Bowing out gracefully: What startup founders can learn from Travis Kalanick

Sometimes the entrepreneurial traits of a startup founder are not conducive to successfully creating and running a large-to-global business. Just ask Travis Kalanick.

The Uber founder was booted by the company's shareholders for his unCEO-like behaviour, and highlighting the notion that there may come a time for a founding CEO of a successful startup to evaluate whether they should handover the reigns to new leadership. Although this can be a hard pill to swallow, sometimes this option is worth exploring in order to successfully grow the business to its full potential.

Travis Kalanick, former CEO of Uber. Photo: *Inc.*

“Entrepreneurs are characteristically creative, solutions-driven and detail-oriented,” says Anton Roelofse, regional general manager at Business Partner. “However, once a business grows, managerial skills and financial skills become more complex and necessary and these skills may not necessarily reside with the founding-CEO.

“Nevertheless, when a small business owner has put his or her heart and soul into a business, and grown it from fledgling stage to maturity, it can be extremely difficult to step away, which poses the question, when does one know when the right time to step aside is?”

“There are two instances in terms of growth that would affect whether a CEO should consider stepping aside: If the business growth has stagnated or if the business has scaled too fast.

“A new CEO will either be able to breathe new life into the business, offering fresh ideas and innovation or have the skills that the founding-CEO may not have the time to develop, due to rapid business growth,” he explains.

Knowing when it's time to go

He adds that another way of realising that it may be time to step aside as CEO, is when the job is no longer fulfilling. “As entrepreneurs are creators, and the role of a CEO changes as a business grows - becoming more focused on business operations, financials and managerial tasks - it may be time for the CEO to take on a role that suits their entrepreneurial characteristics better such as heading research and development.”

Although this situation is not unusual, it is best for a CEO to make this kind of decision for themselves, before they are asked. “A sudden change in leadership can be disruptive for a business and can create uncertainty for other stakeholders. If the CEO makes the decision themselves, it gives them time to prepare and groom their successor adequately,” adds

Roelofse.

However, should the CEO have to step aside suddenly, it is advisable for them to stay on board in a different role within the company such as a director, chairman or advisor to ensure the businesses integrity stays intact. “A study1 of S&P 500 companies revealed that businesses in which the founder is still deeply involved performed 3.1 times better than the rest due to the founder’s emotional connection with the company,” he continues.

“For any entrepreneur in this situation, this type of decision would not come easily, and would demand a sense of bold leadership, free of emotional attachment,” says Roelofse. “An entrepreneur placed in this type of situation would have to be careful to make the right decision for the future success of the business, allowing adequate time for proper planning and a concise handover process,” he concludes.