The Case for Your Startup Hiring Former CEOs



A common mistake most entrepreneurs make when setting up their management team is filling it with people they feel are easier to control or won’t make them look stupid. That typically means an older, former CEO would never get a reasonable look as a direct report to the CEO of most early stage companies. But, is that fear justified?

Why most entrepreneurs avoid hiring former CEOs.

First, their inferiority complex kicks in. I don’t want a former CEO to come in and identify all my shortfallings or tell me how to do my job. Second, they think there must be something wrong with the candidate. Why would a former CEO be interested in this non-CEO position? Third, they think the

former CEO likes to manage others and won't get his or her hands dirty rolling up their sleeves with the execution work that is required. Or, lastly, they simply conclude that an older person simply doesn't have the energy to put in the work required at an early stage startup.

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Why that is the wrong perspective.

My immediate reaction? That is rubbish. Yes, there may be some candidates who could validate the above hypotheticals. But, in recruiting, there is never a "one size fits all" perspective, as everyone is truly different and should be assessed on an individual basis. Have confidence in yourself to keep your new hire in check. Maybe the CEO just prefers the marketing tasks, and has no problem focusing on one department. Maybe that candidate likes getting early stage businesses off the ground and has no problem putting in the long hours required. Don't forget, there is only room for one CEO in a company at a time, so when CEOs are looking to make a move, they may have no choice but to look at other executive positions if the right CEO positions are not open.

Why past CEOs can be great hires.

First of all, only a CEO truly understands all the different areas of the business and how they work together. So, for example, hiring a CTO who used to wear the CEO hat means not only does he or she understand the needs of the technology department, they also know how those needs impact financial budgets, recruiting, product marketing, etc. Instead of having an executive who has lived in a vacuum of one department their entire career, it can often be better to find someone that has a broader vantage point when making decisions.

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Behind

Secondly, former CEOs are not threats to you. They can actually be material assets for you. Your business is bound to go through uncharted waters in your growth curve. Who better to help you navigate those waters than someone who has been there and done that before. So, instead of taking time to assess various routes – with potentially wasted investment dollars – you can confidently move much faster and waste less "experimenting dollars" in the process.

Third, with lots of CEOs being a jack-of-all-trades, they are great utility players to put out fires as needed in other areas of the business – for which they were not originally hired. Maybe your COO just quit. In steps the former CEO to fill that role until a new person is hired. Or, maybe your head of HR is struggling with creating the right culture or dealing with lots of employee turnover. The former CEO can share how they solved those same problems in their last company. Former CEOs often have lots of tools in their tool box and can help you fix whatever needs fixing.

Why you shouldn't be intimadated by former CEOs.

Whose problem is it if you are worried about being intimidated by hiring a former CEO? It's yours. Hiring a former CEO doesn't mean you are losing control. You are still the boss. Be confident in yourself and your decision making, just as before. Only now, you have someone with experience in the office that can help you toss around new ideas – not hurt or impede your efforts. They aren't here to make you look stupid or take your job. They are here to help you. And, if it doesn't work out, you can always make a change down the road. Remember, always hire people smarter and more experienced than you are. If you are the smartest person in the room, you have a problem.

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Concluding thoughts.

To be clear, I am not saying there isn’t any justified merit to the entrepreneurs’ concerns raised above. Those concerns are often very real for several candidates you will meet. But that doesn’t mean those concerns should prevent you from interviewing other candidates who can impress upon you that those concerns are nothing to worry about. And, more importantly, can impress upon you that you are hiring somebody with the proven skill sets to help you take your business to the next level, having done exactly that in a prior company. So, don’t be afraid of hiring someone smarter or more experienced than yourself. That is the holy grail of hiring — when you can find them.

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