

URL: <https://stvp.stanford.edu/clips/balancing-the-founderoperator-relationship>

Maturity is the basis for a complimentary relationship between a new operations person and founders, says Align Technology CEO Thomas Prescott. Both parties need to respect one another's strongest skills, assets, and objectives, and keep the health of the company as the overarching goal. Additionally, it's a good idea for both founder and operator to consider when they, too, will need to be replaced by those with better skills to achieve new levels of scale.



Transcript

What is the interface between the founder and the new operating guy who comes in? Are there expectations that are unsaid or not said? What do you wish would happen to make that better? Implicitly, that's a load of questions on purpose.. Thanks.. Again, with the exception of one founder, I've got great relationships with many founders.. I've worked alongside three or four.. What I'd say first of all is you need a mature relationship.. And you need to recognize there's different life experiences, skills, orientation.. And if you can do it right, they ought to complement and not compete.. Now, that requires emotional maturity on the operating person that says, "Well, everything here is bad.. You need to fix it," versus saying, "Boy, this is amazing.. I can see a lot of ways it can be better." Are there sacred cows? Are there some other things that are very important to you as a founder..

Oftentimes, founders remain in the board that still maintains an important relationship.. On the case of the founder, many founders, it's your child.. You can't imagine seeing it other than how you see it.. So, it requires some emotional maturity from the founder to develop that working relationship with the operator.. In the best case, you have a board that is having open dialogue about this.. You have a founder that really cares most about the company being successful.. You have an operator that is able to leverage their skills but is respectful and appreciative of the fact they would've never given birth to this wonderful thing called this new company, creating jobs and opportunities for a lot of other people.. One of the presentations that I know the few individuals that have characterized this is Shakespeare in Hamlet and others.. There is plenty of drama in Silicon Valley about startups and founders being moved out and all that stuff.. I would assert that it doesn't have to be that difficult..

And if you're thinking about starting up a company, think about what it involves and imagine success.. I do that personally.. I visualize the outcome I want, whether it's three years, five years.. And then, I imagine where my skills won't fit anymore.. I personally don't want to run a \$5-billion company.. It's too far away from customers and employees and the magic of innovation for me to get really excited about that.. So, for me to think about this business, if I'm here five more years and we're billions in revenue, it's less interesting for me and I wouldn't be as passionate.. So, I have to start thinking about, either that or the board does it for me, when would be the right time for me to be thinking about somebody else that loves running a \$2-billion company, taking it to 5 because the work you do is different.. I think it's the same thing for each of you that are starting companies.. And if they are virtual, it may be different..

You may not have a successor, an operator.. You may be able to rely on the ecosystem around you instead of so many other people that in virtual space can complement what your skills and experiences are.. But I believe life is too short and you ought to have open, honest discussions.. And if the operators come into a situation where the founder doesn't agree and the board doesn't agree, then I'd say that's not a situation the operating type would say, "I'm not sure this is the right thing for me." I personally don't like to drop in to situations like that...