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Learning Byte 244 **Founder's Syndrome** **How Organizations Suffer -** **and Recover**



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Founder's Syndrome

How Organizations Suffer - and Recover

Founder's syndrome occurs when the organization operates primarily according to the personality of a prominent person (dominant or founder shareholder, board chair, etc) in the organization rather than working toward its overall mission. This is primarily an organizational problem, not primarily a problem of the person in the prominent position.

A Typical Problem Among Small Organizations

Organizations need to evolve in order to continue meeting the needs of their customers. Evolution of a company can happen in a number of ways - from entrepreneurial, seat-of-the-pants growth to well-planned and managed development. This development cannot, however, occur without first establishing a stable administrative infrastructure. This process will often require a change in the nature of the founder's leadership from that of a highly reactive, individual style to a more proactive, consensus-oriented style.

Many founders cannot make this transition. As a result, the organization remains managed according to the personality of the founder and not in a manner that provides reliable services to customers.

As a result, the organization experiences the same problems over and over again, such as:

- Plans are not implemented
- Money keeps running out
- Quick turnover of board and staff members
- The organization struggles from one crisis to another
- Confusion - no one really seems to know what's going on
- People become afraid of the founder.

*Founders Syndrome
is no one's fault*

Founders Syndrome is no one's fault. No founder sets out to damage his organization and he is rarely the only one to blame. The syndrome rarely takes hold without numerous members of the Board and staff exhibiting symptoms of the syndrome as well.

Eventually, when stakeholders or funders (in the case of non-profit organisations) confront the founder about the organization's recurring problems the founder becomes increasingly anxious and defensive, and soon resorts to blaming Board members and staff. Without ongoing coaching and support, it's likely that the founder will be replaced, or worse, the organization folds. These problems can be avoided before tragedy strikes.

Founders are dynamic, driven, and decisive. They carry clear vision of what their organization can be. They know their customer's needs and are passionate about meeting those needs. Often these traits are strong assets for getting the new organization off the ground. However, other traits of founders too often become major liabilities.

Troublesome Traits Among Founders

- Highly skeptical about planning, policies, and procedures.
- Believe they've found a new way to get things done.
- Make reactive, crisis-driven decisions with little input from others.
- Blame many problems on a lack of money.
- Hand-pick their Board members and staff and see these people as working for the founder as much as working for the organization's mission.
- Attract Board members based on the founder's personality (often charismatic) and not with a focus on organization's mission.



- Count on whomever seems most loyal and accessible and motivate by fear and guilt, often without realizing it.
- Hold occasional staff meetings to report crises and rally the troops.
- In the case of non-profits, executive directors usually see their Boards as a source for fundraising, and work to remove Board members who disagree with the founder.
- Have a very difficult time letting go of the strategies that worked to quickly grow the organization, despite evidence that the organization can no longer absorb this rapid growth without major changes.

Typical Traits of Well-Developed Leaders

Leaders of lasting, well-developed organizations have experienced numerous changes, and managed to develop their organizations and themselves along the way.

- Treat plans and budgets as guidelines.
- Make proactive decisions based on mission and affordability.
- Make staffing decisions based on responsibilities, training, and capabilities.
- Value Board and staff members for their strong expertise and feedback.
- Sustain strong credibility among customers and service providers.

Basic Principles in Developing Leadership

Eventually, most founders realize they must change the way they operate. Many go on to develop their leadership style to the next level.

Actions Founder's Must Take

- **Accept a mentor outside the organization and an advocate within.**
Founder's syndrome comes from doing what's natural for you. Changing your leadership approach may be rather unnatural. Seek and accept help.
- **Ensure a customer-driven organization.**
Always focus on customers. Get regular feedback from customers as to their needs associated with your product or service.
- **Set direction through planning.**
Support the Board to carry out strategic planning. Conduct regular staff meetings and ask them for their input. Cultivate strong finance (and in the case of nonprofits, fundraising committees), and help them to fully understand the organization's finances and fundraising plans.
- **Organize resources to meet goals.**
Develop job descriptions with staff input to ensure mutual understanding of responsibilities. Develop staff-driven procedures for routine, but critical tasks.
- **Motivate leadership and staff to meet goals.**
Delegate to staff members by helping them understand the purpose of tasks. Get their input as to how the tasks can be completed. Give them the authority to complete the tasks. In regular staff meetings, celebrate successes! Bring in customers to tell staff how the organization helped meet their needs. Conduct regular performance reviews with staff to ensure organizational and staff needs are being met. In regular staff meetings, share status information and conduct day-to-day planning.
- **Guide resources to meet goals.**
Share management challenges with the Board and ask for policies to guide management. Work from the strategic plan and develop an associated budget to earmark funds.
- **Think transition!**
Help the Board to regularly undertake contingency planning, including thinking about what the organization will do if/when you're gone. Have the Board pretend that, for some unknown reason, you were suddenly gone. What would they do? How?



Actions Boards Must Take

- **Understand and take full responsibility for the role of Board member.**
Insist on focused Board training to review the roles and responsibilities of a governing Board. Undertake a yearly self-evaluation of the Board to ensure it is operating effectively.
- **Once a year, conduct a key risk management exercise.**
Pretend the founder suddenly left the organization. Who will/can quickly step in? Are you sure? What activities are the staff really doing to carry out programs? In the case of non-profits, what grants does the organization have to perform against and when report them? What is the cash flow situation? What stakeholders must be contacted? Where are the files/records?
- **Know what's going on in the organization or how to quickly come up to speed.**
Ensure job descriptions are up-to-date. Have staff complete weekly or biweekly written status reports. Ensure yearly written performance reviews are completed. Ensure regular staff meetings are held and actions are written. Is a staff member being cultivated as an assistant chief executive? Is this needed?
- **Strategic planning is one of the best ways to engage the Board and take stock of the organization.**
Conduct regular and realistic strategic planning with the Board and staff. Focus on the top three or four issues facing the organization. Although most organizations scope plans to the coming three years, focus careful planning on the next 12 months. Establish clear goals, strategies, objectives, and timelines.
- **Develop highly participative finance committees (in the case of non-profits, develop a fundraising committee, too).**
Too often, Boards are extremely reluctant to face the founder by getting involved in finances. However, troubles with a chief executive's performance are often revealed in financial problems. If a chief executive struggles or leaves, finances are usually the first to become major problems. Therefore, closely review regular cash flow, income and balance statements.
- **Don't be part of the problem!**
Don't take on the traits of the crisis-driven founder and staff, or worse yet, just "numb out." Meet consistently and make decisions based on mission, planning, and affordability, not on urgency. Avoid the notion of any quick fixes, such as hiring an associate director with "people skills." This doesn't address the problem and may make things even worse.
- **Help Board members and staff to keep up their hopes.**
Regularly communicate with each other (through appropriate channels). Remind each other that the recurring problems are the result of the organization's success and that current changes are to best serve the needs of its customers. Note that staff members' morale will improve as they perceive stability, security, and progress.
- **Support the founder with ongoing coaching and affirmation.**
The founder will change to the extent that he or she feels safe, understands the reasons for change, and accepts help along the way. Consider a Board Personnel Committee to provide ongoing coaching to the founder (but not to replace his or her responsibilities and accountabilities). Include at least one or two experienced organizational leaders on this committee. Note that the founder is not changing roles, but priorities.
- **Carefully monitor implementation and deviations from plans.**
Don't hold the founder to always doing what's in the plan or budget -- but do hold him or her to always explaining deviations and how they can be afforded.
- **Implement development and evaluation plans for the founder.**
Include his or her input. Be consistent with the founder's accountability to implementing the plans or explaining deviations from them. Evaluate the founder according to meeting strategic objectives and to his or her job description.
- **Consider policies to carefully solicit feedback from staff to Board.**
Consider having staff representatives on Board committees. Consider a 360-degree evaluation process for the chief executive, wherein staff provide feedback about the chief executive's performance. Establish a grievance procedure where staff can approach Board about concerns if they can prove they have tried to work with the chief executive to resolve these issues.
- **Closely monitor key indicators of successful change.**
Ensure ongoing communications between Board members and the founder, sound financial management, implementation of plans and policies, and stable turnover of staff. Perhaps the most useful indicator is continued positive feedback from customers.

- **If problems recur, take action.**

If, after attempting to follow the above suggestions, the same major problems recur over the next six to nine months, then take major actions regarding the founder's position in the organization. If the founder's leaving would cause the organization to fold, then the Board has not been doing its job all along. The Board should be strongly involved in strategic planning, financial management, (in the case of non-profits, fundraising), authorizing policies, reviewing programs, evaluating the chief executive, etc.

Am I really that Kind of Founder?

The following soul-searching questions may help you determine if you are indeed that kind of founder. If you are brave, you might ask those around you what they would answer. You may be surprised at what you learn.

- Can you say (and mean it), "When I'm gone, things will be done differently, and that's ok."?
- Are you fighting to stay on "for the good of the organization"?
- Can you not envision what your life would be like if you didn't have the organization to run? Is it part of who you are?
- Are you afraid that if you leave, the organization will change into something that is no longer what you want it to be?
- Can you separate the issue your organization is about from your stake in that issue? From your stake in the organization?
- Do you use the words, "My organization," or "My nonprofit"?
- Do you fluctuate between bragging and despairing of the fact that you are indispensable?

This is a précis of an article written by Carter McNamara, , MBA, PhD | Applies to nonprofits and for-profits unless noted.

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