



5 Tips for Hiring a CEO

Being in charge isn't easy – but neither is handing over the job to someone else. Entrepreneurs who've made the transition share their pointers.

By April Joyner | Apr 21, 2010

For a determined-yet-inexperienced entrepreneur, bringing on a seasoned pro as CEO can help a company make the transition from being a scrappy start-up to being an established and respected leader in its field. But few company milestones are more fraught than the decision to hand over the reins – your reins – to someone else. Even down the road, after you have found the right person to nurture your vision, adjusting to a new role apart from the company helm can be a daunting task. Here are five steps to take in order to ensure a smooth transition.

Hiring a CEO: First, Focus on the Vision Thing

Any initial soul-searching should be accompanied by ample contemplation of long-term goals, needs, and strategies. After all, if you can't articulate your company's vision, a newcomer won't be able to, either.

Creating a road map will help identify your strengths, so that you can hire your weaknesses, says Sara Blakely, founder of the Atlanta hosiery and lingerie manufacturer Spanx. Although Blakely had ambitions to branch out into other product lines, including swimwear, she had difficulty keeping the company's current items in stock at stores after a publicity blitz that included an appearance on Oprah.

Blakely initially hired Spanx's CEO, Laurie Ann Goldman, as a consultant in 2002 to help the company manage its inventory. After six months, she asked Goldman to stay on as CEO. "She was able to fill in the gaps and make the company work as a well-oiled machine," Blakely says.

Hiring a CEO: Engage a Second and Third Opinion

Bearing primary responsibility for choosing your own replacement will likely put you, as well as anyone who is up for the job, in an awkward position. "It's a good idea to have someone independent involved in the process," says **Dora Vell**, CEO of Vell Executive Search, a recruiting firm in Waltham, Massachusetts. Having multiple eyes and ears will ensure that all aspects of the company's needs are addressed and that the search process is not skewed by one person's perspective.

At most companies seeking to hire an executive, the board of directors

usually this role. If your company does not have a board, a senior employee or a trusted mentor can help ensure decisions aren't made rashly, says Dick Strayer, founder of Strayer Consulting, which advises start-ups and venture capital firms on hiring new executives.

Allowing others to aid in the vetting process also frees you to concentrate on the intangibles that others might miss. In searching for a CEO, Shelley Gunton and Brian Connolly, the founders of Castor & Pollux Pet Works, a manufacturer of organic and natural pet foods in Clackamas, Oregon, had help from the company's board and an outside recruiter, who identified candidates and conducted initial interviews. Having that screening process in place allowed the couple to focus on finding someone who shared their vision in their one-on-one interviews. "Having the board's support enabled us to move along a lot faster," Gunton says.

After a four-month search, Castor & Pollux hired its new CEO, Robb Caseria, in November.

Hiring a CEO: Look for a Cultural Fit

Not even a sterling resume and ironclad references can assuage the gut feeling that someone just won't click with the rest of the company. "If a client says they don't like a candidate, 99 percent of the time, I don't push back," Vell says. "Instead I figure out why they're rejecting a candidate."

If you feel a certain personal attribute is essential to the company's culture, don't be afraid to say so explicitly when dealing with an executive search firm or other advisor. Gunton and Connolly, for instance, specified that Castor & Pollux's incoming CEO should own a pet. "We wanted to make sure the candidate understood the importance of a dog or cat to somebody's family," Gunton says. "Almost everyone in our company is a pet owner."

Examining candidates' relationships to past employees and authority figures can help you identify how their personal traits might tie into their managerial styles. One effective way to do so, Strayer says, is to interview their direct reports in three previous positions. Strayer also asks candidates about their family history and relationships with figures

such as college professors to gain insight into their perspectives on authority. "You find out so much about the individual this way," he says.

"People's self-perceptions are often very different from what others perceive." Do be careful to know some boundaries when asking personal questions, though – even for managerial positions, discriminatory hiring practices (including judging a candidate on marital status, for example) is illegal.

A past employee's recommendation, in fact, led the founders of PopCap Games, a producer of casual online games, to the company's current CEO. After they had searched for candidates through industry contacts without success, one of their employees suggested his former boss at Apple, Dave Roberts. Roberts ended up getting the job, in large part because of his rapport with PopCap's team, including all three founders. "We never had any other bosses besides ourselves, and we're three people, so he kind of had to help manage us as well," says co-founder John Vechev, who previously served as CEO.

Hiring a CEO: Plan the Transition With Care

While you shouldn't attempt to cling to your previous duties, designating specific stages for the transition will help the process go more smoothly, Strayer says. For each area of the company, decide whether you should maintain a leading role, retain some influence, or cede all authority. As you identify responsibilities, also take the time to brief the new CEO on the company's progress in those areas. At this point, Strayer says, it is helpful to involve key employees in each department to give feedback on managerial issues, from operational inefficiencies to bickering between members of the staff.

In some cases, it may be useful to agree upon a designated trial period to test the waters. By hiring Spanx's CEO as a consultant, for instance, Blakely had a good sense of what to expect once Goldman joined the company full time. "She was in the office so much that it didn't feel like a transition," Blakely says. Similarly, at PopCap Games, CEO Dave Roberts quickly gained the founders' and employees' trust by opting to serve temporarily at first. "He said, 'I promise you, if it's not working out, I'll quit before you fire me,'" Vechev says. "It made it easy for him to get starting doing his job."

Hiring a CEO: Prepare to Be Disoriented (At Least at First)

After the CEO has come on board, Strayer recommends checking in after the three- and six-month marks to discuss both parties' progress with the transition and address any operational or management challenges.

The meetings are also good times to discuss any personal adjustment issues. To facilitate conversation, Strayer suggests having a third party such as a board member sit in and serve as a mediator. "A board member can take responsibility to make sure the transition really works," he says.

Even with the most carefully laid plans, however, the transition from a leading to a supporting role within your company can be disorienting. In Vechev's case, the process prompted him to take a six-month break from PopCap in order to pursue an interest in film production. Upon his return, he bounced between several positions, including managing the company's website and leading business development. Despite the bumps in the road, Vechev, who now helps develop partnerships for new products, says working under Roberts' wing has ultimately helped him hone his business skills and has made his work at PopCap even more rewarding. "Without Dave, I would not have realized how great of a company it was," he says. "He's been a big mentor for me."

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