

Why founders appoint outside CEOs, and how to get the job

 By [Jana Krige](#)

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Young companies are typically headed by their founders, and this makes sense; not many people can afford to employ a professional CEO while their company is still in its infancy.

However, once the company is well-established, many entrepreneurs agree, it's time to start looking for a more business-minded individual who can grow the company physically and financially. This is especially relevant in tech and other creative industries where founders tend to be more interested in working with the product that got them excited in the first place than managing hundreds of employees.

One proponent of this theory is Reid Hoffman, co-founder and ex-CEO of LinkedIn, who believes that most founding CEOs have a sell-by date. "In my experience," Hoffman writes, "CEOs need to derive satisfaction from the nuts and bolts of building a company, not just building product and articulating the vision. They need to be passionate about leadership, management, and organisational processes as the company scales."

Hoffman bases [this claim](#) not only on personal experience, but also compelling statistics, citing startup researcher Noam Wasserman of Harvard Business School who observed that CEOs' equity stakes tend to increase in value when they hire a successor.

CEO material

So, what type of person can be trusted to take over the reins when a company has grown beyond the management capacity of the founders? Of course, every company will have different demands of its CEO, but most sources indicate that a relevant degree, a few years of management experience, and extensive knowledge of the given industry are non-negotiable. An MBA is not mandatory, but will push a candidate to the top of their recruitment pool.



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As far as personal characteristics are concerned, Warwick Business School professor and Forbes.com writer [Christian Stadler](#) believes that work ethic, drive and commitment are the most important traits to "clamber up the greasy pole of success", but this should go without saying.

Emotional intelligence and good communication skills, including the ability to listen and learn, are of equal importance. Networking ability, honesty, fairness, credibility, humility, insight, the ability to take calculated risks and flourish under pressure, and a genuine interest in and respect for people are all characteristics of great CEOs. Fortunately, all these traits can be acquired with practice and coaching.

Advice from a local

In August 2015, [Hendri Lategan](#) was appointed CEO of digital agency Lima Bean despite having no former association with the brand. With a successful technology-focused media startup and several senior management titles under his belt, the BA graduate has been building a reputation for himself as a thought leader in the digital industry for the better part of a decade. It was this entrepreneurial gumption that made him a natural choice to head the Cape Town agency. Lategan has offered the following advice to those hoping to find themselves in a similar position.

1. Do what you love

"I've been building websites by copying and pasting images into Microsoft Paint since I was 12. I've always had a deep fascination with the web and constantly obsess over technology. To work in this business for a living isn't a chore, it's a dream come true."

2. Do your best

"Always try to complete every task to the best of your ability. As long as you know that you gave it your all, you can take comfort in the fact that you did everything you could to make it work, even if it doesn't turn out the way you'd hoped. Nobody can take that away from you."

3. Take chances

"Don't be too embarrassed to reach out to people. Apply for dream jobs. Reach out to role models. Develop that moonshot idea. You will never know what could come from it if you don't try. And think about it - what's the worst that can happen?"

4. Own up to your mistakes

"Be self-aware. There is nothing worse than an employee that is constantly deflecting and coming up with excuses. Own up to your mistakes when people call you out instead of getting defensive. Learn from their criticisms, even if you don't always agree with them."

5. Have high standards

"Strive to produce the highest caliber work. If you do, you can expect the same from others."

6. Always keep learning

"You can never know enough. You haven't found the number one best solution to any problem. Things are always changing - especially in tech. Keep abreast of the times. Broaden your skill set as well as your mind. Try to read as much as you can. It doesn't have to be all billionaire biographies and business books. History, art, philosophy etc. will contribute as much to any great business plan or strategy."

If you are a founding CEO and asking yourself if this is going to be a long-term gig, consider whether or not your current day-to-day activities are aligned with your skills and interests. If you're not excited about your job, it's going to show, and your company will suffer. Consider looking for a candidate with the abovementioned characteristics, along with skills particular to your industry and present responsibilities. Also remember that finding the perfect candidate could take years, so it's best to start looking around quite some time before you're expecting to resign or take a different role in the company.

If you're an entrepreneur hoping to lead a company someday, remember that it's never too early to start working on your management skills or building your network and personal brand. Working your way towards occupying the top role in any establishment is easier said than done, but entirely doable if you're willing to put in the effort.

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