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# 9 Mistakes

CEO's Make Hiring  
a Second-In-Command

An Action Learning E-Book from



# **Nine Mistakes**

## ***CEO's Make Hiring a Second-In-Command***

**An Action Learning e-Book From**



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## **Nine Mistakes CEO's Make Hiring a Second-In-Command**

Ultimately, every successful entrepreneurial CEO has to deal with the “good news/bad news” of success...

***The good news is:***

***You have created a growing, profitable, successful company.***

***The bad news is:***

***You now have to run the place!***

And “running the place” is filled with a large number of tasks, activities and responsibilities that entrepreneurs either don't do well or plain just don't like to do... at all. You find that all that administrivia gets boring quickly, and the growing frustration that you just can't get things done as fast as you used to starts wearing on you.

At some point in your company's evolution, you start thinking about hiring a Chief Operating Officer or operations director. Whatever title you use to describe the job, you are talking about hiring a second-in-command. You begin forming the notion of having someone else take on some of this organizational stuff that is frustrating you and getting in your way.



## **It's a Daunting (But Necessary!) Step**

If you are running a company that you started in your basement or spare bedroom and are fortunate enough to have grown it to include 75, 100 or more people... or if you are a hired gun CEO who took the reins at a more mature company and have driven its revenue growth and its people to new heights, you are at some point going



to need a strong second-in-command executive to keep moving forward while keeping your vision in focus.

**The challenge?** In most entrepreneurial mid-market companies, entrepreneur-CEO's can burn through three or four Chief Operating Officers and finally give up in frustration before ever finding that perfect

match. In fact, if you talk to some of your friends and acquaintances in similar positions, you may be surprised to find many more failures than successes in recruiting, developing and retaining an effective second-in-command executive.

Why is that? In our work at **CEOIQ** coaching CEO's and working with them to develop their organizations, we've discovered something of a pattern – a pattern of common mistakes that otherwise excellent leaders make time and time again when it comes to hiring their second-in-command. You can avoid those mistakes and

increase your chances of success by stopping... and spending some time working **ON** your business instead of simply working **IN** it. And part of your working ON time includes thinking about and mentally shaping what this whole notion of hiring a successful second-in-command looks like.

**Here are nine mistakes we see CEO's make most often, along with some ideas for avoiding them.**

**Mistake 1: Not Knowing Who's Gonna Do What Around Here**

Regardless of how much their company has grown or how much more complex it is to do business these days, most entrepreneurs still think that everyone in their company knows exactly who does what and how it gets done. Too many CEO-Entrepreneurs approach hiring a second-in-command with a "we'll figure it out later" attitude. While jumping off the cliff and building wings on the way down is exactly what created the success you now enjoy, that same behavior does not often lead to success when hiring a second-in-command.





## **Let's Make This Perfectly Clear...**

This is a time to STOP and spend some significant time working ON making your ideal outcome a reality. The first step is to get clear about what you see yourself doing when a competent, effective second-in-command is on the scene. How do you want



your role and responsibility in your company to change? How can you get back to doing more of what you really want to do and less of what you don't relish doing? What specifically will you give up; hand over? And, are you totally willing to give up real responsibility and authority?

**Think hard about that last one; it's a trick question!**

Then, start defining – yes, write it down, clearly – the role you see a second-in-command filling. What will the organizational chart look like? Who will report to whom? How will you redirect all the questions and requests for help that come to you now?

Finally, clarify your expectations. Here are some questions to get you started. Spend some serious reflection and thinking time on these, and write down your answers!

- **Do you want a *leader* or a *manager*?** Leaders provide the long-term inspiration and motivation it takes to lead your company to the next level, beyond what you've accomplished. Managers direct short-term, day-to-day activities – it's more of a "keep it between the ditches" role. There's a big difference between the two, so be sure you know which one you want.
- **Are you willing to give real authority** to make things happen along with the responsibility you expect a second-in-command to assume?
- **In what specific ways will each of you be most effective and make your best contribution to the company?**

Add your own questions to that list, and think hard and deep about what this will look like and feel like. Then read about the following eight mistakes. This is one of the most important hiring decisions you'll ever make. It deserves your best thinking about how to make it a successful decision! What do you want....a leader or a manager? Choose carefully (and be careful what you ask for – you tend to get it!)

### **Mistake 2: Being Too Quick On The Trigger**

So, you've decided to do it...to hire a second-in-command. You've spent the time to define exactly what that means to you and your company. And now, like most CEO-Entrepreneurs, you just wanna saddle up and git `er done!

But hold on, Hoss. Hiring too quickly – and for the wrong reasons – is the easiest and most costly mistake you can make. Like some 80% of CEO-Entrepreneurs, you are a creative personality type. That means that when you see the idea or solution in your head, you also see it fully formed and implemented – immediately.

**After all, that “*vision it, do it*” thinking is what got you where you are today.**



At **CEO<sup>IQ</sup>**, we often see entrepreneurs move too fast in filling the second-in-command job, whether with an internal or external candidate. This is the time to S-L-O-W....D-O-W-N, even though that is probably counterintuitive for you. It is going to take some time to work through all the aspiring second-in-command people who would like to have this job.

Using your own human resources folks or an outside recruiter are great ways to leverage your time and help narrow the field to two or three good candidates. Having two top choices is good; more than three can be totally confusing.

Now your real work begins, just when your trigger finger is getting itchy. Being deliberate and getting beyond your first impressions is critically important now and that takes time. So, schedule multiple conversations with your top candidates. Have



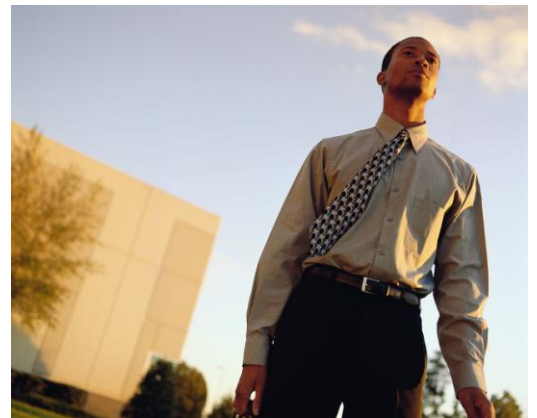
the conversations at different times of the day, which allows you to evaluate energy and mood. Talk about values and what matters most to you, and discuss how you would like a second-in-command to reflect those values into your company. Talk about what you are each good at – and not so good at. This has to be a real, authentic series of conversations that are very important to both of you!

### **Mistake 3: Big Experience Doesn't Translate to Success**

CEO-Entrepreneurs often think that hiring a second-in-command with big company experience (like Fortune 500 big) is the way to go. And, in some cases...well, actually, in a few cases, that may be true. After all, big companies have training programs and leadership and management development programs, and successful people there have learned a lot about making mistakes in large, complex organizations.

#### **All that may be true.**

What's also true is that senior executives in large organizations are used to having a lot – no, **A LOT** – of support structure around them. Executive assistants, big marketing and human resources departments, dedicated training and development resources, and big budgets. All that big company support structure can be taken for granted by the executives working in it.



But your mid-sized fast moving entrepreneurial company probably doesn't have much of that. You don't have an executive assistant, and marketing is something your sales manager does when she is not managing the sales team. Your HR person may not even report directly to you... that's another overhead task you try to avoid.

**So there is an immediate disconnect when an executive from a large company parachutes into your place.**



There are expectations about what's there in the way of support... and it usually isn't anything like what's expected. This lack of support can be a hard reality for someone who is used to it just being there. It's jarring finding out that we all make our

own copies around here, and the disconnect can ultimately lead to failure for someone with a big company background coming to work at your company as second-in-command.

Now, that does not mean you shouldn't talk to a great second-in-command candidate from a Fortune 500 company. It **does** mean that you must have a lot of honest conversations about what downsizing into a smaller organization will really mean to this candidate.

### **Mistake 4: Currency Devaluation**

Once you've actually pulled the trigger and hired a second-in-command for your company, you'll find you start second guessing yourself.

One of the first second guesses we see among CEO's goes something like this: that little voice (yeah, the same one in the back of your head that almost kept you from starting your business in the first place!) keeps nagging you with comments like:

*"You're spending a lot of money on this new person... are you sure he's worth it?"*

*"Sally in accounting mentioned that the new guy seems hard to talk to..."*

*"Your wife is a little concerned that she is too attractive..." or*

*"Is she really learning the business quickly enough to make a difference?"*

No matter what your little voice is saying, you will inevitably start a process of devaluing your new executive. Although it usually starts sometime in the first 90 to 120 days, it can happen almost immediately. You start building a case for why this is not working out, and you start looking for evidence to support your case. And being the good detective that you are, you'll probably find all the evidence you need to



convince yourself that the new COO is not working out, regardless of what's actually going on.

Avoiding currency devaluation means you have to drop back and remember why you did this in the first place. You need to assess whether you are seeing some lifting of the fog of tasks, activities and responsibilities that you don't want to do anymore. Are you able to rekindle your excitement for the business and your vision? If your new executive was not on the scene, how much of all that stuff would you get pulled back into?

### **Mistake 5: Whaddaya Mean We Need Structure?**

Entrepreneurial CEO's usually avoid structure like the plague. At CEO<sup>IQ</sup>, we're always amazed when we start working with a CEO and there is not an organizational chart. It's interesting that we hear lots about accountability from CEO's - for everyone but **themselves** in their companies.

When your COO starts talking about and implementing more structure, you cringe – mentally and sometimes physically. That's exactly what you started the place to avoid... all that corporate stuff. This is the perfect time for you to remember the Good News/Bad News I shared at the start of this **CEO<sup>IQ</sup>** Action Learning e-Book, so let me repeat it here:

***The good news is:***

***You have created a growing, profitable, successful company.***

***The bad news is:***

***You now have to run the place!***



The title of Marshall Goldsmith's book comes to mind: *What Got You Here Won't Get You There*. And while Goldsmith focuses on working with Fortune 500 CEO's, the thought applies even more appropriately to entrepreneurs. You simply can't get your dream to the next level without better organization and structure.

**That's exactly what great second-in-command executives bring.**

They are not people who start companies; they contribute to shaping and sharpening existing organizations so their full potential can be realized. That means doing things like:

- Creating organization charts that communicate how we operate
- Changing and documenting process and workflows to create scalability

- Capturing and analyzing data about customers, markets and competition
- Challenging the way we've always done it and making change happen.

As the CEO, particularly if you started the place, it can be tough for you to wrap your head around structure. If you are going to achieve greater success, you need more of it than you have, so let your second-in-command make it happen for you.

### **Mistake 6: Not Recognizing That Great Meals Take Time**

By nature, entrepreneurs and CEO's are "ready, fire, aim" kind of people. You are action-oriented, living by the axiom of *lead, follow, or get out of the way*. So it's only natural that you want to see results from your new COO, immediately (if not sooner).

But second-in-command executives are, by nature, more thoughtful, more "ready... ready... aim.... fire" kind of people. And actually, that's exactly what you want, because your company probably can't stand two just like you!

The other dynamic at work in your company when a new Number Two executive comes on the scene is organizational resistance. The people you moved to report to the new person almost universally resent no longer reporting to the owner,





the boss. The whole process of getting your new executive integrated into the team and bringing that kind of culture to your company takes time and patience - the two things you are likely shortest on.

Just as great chefs need time to prepare wonderful four course dinners, getting a second-in-command fully integrated into your organization is going to take some time. And the most important ingredient along that time-line is continuous



communication from you and your COO about what's going on and what they can expect next.

Most problems between humans result from a failure to communicate. It's that simple... and that hard. In the absence of clear communication, people start making

stuff up, and it's never good stuff. So develop a communication plan and keep it coming so people know what you and your COO are thinking, and present a united front no matter what.

Achieving team integration may require some focused work with the senior team in order to build the foundation of trust and mutual vulnerability that ultimately leads to success. At the **CEOIQ** website you'll find some interesting tools for working on that, including our StrategyIQ Assessment and the Team Assessment.

### **Mistake 7: Having a "Do It My Way" Attitude**

Whether you are "ready, fire, aim" or the most deliberate, process-oriented CEO on the planet, you know what it took to build your company and you're pretty sure that's what's needed to move forward. Well, that's partially true... remember, you hired a second-in-command so you could get back to your roots and rediscover that entrepreneurial spark; that flair that energizes you.

A COO who only does things your way is not likely to work. You want your second-in-command executive to take a different approach, to see things differently and to talk to you about those differences. If all you are looking for is someone else to agree with you and do it your way, you sure don't need to hire a second-in-command. You probably have enough people around you already who will agree with you simply because you're the boss!



Yes, it can be tough to let someone else do things differently in your company. As Yogi Berra said, "When you come to a fork in the road, take it!" Taking the "my way or the highway" approach is going to take you down the unfortunate fork that leads to devaluing your COO, being unwilling to let her do her job, and ultimately to a failure to launch.

One of the hardest things to do is to appreciate diversity in organizational life – diversity of thought, approach, style, and technique. We usually want people to be more like us. But leaders in successful organizations learn that diversity is an organizational strength, and they learn how to bring it out effectively. That is exactly what you need to do with your second-in-command executive.

Be willing to let him have some headroom to make changes and introduce new ways of thinking about how things get done. That’s particularly true when it comes to getting workflows and processes documented so they can be followed consistently and make your company more scalable.

### **Mistake 8: "Don't Tell Me My Baby is Ugly!"**

One of the biggest challenges an effective second-in-command has to deal with is telling you the truth – warts and all.

You are justifiably proud of your creation and what you’ve accomplished. And if you’ve achieved the critical mass in your business that it takes to bring in a Number Two executive, there are without a doubt some bumps and warts in there, and maybe even a few ugly trolls hiding in the corners that you either don’t know about or just don’t want to know about.

It’s hard to acknowledge that your company isn’t perfect. But you have to prepare yourself to make that acknowledgement, because a new player is very likely

to find an ugly troll or two. When that happens, it's easy to get defensive. Now, the first thing we usually hear from CEO's is an emphatic, "Whaddaya mean defensive? I'm not at all defensive!"

***Be aware that whenever you feel you have to say, "I'm not defensive," you probably already are!***

Instead of shutting down, this is the time to be receptive – to make sure the lines of communication stay open. This is a time for authenticity and a willingness to acknowledge that all may not be perfect in the entrepreneurial world you created. If you are serious



about seeing your organization get to the next level, it's time for what Patrick Lencioni identifies as Vulnerability – with a capital V. Now, that does not mean Weak. It DOES mean REAL – Authentic – Genuine.

That's what's required to get through this part of the transition process. And in the process, you'll build a solid relationship with your second-in-command that will serve both of you for a long time.

**Mistake 9: "OMG, Someone Else May Be Able to Do This?"**

Every CEO we've worked with at **CEO<sup>IQ</sup>** who has hired a strong second-in-command comes to this crossing at some point, and completing it successfully is a challenge. Successful entrepreneurs are the classic Type A people – driven, highly goal-oriented, competitive – all characteristics that motivated you to start a company, breathe life into it through sheer force of will, and grow it to the point of needing more than just you to keep the momentum going.



It can be a shock to your system to realize that someone else can actually start taking on some of the load that you've been carrying for so long. It's often unsettling, seeing your key people taking their issues to the COO instead of you. After all, you've

been the chief problem solver since you started the place, and besides that, it's just plain fun to solve those problems. As one CEO I coach often says: "It's good to be king!"

***But if you are serious about having your business grow beyond you, this is a transition you'll have to navigate.***

The OMG realization often spells the end for a strong second-in-command because the founding entrepreneur just doesn't like the perceived competition and

starts (usually unconsciously) undermining the COO, ultimately either driving the new executive out of the company or directly terminating the relationship.

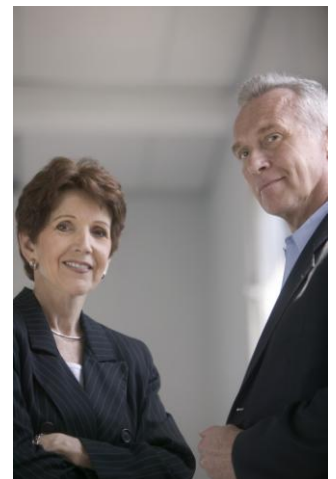
When you start having those OMG moments, BREATHE. Get away from the place and get reflective. Work ON your business mode. Get out those notes from your opening discussions, reread this article, and go to the **CEO<sup>IQ</sup>** website for additional input and guidance through one of our forums or learning laboratories.

### **Are there more than nine mistakes? You bet.**

One experienced board member whom I asked to help with this Action Learning e-Book asked me, "You mean there are only nine?" You will undoubtedly uncover some of your own along the way to building your team and successfully integrating a second-in-command executive.

### **But when it works, it really works well.**

Having a successful second-in-command executive by your side makes a huge difference in your stress level, and lets you get back to more of the things that you enjoy about owning and running your business. And that, my friend, makes it worth all the effort it takes to get it right.





*CEO<sup>IQ</sup> Members... learn more about building a successful relationship with your second-in-command in the Members Area at [www.CEOIQ.com](http://www.CEOIQ.com). Not a Member yet? Join us at [www.CEOIQ.com](http://www.CEOIQ.com).*



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