
What is 'Founder's Syndrome'?

Do we have it? How do we recover?

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Summary:

'Founder's Syndrome' occurs when a nonprofit operates according to the personality of the chief executive or board, rather than according to its overall mission. To continue to meet the needs of their clients/customers, nonprofits must continue to evolve through a life-cycle change. The change is from entrepreneurial, sometimes spontaneous growth to planned and managed development. This requires change in the leadership style of the founders. It is imperative to learn about traits of founders and the principles involved in developing leadership practices needed to sustain and enhance your changing nonprofit.

Founder's Syndrome: How Corporations Suffer -- and Can Recover

(for nonprofit or for-profit organizations)

Introduction (a Table of Contents follows)

This syndrome occurs when, rather than working toward its overall mission, the organization operates primarily according to the personality of a prominent person in the organization, for example, the founder, board chair/president, chief executive, etc. The syndrome is primarily an *organizational* problem -- not

primarily a problem of the person in the prominent position. This manual happens to focus on the situation where the organization works according to the personality of the founding chief executive.

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Preface

Acknowledgments

I learned a great deal about Founders' Syndrome while facilitating various Leaders Circles meetings over the past two years. A Leaders Circle is a peer-based development program which includes five to seven members who meet regularly in highly focused meetings to share ongoing support, problem solving and networking. Founders' Syndrome is a common problem addressed by members of these circles.

I also wish to thank Joan Wells, Executive Director of Resources and Counseling for the Arts in St. Paul, Minnesota. She suggested that the syndrome be the focus of a workshop held by her organization. I developed and organized many of the ideas for this booklet in preparation for the workshop. I also wish to thank Joan for contributing the section "What New Chief Executives Must Do Before Taking Job", as well as contributing several other key insights throughout this booklet.

I also wish to thank the editors of the *Nonprofit World* who allowed me to continue to share portions of this booklet that were also published in my article in their November-December 1998 issue.

Founders' Syndrome: During Tenure of Founder

A Typical Problem Among Small Organizations

- To continue to meet the needs of their customers, organizations must evolve through a particular life-cycle change.
- This change is from typically entrepreneurial, seat-of-the-pants growth to well-planned and managed development.
- However, this development cannot occur without first establishing a stable administrative infrastructure.
- Developing this infrastructure often requires a change in the nature of the founder's leadership from that

of a highly reactive, individualistic style to a more proactive, consensus-oriented style.

- Many founders cannot make this transition. As a result, the organization remains managed, not in a manner that provides reliable services to customers, but according to the personality of the founder.
- Often, the organization experiences the same problems over and over again. For example, plans are not implemented. Money keeps running out. Board and staff members quickly come and go. The organization struggles from one crisis to another. No one really seems to know what's going on. People become afraid of the founder.
- Founders Syndrome is no one's fault -- no founder sets out to damage their organization. Besides, the syndrome rarely takes hold without numerous members of the Board and staff exhibiting symptoms of the syndrome.
- Eventually, stakeholders confront the founder about the organization's recurring problems (if the organization is a nonprofit, founders often will confront the chief executive or board). Often, the founder becomes increasingly anxious and defensive, and soon resorts to blaming Board members and staff (nonprofits also blame founders). Without ongoing coaching and support, it's likely that the founder will be replaced, or even worse, the organization will fold.
- There are actions that founders and Board members can take to avoid these tragic outcomes. Start simple, but start.

Some Troublesome Traits Among Founders

Founders are dynamic, driven, and decisive. They carry clear vision of what their organization can be. They know their customer's needs and are passionate about meeting those needs. Often these traits are strong assets for getting the new organization off the ground. However, other traits of founders too often become major liabilities. For example, founders often:

- Are highly skeptical about planning, policies, and procedures. They claim "they're overhead and just bog me down". They often believe they've found a new way to get things done.
 - Make reactive, crisis-driven decisions with little input from others. React to most problems with the lament "if only I had more money."
 - In the case of nonprofits, executive directors attend mostly to fundraising and generating new ideas for services.
 - Hand-pick their Board members and staff. See these people as working for the founder as much as working for the organization's mission.
 - Attract Board members through founder's dynamic, often charismatic personality -- not through focus on organization's mission.
 - Count on whomever seems most loyal and accessible, and motivate by fear and guilt, often without realizing it.
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- Hold occasional staff meetings to report crises and rally the troops.
 - In the case of nonprofits, executive directors usually see their Boards mostly as a source for fundraising, and work to remove Board members who disagree with founder.
 - Have a very difficult time letting go of the strategies that worked to quickly grow the organization, despite evidence that the organization can no longer absorb this rapid growth without major changes.
 - Ultimately, Founders Syndrome sets in because the organization becomes dependent, not on the systems and structures of the organization, but on the unique style of the leader -- whether the leader is

consistently decisive or consistently indecisive.

Typical Traits of Well-Developed Leaders

Leaders of lasting, well-developed organizations have experienced numerous changes, and managed to develop their organizations and themselves along the way. Developed leaders:

- Appreciate plans and budgets as guidelines, and realize these ultimately make their organizations more responsive to the needs of their customers.
- Make proactive decisions based on mission and affordability.
- Make staffing decisions based on responsibilities, training, and capabilities.
- Value Board and staff members for their strong expertise and feedback.
- Sustain strong credibility among customers and service providers.

Basic Principles in Developing Leadership

Eventually, most founders realize they must change the way they operate. Many go on to develop their leadership style to the next level. First, they realize they must change from within. They:

- Understand that the recurring problems are not their fault -- they're doing the best they can.
- Are willing to ask for and accept help.
- Communicate often and honestly (this is sometimes difficult for crisis-driven, "heroic" leaders).
- Engage in stress management, especially forms not related to their jobs.
- Are patient with themselves, their Boards, and staff.
- Regularly take time to reflect and learn, particularly about their value in service to others.

Actions Boards Must Take

• Making this change in leadership style is often confusing, lonely, and stressful for the founder. The Board can be the founder's greatest help.

1. **Understand and take full responsibility for the role of Board member.** Insist on focused Board training to review the roles and responsibilities of a governing Board. Undertake a yearly self-evaluation of the Board to ensure it is operating effectively.
2. **Once a year, conduct a key risk management exercise:** pretend the founder suddenly left the organization. Who will/can quickly step in? Are you sure? What activities are the staff really doing to carry out programs? In the case of nonprofits, what grants does the organization have to perform against and when report them? What is the cash flow situation? What stakeholders must be contacted? Where are the files/records?
3. **Know what's going on in the organization or how to quickly come up to speed.** Ensure job descriptions are up-to-date. Have staff complete weekly or biweekly written status reports. Ensure yearly written performance reviews are completed. Ensure regular staff meetings are held and actions are written. Is a staff member being cultivated as an assistant chief executive? Is this needed?
4. **Strategic planning is one of the best ways to engage the Board and take stock of the organization.** Conduct regular and realistic strategic planning with the Board and staff. Focus on the top three or four issues facing the organization. Although most organizations scope plans to the coming three years, focus careful planning on the next 12 months. Establish clear goals, strategies, objectives, and timelines.
5. **Develop highly participative finance committees (in the case of nonprofits, develop a fundraising committee, too).** Too often, Boards are extremely reluctant to face the founder by getting involved in

finances. However, troubles with a chief executive's performance are often revealed in financial problems. If a chief executive struggles or leaves, finances are usually the first to become major problems. Therefore, closely review regular cash flow, income and balance statements.

6. Don't be part of the problem! Don't take on the traits of the crisis-driven founder and staff, or worse yet, just "numb out. " Meet consistently and make decisions based on mission, planning, and affordability, not on urgency. Avoid the notion of any quick fixes, such as hiring an associate director with "people skills. " This doesn't address the problem and may make things even worse.

7. Help Board members and staff to keep up their hopes. Regularly communicate with each other (through appropriate channels). Remind each other that the recurring problems are the result of the organization's success and that current changes are to best serve the needs of its customers. Note that staff members' morale will improve as they perceive stability, security, and progress.

8. Support the founder with ongoing coaching and affirmation. The founder will change to the extent that he or she feels safe, understands the reasons for change, and accepts help along the way. Consider a Board Personnel Committee to provide ongoing coaching to the founder (but not to replace his or her responsibilities and accountabilities). Include at least one or two experienced organizational leaders on this committee. Note that the founder is not changing roles, but priorities.

9. Carefully monitor implementation and deviations from plans. Don't hold the founder to always doing what's in the plan or budget -- but do hold him or her to always explaining deviations and how they can be afforded.

10. Implement development and evaluation plans for the founder. Include his or her input. Be consistent with the founder's accountability to implementing the plans or explaining deviations from them. Evaluate the founder according to meeting strategic objectives and to his or her job description.

11. Consider policies to carefully solicit feedback from staff to Board. Consider having staff representatives on Board committees. Consider a 360-degree evaluation process for the chief executive, wherein staff provide feedback about the chief executive's performance. Establish a grievance procedure where staff can approach Board about concerns if they can prove they have tried to work with the chief executive to resolve these issues.

12. Closely monitor key indicators of successful change. Ensure ongoing communications between Board members and the founder, sound financial management, implementation of plans and policies, and stable turnover of staff. Perhaps the most useful indicator is continued positive feedback from customers.

13. If problems recur, take action. If, after attempting to follow the above suggestions, the same major problems recur over the next six to nine months, then take major actions regarding the founder's position in the organization. If the founder's leaving would cause the organization to fold, then the Board has not been doing its job all along. The Board should be strongly involved in strategic planning, financial management, (in the case of nonprofits, fundraising), authorizing policies, reviewing programs, evaluating the chief executive, etc.

Actions Founders Must Take

· The major actions below are intended to help the organization become more stable and proactive. Each organization follows the practices according to its own needs and nature. They are not developed overnight and are never done perfectly. Start simple, but start!

1. Accept a mentor outside the organization and an advocate within. Founder's syndrome comes from doing what's natural for you. Changing your leadership approach may be rather unnatural. Seek and accept help.

2. Ensure a customer-driven organization. Always focus on customers. Regularly ask customers what they need and how the organization can meet their needs. Establish straightforward and realistic means to evaluate services. Start with basic questionnaires to gather customers' impressions. Interview some

customers to get their "story".

3. Set direction through planning. Support the Board to carry out strategic planning. Ensure staff input as well. Conduct regular staff meetings to hear staff input. Cultivate strong finance (and in the case of nonprofits, fundraising committees), and help them to fully understand the organization's finances and fundraising plans.

4. Organize resources to meet goals. Develop job descriptions with staff input to ensure mutual understanding of responsibilities. Develop staff-driven procedures for routine, but critical tasks.

5. Motivate leadership and staff to meet goals. Delegate to staff members by helping them understand the purpose of tasks. Get their input as to how the tasks can be completed. Give them the authority to complete the tasks. In regular staff meetings, celebrate successes! Bring in customers to tell staff how the organization helped meet their needs. Conduct regular performance reviews with staff to ensure organizational and staff needs are being met. In regular staff meetings, share status information and conduct day-to-day planning.

6. Guide resources to meet goals. Share management challenges with the Board and ask for policies to guide management. Work from the strategic plan and develop an associated budget to earmark funds.

7. Think transition! Help the Board to regularly undertake contingency planning, including thinking about what the organization will do if/when you're gone. Have the Board pretend that, for some unknown reason, you were suddenly gone. What would they do? How?

Actions Staff Might Take

- Staff can play a major role in helping the organization to recover. However, staff may be in somewhat of a high-risk situation because the founder (who often values loyalty at least as much as effectiveness) may perceive staff actions as hurting the organization, rather than helping it. Therefore, staff are advised to proceed with caution.

- The syndrome can be quite stressful for staff. They can lose perspective amidst the continued confusion and anxiety in the workplace. If they've been in the organization long enough, they, too, become part of the problem. Therefore, it's important for staff to get perspective on the nature and extent of the problem.

- Work hard to identify an external mentor and an internal staff advocate. Bounce ideas off of someone else who's judgment you highly revere.

1. Get clear perspective on your concerns by privately writing down what you perceive to be major problems in the organization. Privately record your concerns. In order to minimize your own biases, record only what you have seen with your eyeballs. Record only those problems which seem to be persistent and/or which various people have tried to resolve but have been unsuccessful.

2. Match your recorded list of problems with those listed in the section "Some Troublesome Traits Among Founders." How many of the symptoms match those recorded in your list? Consider sharing your list and results with someone whom you trust. Do they agree with your approach and results? It's up to you to conclude if the organization has the syndrome or not. Whether the organization has the syndrome or not, if there are enough other persistent problems, you may still want to take action.

3. Assess if you want to stay in the organization and help it recover. This requires that you carefully reflect on why you're in the organization, what you can do to help the organization recover, the likelihood of it recovering and how well you manage your own stress.

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of it recovering and how well you manage your own stress.

5. If you elect to stay in the organization and try help it to recover, use the organization's structure.

That is, communicate your suggestions with peers and your immediate supervisor, whether that's the founder or not. Give them a chance to address your concerns. Promptly go to the Board only if symptoms of the problem result in discrimination or harassment of you and your personnel policies include a grievance procedure for you to go directly contact the Board. You might consider a letter to the Board if you resign, but this may burn bridges for you.

6. Provide various suggestions from those listed in the sections "Actions Board Must Take" and "Actions Founders Must Take".

Don't provide all of the suggestions at once. Always associate your suggestions with description of how they can constructively advance the mission of the organization. Don't personalize your descriptions of concerns by blaming them on someone. Make your suggestions in writing, e.g., in status reports, in memos. Date the suggestions so can keep perspective on whether the suggestions are acted on or not. Tactfully share copies of this booklet.

7. Monitor whether the organization is recovering or not. Have you given the organization time to address concerns? Has the organization made substantial changes and the symptoms have decreased? Or, do you see the same symptoms over and over again?

8. Update your resume and consider looking for another job. Keeping your own health and happiness is the best thing you can do for yourself and the community. You'll become ill if you stick around in the organization. Your leaving may actually contribute to the organization's recovering if other staff realize why you left.

9. Don't burn bridges. It's extremely compelling to write a blistering letter to all members of the board and various staff, explaining each and every problem in the organization. This may temporarily relieve you of your frustration, but it may also hurt your credibility with key members of the organization's community. If you communicate your concerns and reasons for leaving, be respectful and tactful.

Summary

- It may be that the founder's greatest gift is converting a dream to reality by inspiring others with the ability to keep the dream real (and they will have their dreams, too!).
- In that case, the best thing for him or her may be to leave the organization once that dream is real, when the dream evolves an organization that others should take forward.
- However, no great leader leaves without ensuring their organization survives their leaving.
- A sound transition plan, mutually developed with Board and staff, ensures the organization is passed on to capable hands.
- Hopefully, the founder stays and goes on to see the organization become a stable and well-respected organization -- an organization with a resilient and far-sighted leader who embraces change and, most importantly, knows how to manage it.

Appendix - Useful Books and Sources of Assistance

1. *Facilitator's Guide to Nonprofit Strategic Planning* by Carter McNamara, PhD. You can view and order this book from http://www.mapnp.org/library/docs/view_doc.htm
2. *Free Nonprofit Managers Library* on the World Wide Web at <http://www.mapnp.org/library> - includes extensive range of free, how-to nonprofit management resources
3. Hummel, Joan, *Starting and Running a Nonprofit Organization*. Available from the Center for Nonprofit Management. Call 612-962-4300.

4. Kilmann, Ralph H., *Beyond the Quick Fix: Managing Five Tracks to Organizational Success*. Call the Society for Nonprofit Organizations at 651-962-4300.
5. Knowlton, Lisa Wyatt, "How to Deal with Crises and Conflicts", *Nonprofit World*, May-June 1993. Call the Society for Nonprofit Organizations at 651-962-4300.
6. *Managing Change at Work: Leading People Through Organizational Transitions* by Cynthia D. Scott, PhD, and Dennis T. Jaffe, PhD, and published by Crisp Publications. Call 1-800-462-6420.
7. *Nonprofit World at Your Fingertips* (CD-ROM), Society for Nonprofit Organizations. Call 651-962-4300.
8. Swanson, Andrew, "Supervising the Executive Director", *Nonprofit World*, May-June 1989. Call the Society for Nonprofit Organizations at 651-962-4300.
9. *The Complete Guide to Nonprofit Management* by Smith, Bucklin and Associates, published by Wiley and Sons. Provides comprehensive information about all facets of nonprofit management, and does so in a well-organized and concise style. Call 1-800-225-5945.