

How to replace a startup's founder as CEO

It's not uncommon for a startup's founder to step down as CEO. Sometimes, the founder in question might simply feel that they're ready to try something new. At other times, they might believe that they've taken the business as far as they can, and that someone else is better placed to move the needle forwards.

Temps de lecture : minute

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Despite what popular TV shows might have us believe, the new CEO's succession can absolutely be a positive and collaborative process based on mutual respect and trust. Having stepped into a founder's shoes as CEO of Applied in 2020, I can vouch for this - and explain how it's done.

Know what you're walking into

Unforeseen challenges, such as tricky stakeholders, product issues and new competitors, have the potential to trip up new CEOs. So, before the handover itself, it's important to spend time with the person who knows best what you'll be walking into.

Shadow the outgoing CEO, ask them questions and gather all the information you'll need to hit the ground running on your first day on the job. This will require you to gain their trust and encourage honest conversations along the way. They'll need to know that you're invested in their business, and that you won't run from the first hurdle you come up against. Equally, you deserve to know that the reality of the job stands up to the opportunity you've been sold.

Meet the team and key stakeholders early on

The outgoing CEO isn't the only person you should spend time with before your first day on the job. Set up meetings to start getting to know board members, investors and the wider team, too.

Giving key stakeholders and new colleagues a chance to ask candid questions and understand what your transition to CEO will mean for them and the business will help earn their trust. And the transition will be all the smoother for having them on side early on.

Refresh company values

Company manifestos can help ensure that the whole team feels included and driven by the same values. But not if they remain unchanged since the day that a startup was founded. The values they document can and should evolve to reflect expanding teams and business growth - so the start of a new CEO is the perfect time to ensure that this is the case.

If the whole team is consulted, the process of updating company manifestos also offers new CEO's an invaluable opportunity to ensure that everyone feels bought into where the company is going - new leadership included - not only where it's come from. So seek the team's input via a town hall style meeting, an anonymous suggestion box, or through small group workshops.

If it ain't broke, don't fix it

Refreshing company values is all well and good. But don't be tempted to make changes for the sake of making your mark or without good cause when you do officially start as CEO, as this is likely to be met with resistance and cause unnecessary upheaval.

Whether you're looking to break into a new market, invest in new technology, or change up ways of working, take stock of existing evidence around what has and hasn't worked in the past, and be guided by your team's newly set out company values. This will help you determine and justify changes that are worth pushing through, and avoid those which are unlikely to deliver a return on the time, money and effort they'd require.

But do have a strategy to manage change

When it comes to changes that are objectively worth pushing through, fresh-eyed CEOs have the perfect vantage point to recognise them. But having a change management strategy in place is essential to usher in said changes successfully, and to ensure that they stick.

The key is to introduce changes gradually. Start by securing buy-in from senior management teams, before communicating the vision for the end goal to the wider team. Then, create opportunities for small wins - using new technology for just one simple task initially, for example - that the team can build upon over time.

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