



Stanford eCorner

Replacing Yourself as CEO

Tom Friel, *Heidrick & Struggles*

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Video URL: <http://ecorner.stanford.edu/videos/1835/Replacing-Yourself-as-CEO>

Tom Friel, Chairman of Heidrick and Struggles, suggests that frequently in entrepreneurial ventures replacing the founder CEO with an experienced CEO is needed for the venture to scale and grow. Friel argues that perhaps the hardest experience for a founder is to recognize that their company might do better if they were to take a different role than CEO which often determines whether the venture stays small and successful or scales to something greater.



Transcript

Although, I will say with about 30 years of experience in executive search, most of the time when I get involved in the transaction that involves an entrepreneurial CEO and a venture capital investment, it's to replace the CEO as a condition of the venture capital investment. I've done that and my colleagues have done that a lot over the years. That sometimes becomes necessary. Sometimes, it's appropriate. Sometimes, it's not. We could debate that a lot. I want to come back to one of the points that Edgar made earlier about the duty that you owe as entrepreneurs and as leaders and as CEOs to your company over any particular individual, I think was the comment that he made. You're absolutely right. The absolutely most difficult time and the most difficult situation any of you will ever be put in is to apply that logic to yourself. In some cases, at some point in the history of your company, you may have to.

You may get some help from outsiders, from your board or from your investors but probably the most telling and the most traumatic decision in the life of an entrepreneurial company is when is it time for the founder CEO to step aside in favor of a successful leader or other leaders or different leaders to take a different role.