THE GLOBE AND MAIL

Moving from startup mindset to running the company

by Susan Smith

Article originally published in the Jun. 18 2014 edition of The Globe and Mail

In 2010, entrepreneur Christopher Thierry hired a CEO to run Etelesolv Inc., his Montreal-based software startup that had stalled and was bleeding cash because of the recession.

The new hire, experienced with an advanced degree, was supposed to be the “silver bullet” that would save the company, which had developed a platform for corporations to manage telecom and IT expenses. The chief executive officer was to start on a Monday morning and Mr. Thierry had an important meeting set up for them to pitch their product, TeleManager, to a Toronto bank.

On Sunday night he got a call saying the new CEO had accepted an offer with another company. Mr. Thierry had a horrible night, and then he had an epiphany. He was going to learn how to run the company.

> **“But even revenue, for the most part, is secondary to vision. We want to create recurring value, take a dramatic leap and get way ahead of our competition.”**

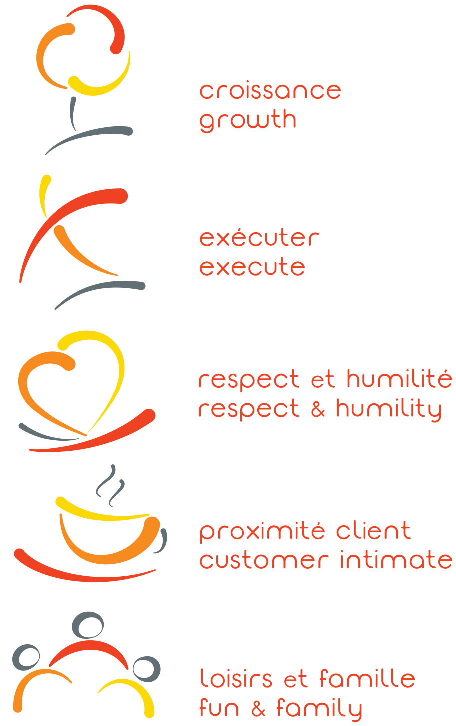
“I was in this mode of really doubting everything I was doing,” he says. “But I realized, this is my mess, I’ve got to clean it up. I have my house on the line.” Robert Simon, managing partner with the IT Venture Fund at the Business Development Bank of Canada, said it was a good move.

“Christopher did the right thing, he jumped back in,” Mr. Simon said. “As outside board members and investors, we prefer that the founder continue to make the transition because they are so personally invested in the success of the business.”

This is especially true, he adds, when the business in the $10-million to $20-million revenue range. Important ingredients for success are the willingness to listen and learn from mentors, coaches and other executives.

This is exactly what Mr. Thierry did.

Then in his early 30s, he knew he was much better at starting things than running them. So he embarked on a journey to reinvent himself. He enrolled in the Entrepreneurial Masters Program run by the Entrepreneurs' Organization, which was being hosted by MIT.



Etelesolv's core values

The book that became his bible was Mastering the Rockefeller Habits by management guru Verne Harnish, one of the organization's founders.

“There was a checklist — 30 things great companies do,” Mr. Thierry said. “I had three of them, and that was a real eye-opener. I realized how many things I was not doing. I was just scrambling for survival.”

He learned that he had to lift his head up out of the daily grind and begin to think strategically, to focus on long-term growth, rather than simply making money short term. And he had to carefully consider if he had the right management team in place to make the plan work.

When he got back from his first session and started talking about core values, messaging and creating culture, he ran into a “brick wall.”

“The team had been there putting out fires. They said, ‘Let's not waste our time figuring this stuff out. Let's get out there and let's make some money. Let's sell!’ ”

He realized that he had to educate his team and make some tough choices about who was on it. He eventually fired one of his key managers who did not share the vision and has since been more careful about hiring people who fit in.

Mr. Thierry learned that to create the kind of cohesive and growth-oriented culture he envisaged, he would have to learn how to communicate better with his employees.

He found help in the writings of Vancouver-based CEO coach and entrepreneur Cameron Herold.

"Culture is the glue that aligns," explains Mr. Herold. "Culture is about the buzz, the feeling, the core purpose, the core values – bringing in more and more people who 'get it' and 'live it.' "

Mr. Thierry introduced an exercise designed by Mr. Herold called A Painted Picture, which asked staff to envisage where the company would be in three years. It inspired them without creating pressure by demanding immediate results, he says.

Etelesolv's management team

One recent example that put Mr. Thierry's communication skills to the test involved helping salespeople understand that they might make less money this year because of plans to launch a new product that would boost business in 2015.

Three years after the first exercise, Mr. Thierry is amazed by what has been accomplished. The company has rolled out the new product – called Cimpl – which is more user friendly and designed to provide a more global reach. Etelesolv is on track to have 100 employees this year, he says, and revenue is in the $5-million to $10-million range. And the company is profitable.

"But even revenue, for the most part, is secondary to vision," Mr. Thierry says. "We want to create recurring value, take a dramatic leap and get way ahead of our competition."

He says his transition was a "humbling experience."

"When I started focusing in on direction and strategy and culture, it crystallized my job and I stopped running around doing all the little things. I started to trust my team. People were getting it and they were following through. At a certain point you can't hold on to things."

And that includes being in charge. Eventually, he says, he might need to fire himself and try again to find someone else to run the company.

That's a valuable way of thinking, according to Tony Ritlop, partner with Ernst & Young's Advisory Services.

"Entrepreneurs often make the transition to CEO – but not always successfully," he says. "Those entrepreneurs who do make a successful transition have extraordinary drive, ambition, energy and ideas. Most importantly, though, they surround themselves with people who are capable of filling the gaps they cannot – and then they empower those people to bring in new ideas and make decisions.

"In some cases, great entrepreneurs know when not to become the CEO, because they recognize they lack some of the required skills. In those cases, they might become chairperson of the board and still influence decisions, but leave the day-to-day running of the business to professional managers."