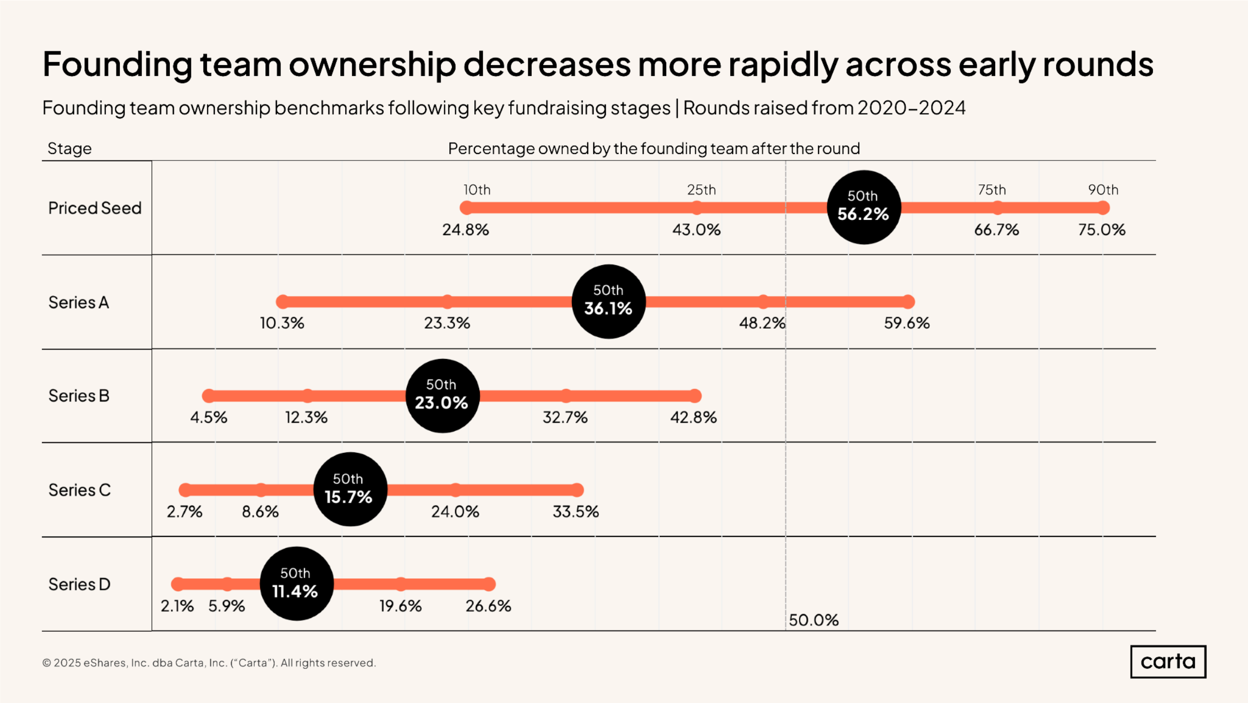
Being the third founder in a three-founder team has also grown more lucrative—or at least potentially lucrative. At the median, the third founder on three-founder teams received 22% of the equity in 2024, up from 13% in 2019.



Among two-founder teams, the division of equity can look different depending on the industry. In biotech, the lead founder receives a median of 60%, and the second founder receives 40%. In SaaS, meanwhile, the median shows a more even split, at 52% to 48%.

With larger founder teams, the differences between the sectors tend to dissipate. If a startup has five founders, for instance, the lead founder receives a median of either 35% or 36% of the equity in each of the five sectors included above.

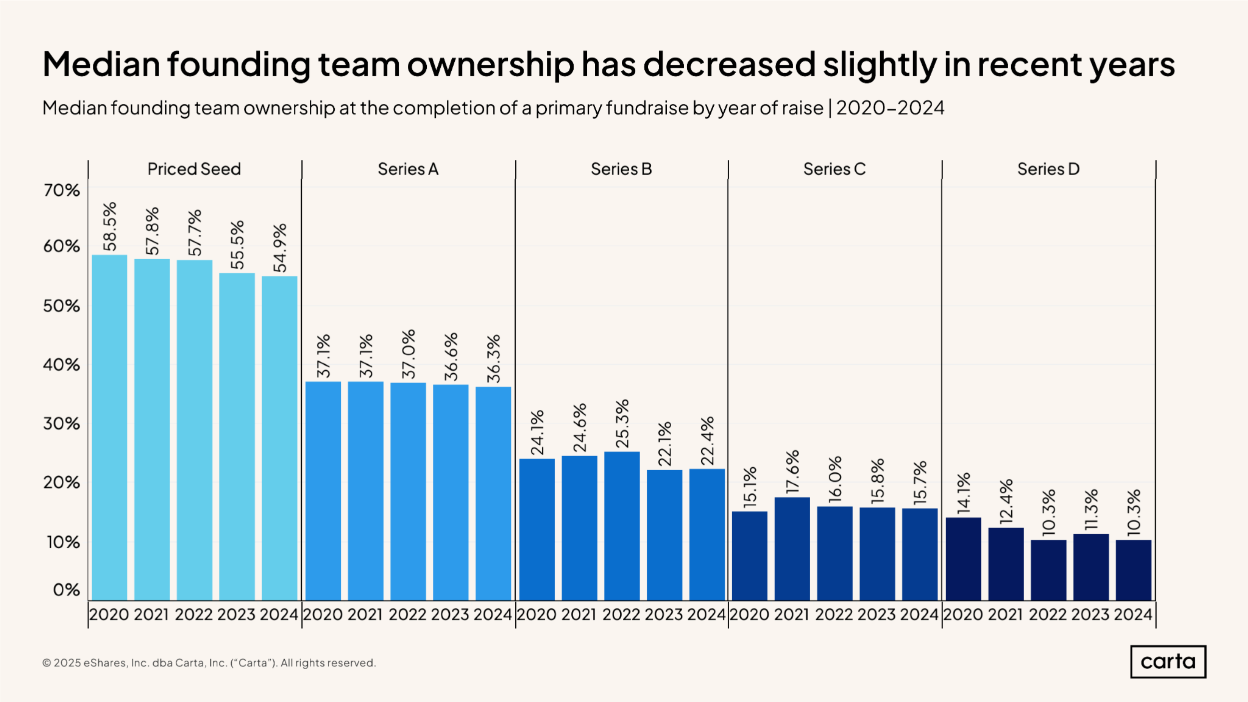
Ownership over time



With each new round of venture funding that a company raises, new investors join the cap table and the combined ownership stake of the founding team typically declines. This round-by-round dilution tends to be steepest at the earliest stages.

After a priced seed round, the median founding team still owns 56.2% of their company's issued equity, based on rounds raised on Carta between 2020 and 2024. At Series A, that median figure drops to 36.1%, a difference of more than 20 percentage points. The gap between Series A and Series B is another 13 percentage points, followed by successively smaller declines at Series C and Series D.

At each stage, ownership figures range widely on either side of the median, indicating a broad range of potential outcomes as startups navigate their fundraising journeys. At Series A, for instance, a founding team at the 10th percentile owns 10.3% of their company's equity. A founding team at the 90th percentile holds a 59.6% stake.



At every stage except for Series C, the median size of the founding team's ownership stake at the time of a new fundraise declined over the past five years. In general, founder groups raising capital today own slightly less of their companies than they did in 2020.

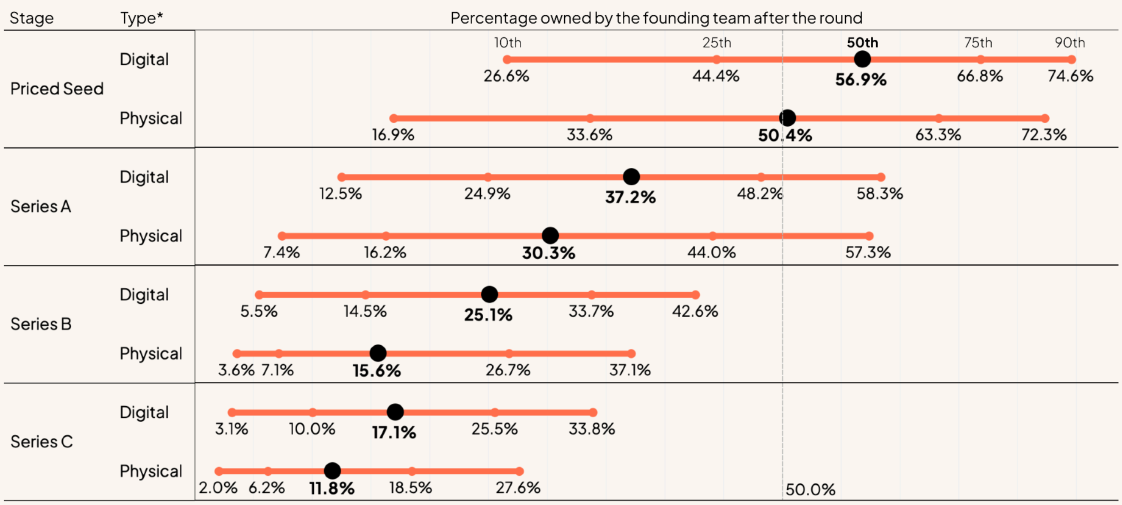
At the seed stage, the median founding-team ownership has now declined steadily in four straight years, falling from 58.5% to 54.9% over that span. The typical founding team's stake also declined significantly between 2020 and 2024 at Series D, falling from 14.1% to 10.3%.

What are possible explanations for this gradual decline in founding team ownership? First, many companies now raise substantial pre-seed capital via SAFEs or convertible notes. That capital is given in return for promised equity (to be converted at the first priced round).

Second—and of particular salience given the difficult fundraising climate in 2023 and 2024—is that startups have had to raise bridge rounds, extension capital, or a combination of the two. Those additional funds, whether they come through traditional priced rounds or convertible instruments, represent added dilution in between the primary funding stages visualized above.

Startups that build physical products see higher founding team dilution

Founding team ownership benchmarks following key fundraising stages by industry group | Rounds raised from 2020–2024



* Physical includes Energy, Hardware, and Biotech startups | Digital includes Fintech, Healthtech, and SaaS startups

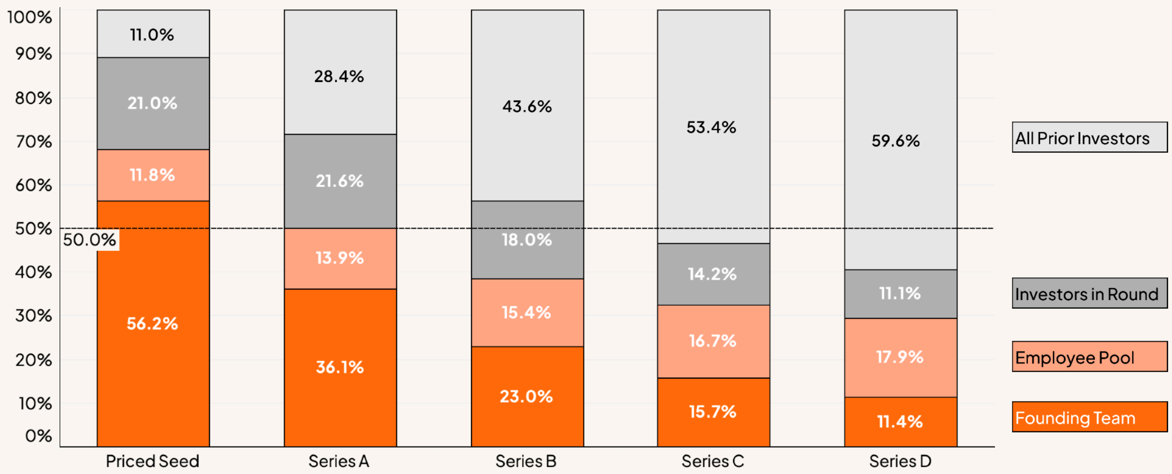
The amount of equity retained by the founding team at any one fundraising stage can depend on many different variables. One of these is the sector in which the company operates.

Founding teams in the fintech, healthtech, and SaaS sectors—which typically sell software and other digital products—tend to own larger stakes than founding teams in energy, hardware, and biotech, which typically produce and sell physical objects. This difference in dilution between digital sectors and physical sectors exists at each stage of startup life from seed through Series C.

Just as they sell different products, companies in these two groups of industries tend to favor different business models. “Physical” sectors are often more capital-intensive and reliant on initial research and development before production can begin. In some cases, the tradeoff for raising that capital is slightly higher dilution.

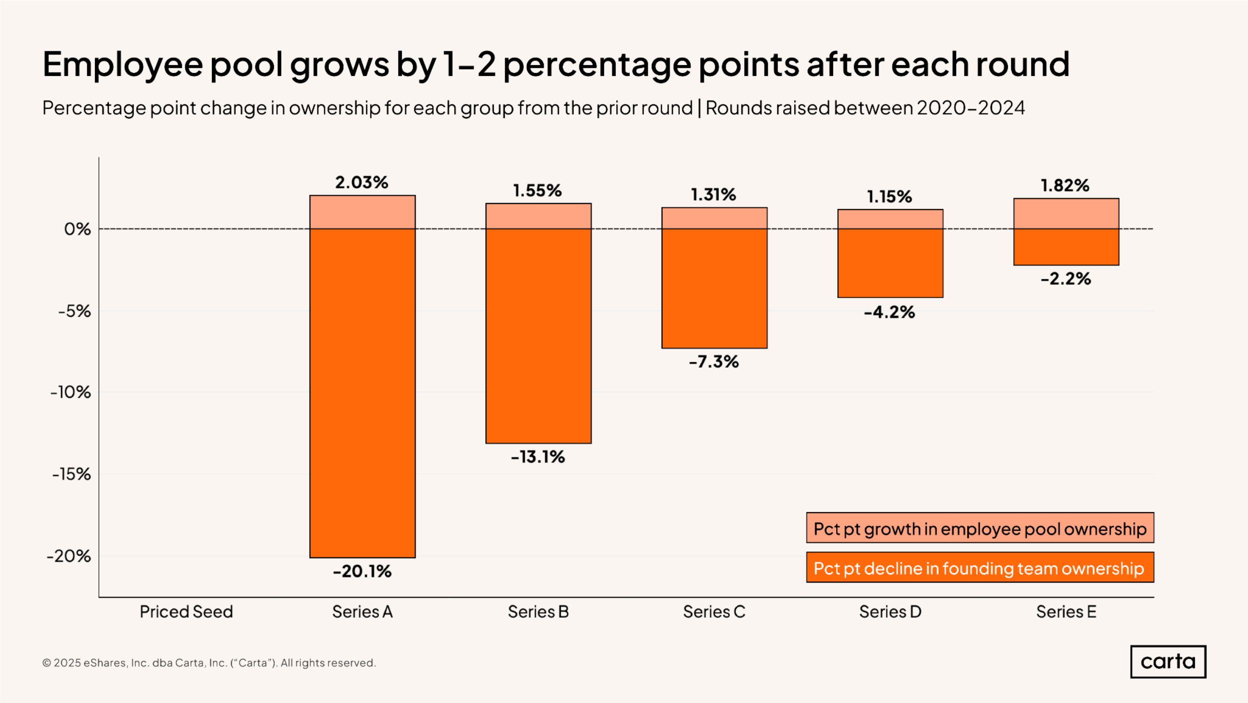
Median total investor ownership crosses 50% between Series A and B

Median share of fully diluted company equity owned by stakeholder group after each round | Rounds raised from 2020–2024



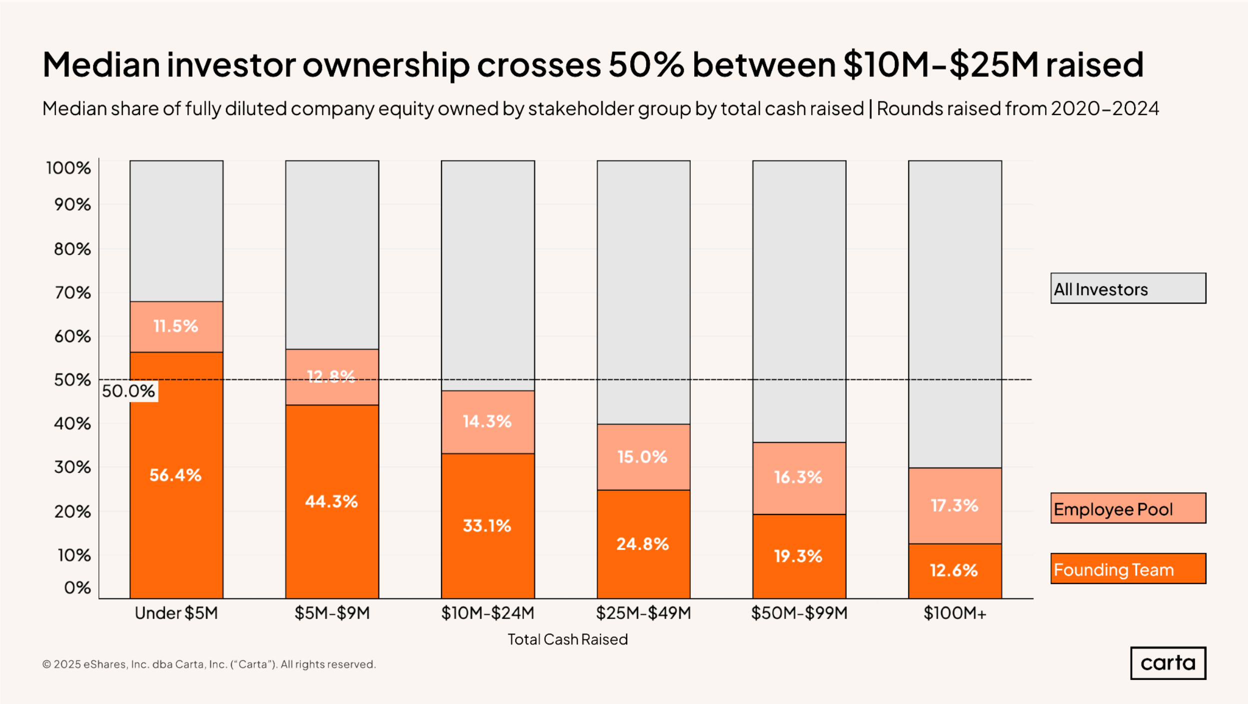
In earlier charts, we saw the median equity ownership that founding teams hold at each new stage of startup fundraising. Here, we see who owns the rest of the equity that the founding team doesn't retain.

After a company raises seed funding, median ownership among both prior investors and new investors in the seed round sits at 32%. At Series A, the median ownership by outside investors climbs to 50%, and at Series B, it reaches 61.6%. It's at these early-to-mid stages where the typical founding team no longer retains a majority stake.



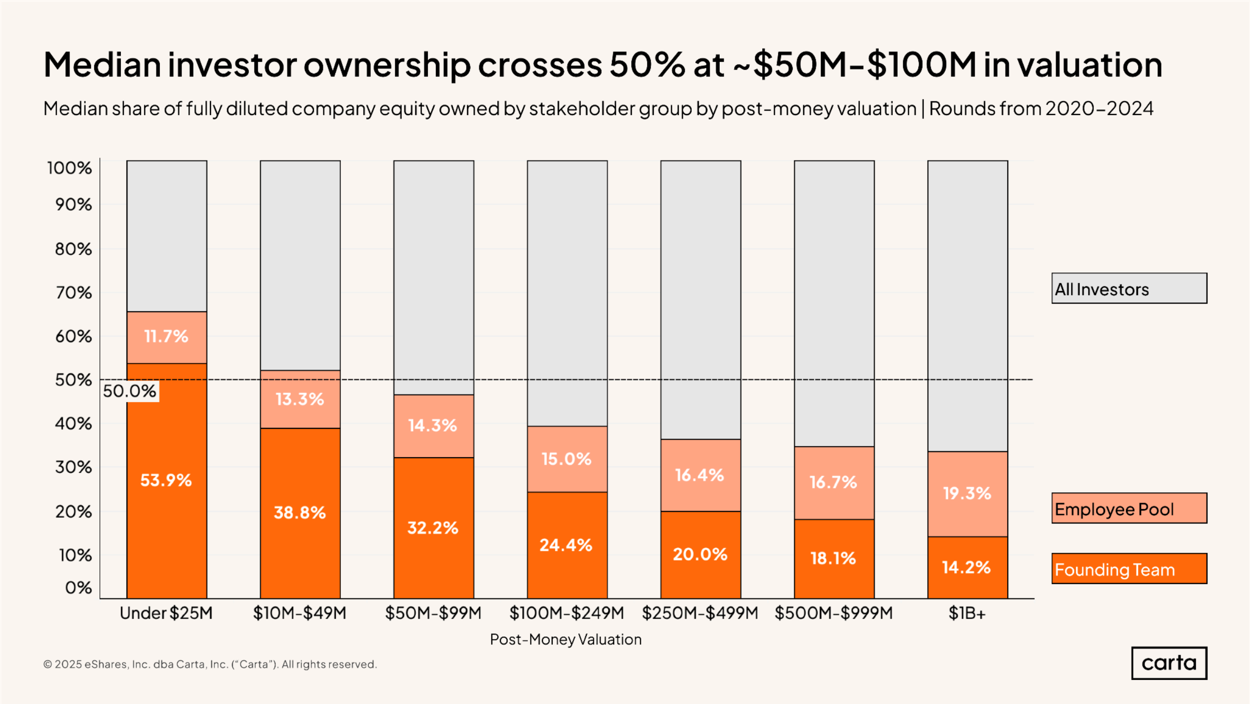
The ownership holdings for the founding team and the employee pool trend in opposite directions, though at very different rates. The share of equity that goes to a company's employee pool tends to climb gradually as it progresses through fundraising stages. At seed, the median employee pool comprises 11.8% of all equity. By Series D, that figure is up to 17.9%.

The percentage of all equity owned by the founders, meanwhile, continually declines as new money comes into the business. This dynamic can be complicated by founder equity refreshes (and re-parceling of older equity if one of the co-founders leaves), but the general pattern holds across a large sample set.



Remaining founder-team ownership looks similar when broken down by total cash raised. As a startup raises more venture dollars, the founding team's median equity stake gradually declines, while the ownership of outside investors steadily grows.

Among companies that have raised less than $5 million, the median founding team retains a majority stake. Once companies have raised at least $10 million, the math flips, with median investor ownership topping 50%. Among companies with more than $100 million in cash raised, median investor ownership sits at 70.1%.

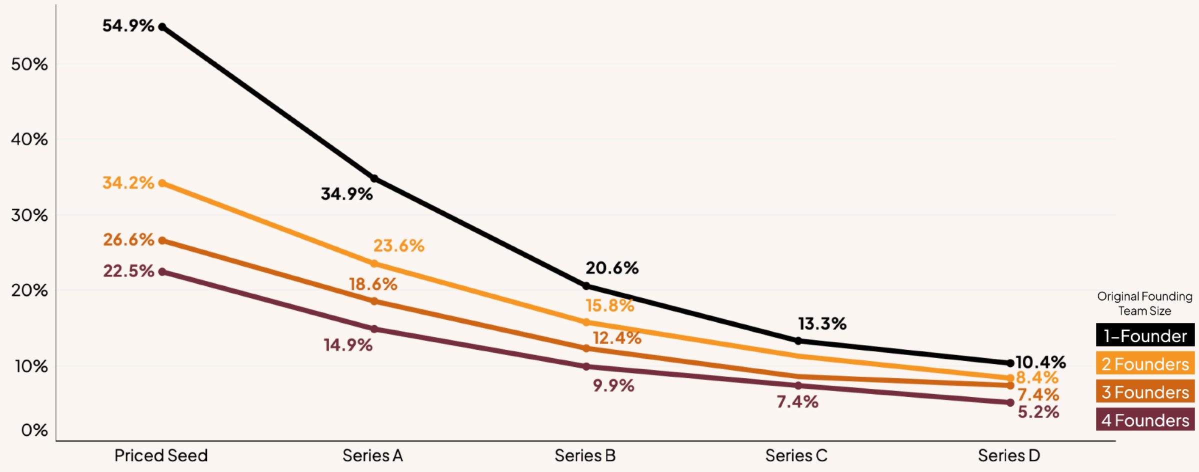


This trend carries over to valuations, as well: The more valuable companies get, the smaller percentage of equity ownership their founding teams tend to retain. For the median startup, investor ownership starts to exceed 50% once the company reaches a post-money valuation between $50 million and $100 million.

The typical amount of investor ownership continues to increase up until a post-money valuation of $250 million. Past that point, it starts to flatten out: Investors own 63.6% of the median startup valued between $250 million and $500 million, compared to 66.5% of the median startup valued at more than $1 billion.

CEO ownership over time is sensitive to original founding team size

Median share of fully diluted company equity owned by CEO after each rounds | Rounds from 2020–2024



Narrowing the focus to the lead founder (in nearly every case the CEO) demonstrates just how impactful founding team size is on eventual ownership. The median solo founder owns more than a third of the business following a Series A round, while the founder CEO in a three-person founding team has less than 20%.

There is a trend for these founding team differentials to become less impactful as the startup raises later-stage capital. This is primarily due to the impact of co-founders leaving the business, as their unvested equity will often be re-allocated to the remaining founders.

Methodology

Carta helps more than 45,000 primarily venture-backed companies and 2.4 million security holders manage over $3.0 trillion in equity. We share insights from this unmatched dataset about the private markets and venture ecosystem to help founders, employees, and investors make informed decisions and understand market conditions.

This study uses an aggregated and anonymized sample of Carta customer data. Companies that have contractually requested that we not use their data in anonymized and aggregated studies are not included in this analysis. The data presented in this report represents a snapshot as of January 1, 2025.

Defining a founder

In order to be considered a founder in this analysis, an equity holder had to qualify under each of following criteria:

- Company must be incorporated in the United States
- Must be an individual (as opposed to a fund or other entity)
- Must hold at least 5% ownership before any venture fundraising has occurred

We excluded companies with more than five founders from this analysis as they made up less than half a percentage point of all analyzed companies.

In the analysis concerning initial equity splits, we included all eligible startups incorporated over the past decade (2015–2024). In the sections regarding ownership at various funding stages and levels, we limited the analysis to companies who had completed primary venture rounds from 2020–2024.