



DISRUPTIVE LEADERS FOR DISRUPTIVE COMPANIES

By Mark Bregman

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Harvard Business School Professor Clayton Christensen coined the phrase *Disruptive Innovation* to describe technology and products that would challenge the status quo by achieving better performance goals more simply, with a different or unique use of technology, and often at lower cost. Christensen further distinguished disruptive technology from sustaining technology, which is improvement on established products, usually for established customers. Companies that are well-established market leaders, and who are in a sustaining mode, can be brought to their knees by a disruptive innovation that can capture a new or underserved market niche.

Many Angel and VC investors are attracted to companies that boast disruptive products. To effectively run these companies, especially during the start-up and rapid growth stages, a different kind of leader is needed. The type of leader found in an established, sustaining-oriented company is not necessarily suited to the needs of a disruptive company.

What is a Disruptive Leader?

Disruptive leaders are different in several ways. They:

- Achieve better results and more results
- Overcome obstacles
- Act efficiently and flexibly
- Take calculated risks
- Empower their teams
- Lead (more than manage)
- Love metrics and accountability
- Think outside the box
- Possess both vision and ability to execute
- Break rules

They also have some potential downside qualities, including:

- Conflict with the Board of Directors (or senior management team)

- Often move faster than the rest of the company
- Impatience
- Don't always explain why they choose particular solutions
- Sometimes seem to: "Fire, ready, aim"
- Shake up the status quo
- Sometimes don't fit in *established, sustaining* companies
- Break rules

These potential negatives can be mitigated when companies take the right approach to hiring, managing and interacting with such a dynamic person.

If an early stage company decides that it may be beneficial to hire a Disruptive Leader, here are the most important factors that will ensure the best possible fit:

- Create an individual (personal) business plan for the new leader, with clear, tangible, measurable performance objectives – proactive leaders are energized by and attracted to an articulation of the results they must achieve.
- Define the character traits essential to accomplish the objectives and to achieve synergy in your unique environment.
- Cast a wide net to find best person available - it may not be sufficient to rely on the usual rolodex referral process.
- Create a structured interview process – assign specific (and different) areas of evaluation to each person (board members; members of senior management team) involved in the interview process – make them "specialists" for that area.
- During the interview, look at specific ability first, and personality second – evaluate the candidate's ability to accomplish the performance objectives (based on past performance), ascertain if needed skills are there, and only then look at their personality traits.
- Ask the candidate to provide a written response – detailing how their background has prepared them to achieve the specific performance objectives.
- Understand the factors that motivate each individual candidate.
- Incorporate "recruitment" into the process – make sure the candidate knows why your company represents a positive opportunity for them.
- Check references thoroughly – ask specific performance-oriented and personality questions.
- When the new executive is on board, re-validate the performance objectives, empower the executive, and establish a specific framework for metrics and accountability.

When defining your interview process, the focus should be on three types of questions:

Performance Objective Questions:

[Objective One: i.e.: *Establishing at least two strategic alliances with major industry leaders*] is very important to us. What specifically in your background and experience has prepared you to achieve this result for us?

Repeat this question for the most important three or four performance objectives.

Skills / Experience Questions:

We need this person to be experienced in establishing product distribution channels. What have you done in this area?

Tell me about your experience in taking a company public.

What experience do you have with obtaining “B” or “C” round funding?

Personality Questions:

There are a wide variety of personality questions that can be asked. The key is to be specific:

Do you consider yourself more pragmatic or visionary? Why? How has that come out in your job?

Give me an example of how your strongest personal values have manifest in the workplace.

Tell me about a favorite work experience, a one-time event? What did you like best?

Each company hiring a disruptive leader must decide for itself what traits are essential for success.

The personality of a disruptive leader can different than that of a sustaining company leader.

Disruptive Leader Traits	Sustaining Leader Traits
<ul style="list-style-type: none"> ▪ High Integrity ▪ Proactive / Takes Initiative ▪ Highly Intelligent ▪ Visionary / Creative ▪ Decisive (Low Data User) ▪ Strategic ▪ Intuitive ▪ Market <i>and</i> Customer-focused ▪ Assertive ▪ Empowering ▪ Balanced Ego 	<ul style="list-style-type: none"> ▪ Analytical ▪ Detail Oriented ▪ Tactical ▪ Pragmatic ▪ Process-oriented ▪ Deliberate (High Data User) ▪ Hands-On

When selecting a disruptive leader with the personality traits listed above left, it is important to remember that the traits on the right are also important, and are needed in the senior management team as a whole. For example, when a company hires a CEO and/or a VP of Sales who are decisive and strategic, it may want to make sure that the CFO is analytical and the VP of Operations is

tactical, so that these important traits are represented in the collective decisions made by the senior team.

Some of the traits are absolute, meaning the trait is absent or present (to a certain degree). Such absolute traits would include integrity, intelligence, and assertiveness. Other traits are counterbalanced, meaning there is a trade-off involved. A person focused on the big picture is not often attentive to detail. A visionary individual isn't always strong in pragmatism.

Reference checking is an important part of hiring even a Disruptive Leader, and the best way to get an independent validation of your own opinion. The candidate's references should be asked the same type of questions as the candidate him/herself: Performance objective capability, skills/experience and personality questions. It is also important to probe for shortcomings that could impact performance. Keep in mind that Disruptive Leaders may not have fit in perfectly in some of their previous companies.

The motivation of the disruptive leader should be taken into account in hiring and managing the individual. Most disruptive leaders will be strongly motivated by accomplishing results, and by being given the authority and autonomy to execute their decisions. The best way to achieve this is specificity: Generate tangible, measurable objectives that the executive and management or Board all agree upon. This can be the basis for incentive compensation and additional equity. Of course, the disruptive leader *must* be given authority to execute, once the goals and strategy are set.

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