

Hiring Professional Management

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by Marc Canter

Over the past six years, MacroMind has grown from a software rock-and-roll band—made up of a programmer, a musician, and an artist—to a software company with more than 80 employees. And just like many other young companies that have found themselves scrambling to keep pace with this industry's growth, MacroMind has made the transition from entrepreneurial to professional management.

That year-long transition has not only changed our company's structure and makeup, but it's also enabled us to find venture capital, establish a European subsidiary, quadruple our product-development efforts, and grow. As I look over the short history of our company, it seems pretty clear to me that without professional management, we would still be struggling to realize our potential.

Facing Your Limitations. Management is a science, and the odds that you or your company's other founders have mastered that science and have acquired the skills necessary to ensure your company's growth are next to none. At least that was the case with MacroMind. We discovered that whether you're talking about basic human-resource issues (reviews, hiring and firing, resolving personnel problems), financial management (creating a solid business plan, managing cash flow, establishing budgets), or simply strategic planning, professional management will make your company more effective.

Take, for example, the chore of hiring new employees. New and relatively inexperienced companies are notorious for making the same hiring mistakes over and over again. Instead of hiring people who know how to do a particular job, they hire people whose only real qualification is that they *want* to do the job. Now, it's true that such hiring practices are humanitarian and that they occasionally uncover hidden talent, but they are not the stuff of a strong business jockeying for position in an extremely competitive environment. Small, new companies (like big, established companies) must hire experienced people, or their more experienced staff members will end up spending most of their time putting out fires and training new employees to perform tasks they should already know how to do. Bringing in professional managers kept us from wasting our time in this way. They knew how to hire with our business's growth and well-being in mind.

Facing Their Limitations. Of course there's always the other side of the coin.

Experienced managers are usually big-company people. They expect to have substantial resources at their disposal, and they depend heavily on hierarchies and bureaucracies.

Those dependencies can be tough to accommodate if you don't already have hierarchies and bureaucracies in place.

It's also, shall we say, unusual to find professional managers who have the excitement and insight into your company and its products that you have. It's been my experience that professional managers are motivated more by large salaries and stock options than they are by idealism. They are not married to the concepts and products that founded your company, that might still be its lifeblood, and they usually have other options besides working for you. Given this reality, you need to keep in mind that you're bringing in professional managers because they've demonstrated an ability to manage any company—even yours—not necessarily because they feel about the company you founded the way you and your original employees do.

Management as Liberation. When you hire professional management, your company will undoubtedly undergo a transition. For one thing, it will run more like a business and less like a club (or a rock-and-roll band). And, of course, that can present problems. For example, you run the risk (albeit temporary) of creating a rift between your original employees and those who professional management decides to bring in later on.

But that transition can also liberate you from tasks you find tedious and boring, giving you more time to focus on other critical (and more interesting) issues. When we hired John Scull from Apple (and a few other vice presidents from Apple, Pixar, and WordStar), I was freed from the responsibility for MacroMind's bottom line. When you're small and hungry, you're willing to do almost anything to succeed. You spend recklessly on development or advertising one month, banking on nothing more than the hope that you'll move enough product the next month to make up for it. But too much recklessness leads to failure as often as it does to success. When you hire professional managers, it becomes *their* job to manage your risks, to see to it that you're financially conservative (within reason), that your bank account is always full, that you succeed. Remember: Ultimately, you are bringing in professional management to increase the value of your company.

Cultivation and Culture. I've also found that bringing in professional management has given me more time to cultivate my company's culture—a concept that's not quite as easy to define as the bottom line but that's just as important. Your company's culture permeates all aspects of your working environment and is reflected in the products you sell. It's a hybrid of a guiding philosophy and a way of life. A vital culture can help your company grow, and ultimately, by establishing a standard set of practices for dealing with new issues—be they personal, technological, or financial—it can resolve differences between your original employees and later hires.

And it can help in another way too. The worst thing that can happen to a company as it grows is complacency. Company culture helps stave off complacency by molding both the old and new employees of the company into one cohesive unit, an innovative team that will guarantee that your products maintain the cutting edge of innovation and creativity. A healthy, innovative company culture requires guidance, a vision. By bringing in professional management, I was able to devote more time to providing that vision at MacroMind. Now I'm able to spend much more time with my staff, to be more a friend than a boss.

Any Job Worth Doing... But what do they do, these managers, really? Well, they figure out market trends and how best to exploit your technology, and at times they even decide on the best distribution channels or pricing for your products. Our management has done this for us, and consequently we're now a truly global company. Our managers also report to our board of directors and fulfill our company's mission statement by implementing our business and operating plans.

Now, I know that most of you don't have boards of directors or even mission statements right now, but as your company's hierarchy grows, it's very important to stay on top of it, or everything can end up a big mess. So let me give you some advice: When you establish a board of directors, keep control of it. You should be the chairman of the board, and other family members and other founders or close confidants should also be on the board. A CEO or president you hire from the outside will probably want to be on the board, and that makes sense. Certainly your major investors should have a place on the board. But remember: It's your vision that guides your company, and you really have to see to it that that vision survives. Bringing in professional management does not mean giving up control.

The Bottom Line. All in all, I can see that bringing in professional management has enabled me to do what I do best: stoke the fire and spirit of the company, maintain the integrity of our product line by spending more time with my crew, and guarantee that all our customers get treated just as nicely as they were treated when my wife and I answered all the tech-support calls ourselves. For that reason alone, it's been worth it.

Marc Canter is President and CEO of MacroMind, a San Francisco-based multimedia company, about which Marc is fond of saying, "Multimedia is why MacroMind hired professional management. Multimedia is why MacroMind is growing at such a rate today. Multimedia is why MacroMind is MacroMind."

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