

Startup Founders Need to Evolve as Business Grows

The recent events at the real estate portal Housing.com and its co-founder Rahul Yadav's discord with the investors have brought to fore an important question about startup leadership. Are founders always the best leaders for the firm? Founders are driven by passion and self-belief. They are able to inspire others through their ideas. However, mere successful launch of a business is not a proof of the founder's managerial prowess. As a business grows, it forms many more associations with external entities like - investors, consultants and other professionals. Managing this complex, larger setup requires a different set of skills compared to that required to kick start a venture. This requires the founder to undergo a transition into a great leader. The founder's strong emotional attachment to the venture becomes a big problem especially if he/she is egoistic. The founder needs to learn to let-go and delegate responsibilities to others. This change requires the founder to shift from the hands-on approach (that serves well in the initial phase) to being an effective people manager. The founder needs to create a team of professional managers who can better take care of execution.

Being experimental in initial stages is a strength but when the business scales up and becomes a large organisation it needs stability. A major advantage that founders have is that they are aware of the finer aspects of business and can move with the big picture in mind, provided they make the required leadership transition. Kavil Ramachandran, Executive Director of the Thomas Schmidheiny Centre for Family Enterprise at the Indian School of Business opines, *"The key qualities required to build a venture are not all the same. One has to be visionary with strategic thinking and capabilities to scale up through successful execution. One should be able to listen to others and work with 'detached passion.' This is even more important when entrepreneurs have to work with outside investors who may have different views of the situation. They can no longer be driven by impulses, but will have to show wisdom. Only then will they leave the founder's phase and become entrepreneurial leaders."*

Source: 'The Founder's Dilemma', Business Standard, June 1, 2015.