

Talking Technology

The roller coaster life of a high technology company's CEO

By Steve Burns, Capital News contributor

Technology companies thrive on innovation—the unique characteristics of their product that differentiates them from their competitors.

But how does a CEO balance the need for innovation and the need to generate sufficient cash flow to fund their company?



While investors may have deep pockets, many CEOs do not have this privilege.

The solution is what I call the ICFP—the Innovation Cash Flow Plan.

This is the plan that clearly outlines what innovations the company is seeking prioritized and supported by market research that clearly demonstrates the market need.

How much innovation is required before the customer will purchase the solution from you?

What innovations can be funded from cash flow generated from existing customers?

What innovations are really customized solutions that existing customers could pay for as part of a separate project?

I recommend that the discipline required to put an ICFP together applies to new products and the ongoing process of innovation at a technology company.

Having an ICFP helps the CEO build the business case required to evaluate an investment in a particular innovation.

Optimism versus reality

This is a classical dilemma—How does a CEO balance the need to be a leader that is optimistic about the future with reality of how their business is actually performing?

For some CEOs, optimism about the future becomes a blinding weakness—they are continually over-optimistic about the future and, as a result, they fail to make critical decisions quickly enough.

Team members stop believing the CEO's overly optimistic messages and respect for the CEO is lost.

The opposite is also true.

When a CEO loses their zeal for the business, they can become complacent and rather pessimistic about the outlook for the business.

I often see this happen shortly after a very difficult decision has been made.

This has huge implications for the team as the tone of the company is set by the CEO.

The result is that other leaders in the company also become disenchanted with the business, which can be difficult to recover from.

However, why do these two extremes exist?

The reason is that being the CEO of a technology company can be a very emotional roll coaster ride.

One minute your innovation project is on track and the next you are back to the drawing board.

One minute you are excited about a sale that is about to close and the next the deal has been lost to a competitor.

One minute you have an investor ready to invest in your company and the next they are having serious reservations.

One minute you are about to hire a key team member and the next their spouse is having second thoughts about taking the position.

One minute there is lots of cash in the bank and the next an unexpected expense results in a cash flow crisis.

Dealing with the ups and downs of innovation, the marketplace, cash flow, team members, investors, and suppliers is nothing short of draining.

The best way for a CEO to avoid the extremes and get through the emotional roller coaster ride is to hire a good coach.

While this may sound expensive, it does not need to be.

Not only do CEO's need an external, independent perspective on the business, they also need a sounding board—someone to listen to what they are going through and help them through the difficult times.

The coach doesn't have all of the answers but can help the CEO find them.

So if you are a technology CEO, build your Innovation Cash Flow Plan think seriously about hiring a good coach.

These are two areas where further investment will help you become a more effective leader.

Steve Burns, CA, CMC, CFP, is the president and CEO of the Burns Innovation Group Inc. If you would like your company profiled in the column, contact Steve at 763-4716 or e-mail:

steve@burnsinnovation.com