Straight from the VC's mouth: 5 things I look for in a CEO

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I've worked with many IT companies over the course of my career. Between two decades of experience in product and engineering development and a decade in venture capital, I've experienced working with a variety of leaders, some more effective than others.

IT startups need a lot of positive ingredients to get off the ground, including a sustainable vision, focused and realistic goals and, perhaps most important, a deep management bench. Since it is just starting to build towards the future, the IT startup needs a leader with a set of attributes that can contribute to leading the company to success. In the startup stage, the company is constantly evolving and lessons are being learned, and the CEO must be able to show the way during this change, sink with the ship, or be cut loose so that the right leadership can steer clear of the perils being faced.

Based on working with dozens on C-level executives, here are some characteristics that I have identified that contribute to producing an effective IT startup CEO:

- **Experience growing a small, preferably venture-backed, company**
  The reality is that the skills needed in a large company don't always translate into success at a small start-up. We have found situations where CEOs who operated effectively within the infrastructure of a large organization cannot manage within the fluidity of a more bare-boned organization. Conversely, CEOs with start-up experience tend to be more adaptable without an established framework already in place to ground them and guide them.
- **Demonstrated execution ability**
  A start-up is all about execution and getting to the end goal as quickly as possible. Some CEOs are strategic, and some are tactical. A more strategic CEO may be able to look at the big picture, yet not be able to get from where they are at present to the end goal. This ability to execute plans is absolutely critical in a small company environment.
- **Ability to attract and retain top talent, and experience leading such talent**
  The saying "A managers attract A talent, and B managers attract C talent" is absolutely true. This takes knowledge and experience on the CEOs part, but also respect. Management teams want to work for CEOs whom they respect and admire. Certain CEOs have this reputation, and they draw others in. This is absolutely critical. In a small company, a CEO also has to be willing to pare down the poor performers. No one can ever be 100 percent perfect with hiring. While leadership respect is earned through good hires, others in the organization gain as much or more respect when ineffective employee situations are dealt with quickly and professionally.
- **Vision and ability to adapt and change if the vision is off-target or market conditions change**

Plans are very rarely perfect the first time around. With a start-up, effective CEOs must have a unique vision, and see things that others don't. They must be able to solve problems in unique ways. However, even visionaries are rarely 100 percent correct in what they perceive the market conditions to be, and what will drive customers to their product. A good CEO must listen to what his or her customers are saying, and accept that their vision may have to change and adapt to such customer-driven market conditions. In other words, the CEO must recognize the need to change, and be willing to change.

- **Ethics, integrity, confidence and ability to earn trust and respect**
  Small companies are inherently transparent – everyone sees what everyone else is doing, from top to bottom. Similar to ineffective job performance, questionable ethics and integrity also can't be hidden from the rest of the team. Because the expectation amongst most start-up employees is that everyone is working hard and fully committed to the company's success, if integrity is compromised in any way – particularly by the top leader – the effect is more profound. Too often, the people with true integrity leave, and the ones without it stay – resulting in a corrupted culture often heading down the path of disaster. Sometimes VCs find out about this in diligence – for example, during document review in which ethical breaches by the prospective portfolio company are uncovered – which will most likely result in the VCs walking away from the deal.