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# My view: Leadership: the key ingredient to start-up success

BY JERRY HAAR
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JERRY HAAR

I've seen it time and time again. A startup or early stage company with a truly innovative technology or service and ample funding begins to take off, ascends rapidly, then levels off, declines and crashes. According to Harvard Business school senior lecturer Shikhar Ghosh, more than 95 percent of venture-backed startups fail. It doesn't have to be. Among the startup companies I am intimately familiar with, including two award-winning South Florida healthcare firms, the principal reason a number are struggling, declining and destined to fail is poor leadership. The reality is that entrepreneurs make poor leaders, for the most part.

Leadership is more about behavior than it is about specific skills or knowledge, asserts Martin Zwilling, CEO and founder of Startup Professionals Inc. This is especially true for startups and later-stage firms in the technology sector where the founder/leader is in almost all cases a "left-brained" person (more logical, analytical and objective) than a person who is "right-brained" (more intuitive, thoughtful and subjective).

As a consultant, researcher, and investor, I have observed four traits of poor leadership that can derail even the most promising new ventures.

1. A disinterest in managing. The passion to create is the key driver for entrepreneurs. Transforming an idea into a product or service that resonates with consumers is indescribably satisfying. The creative process — think Howard Roark in Fountainhead — must reign supreme. Creators generally have little interest in leading and managing, believing erroneously that "a product will sell itself."

But the development and execution of a business strategy and monitoring operations on a day-to-day basis requires involvement from the top — even if that means (reluctantly) delegating to others. Far too many entrepreneurs are not only disinterested in leading but don't trust others to do so either. Such is the case of Clinical Analytic Devices (not its real name) whose founder, with an ego the size of the Taj Mahal, manifested these traits to such a degree that a private equity firm swooped in, grossly underpaid for the firm, kicked the founder out and brought in an experienced and committed leadership team. (The company is now doing very well.)

2. Worrywart syndrome. There is a world of difference between “concern” and “worry.” Entrepreneurs worry excessively. True, they have most of the skin in the game, but this kind of fidgety behavior (think Woody Allen after drinking a six-pack of Red Bull) comes across as a lack of confidence, makes associates uneasy and causes stress in the work environment. Employees ask themselves (and others): “Is this firm going to make it? Is there something going on we don’t know about?”

3. Mistreating employees and even partners. Being high-strung, perfectionist, short-tempered, obstinate and insensitive are good descriptors for many technology startup founders. They are not “people” people. Steve Jobs succeeded not because of these traits but in spite of them. Howard Schultz of Starbucks and Fred Smith at FedEx are the role models in good leadership. Mistreating (or neglecting) employees and partners can wreak havoc on a firm during tough times and negatively impact productivity and employee turnover rates even in good times.

4. Too invested in their own vision. As Silicon Valley technology consultant Steve Tobak points out, start-up founders have to drive their vision with laser-like focus. This fanatical devotion to the firm’s product, services or business model is an asset in the early stage but can be a major impediment as a firm matures and needs to adapt. Refusing to make the hard choices — including stepping down (often at the request or demand of venture capitalists or private equity investors) — can result in the demise of the entire enterprise. A startup can launch a cutting edge application or technology platform, secure Series A, B, and C financing, garner praise in the media and cadres of zealots, but if the leader fails to lead — lacks the capacity to lead — it is all for naught. The company will die or be bought and reorganized by an outside investor group, such as a private equity firm, and the founder/leader given the boot.

On the other hand well-led companies like Open English, Bioheart, AdMobilize and Azzly, can reap the benefits of dynamic growth such as the former startup Zumba, a South Florida-based dance fitness firm with locations in 185 countries.

Inventors and innovators who are enamored of their own technological creations must develop the humility to realize they cannot do it all. Leadership is both a talent and a skill to be acquired. It can make the difference between start up and shut down.

Jerry Haar is a professor of business at Florida International University and a senior research fellow at Georgetown University McDonough School of Business. He is the co-author of “The Future of Entrepreneurship in Latin America.”