



The Professional Managers

By
Nathan Schulhof

Over the years, I have watched creative, bold, innovative companies get off to a great beginning. Then, they make the mistake of bringing in “The Professional Managers”. More often than not this type of thinking turns the small creative company into a small company with a big company dull mentality.

When I sold a majority interest in a company I started to a large 30,000 employee company, out of the mid west, they said to me “Nathan, we want to let you run independently.” They went on to say, “Many times we buy companies and we end-up destroying the creative entrepreneur mentality, which is the reason we bought them to begin with”. Any way, it only took this company 90 days to destroy my small company’s creative, aggressive, mentality and can do spirit.

Usually, a small innovative company does not operate and grow in the same way that a large company grows. In a small company, people have many different functions so, they have to wear many hats or, the job doesn’t get done.

Generally, employees in a large company have the, “it isn’t my job mentality” and in-house politics, favoritism and turf sniping comes into play. The end result is to float the job to someone else or another department and bloat the org chart. So what drives small companies to seek professional managers and what comes with that?

On several occasions, I have seen Board of Directors and/or the money guys prematurely initiate the push to bring-on-board the professional manager. Often they have to pay huge dollars to hire the professional

manager who, in the end, doesn't succeed but does spend or dissipates most of the cash.

If the professional manager is brought into the game too early, he is perceived as a fish out of water or worse as a big shark in a small pool who consumes the primal energy of the small fish by forcing the creation of a hierarchical environment. Conversely, most serial entrepreneurs do not make the transition to a large company environment, not enjoy functioning in a big environment. The entrepreneur's fuel is dreams and passion, and hopefully a good business sense and some planning ability. Occasionally, there are exceptions to these stereotypes.

What drives Boards and the money guys to insist on bringing in the professional? In many cases, I have found this to be true when a big name joins the Board of Directors. Big name Board members are more afraid of liability and usually do not want to get too close to the fire (for good reason) so they push to bring in Professional Managers. Or the money guys insist that to bring in the big money you need a professional manager.

Either way, timing and passion are critical elements in evaluating when it is the right time and who is the right person. So besides liability and money, are there other critical elements in determining what are the trade-offs?

I have come to the conclusion that without the passion; the big name is not always helpful. I now try to get the big name that also has the passion of the small company's vision. Together it can work well.

How does this enigma grow into small innovative companies? I have found on many occasions, the creative entrepreneur, feels he or she needs to attract big name people with big names to make their company stand out and be noticed. The big names would rather criticize and execute as if you were a large company. The Board level is where one usually hears "Bring in the professional managers". That is when the landscaping of a creative company changes and you now have the managers and the Board of Directors reacting in a small company as if they were a large company. Sound familiar? Let me hear your thoughts. nschulhof@aol.com

Copyright © 2006 Nathan Schulhof

<http://www.nathanschulhof.com>