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# The Founders' Syndromes, Challenges And Solutions

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## ABSTRACT

Founders are remarkably innovative and creative persons driven by desire to fill critical needs in the society. The needs are addressed through creating organisations that produce goods and services that meet customer needs while at the same time fulfil founders' dream and mission of being successful. Determined to succeed, most founders shape their organisations around their personality and beliefs, making the organisations to be synonymous with their philosophies and practices. Many founders exercise paternalistic, autocratic and overzealous leadership, making it difficult for other stakeholders to get a grip of the organisations, a behavioural pattern termed as "the founders' syndrome." The main characteristics of the founders' syndrome include being self-drive, achievement oriented, resistant to change, sole-decision making and retaining the status quos. Conflict arises from those interested in seeing the organisations transit from the founders to other successor. To deal with founders' syndrome and ensure smooth operations and smooth leadership transition, this paper provides several recommendations among them developing strong all-inclusive leadership; building employees' capacity to attain desired competence; practicing professionalism; establishing workable structures and succession planning mechanisms. Lastly, the organisations must be guided by relevant strategies that aid in attaining strategic positioning and competitive edge.

**Keywords:** Founders' syndrome, distance management, power, conflict, successional leadership

## 1.0 INTRODUCTION

Founders are remarkable creative, innovative, ambitious, and passionate about filling market gaps that desperately need solutions (Carman & Nesbit, 2016; Cintron, 2006). The founders' desires and drives make them turn dreams into reality by creating enterprises that take advantage of resources and talents available (Muriithi, Waithira, Wachira, 2016). Such founders become synonymous with their new organisations which are solely dependent on them and assume their identities (Cintron, 2006). Though with much hope of success, the beginning of new organisations bring anxiety and uncertainty to the founders as to whether the organisation will be a success or failure. Freeman (2006) argues that the uncertainty arises from lack of accurate understanding of the environment in which the organisations will operate. To reduce the uncertainty and risks involved, organisations founders start organisations which they thinking will meet customer needs and attract promising market. Unfortunately, few founders carry out appropriate feasibility studies to ascertain the specific needs the organisation might satisfy or how the market might continue to grow and how the organisations can continually adjust to respond to changing dynamics. Similarly, the founders' rarely consider how their roles and leadership will change during the organisation life-cycles (Cintron, 2006; Freeman, 2006:1).

With clear intention to make their organisations succeed, most founders shape their organisations to fulfil their intended goals. Often the organisations tend to reflect the personality, beliefs, and character of the founders. In most cases, founders are said to apply paternalistic, autocratic and overzealous approach to leadership (Makuwira & Haines, 2014). According to Freeman (2006), such organisations may end up experiencing a phenomenon known as “the founders’ syndrome.” Although the founders are still recognised for providing effective leadership at some critical period of the organisations’ history, their resistance to change make them appear as hindrances and stabling blocks to progress and are no longer considered assets to the organisations they founded (Huff, 2003).

The founders’ syndrome is defined as “a pattern of negative or undesirable behaviour on the part of the founder(s) of an organization” (Freeman, 2006: 1). Block and Rosenberg (2002) term founders’ syndrome as the influential power and privileges exercised by founders. The syndrome denotes unhealthy and imbalance organizational power in which the founders assumes much control and disregard other stakeholders as less important to successful operations of the organisation. The founders’ syndrome has been termed as a malady that can easily hinder organisations’ progress resulting from inability to adopt to needed changes (Huff, 2003). Some of the main symptoms of founders’ syndrome include major decisions made by the founders without consulting others, the founders’ expectation that employees must agree with their decisions, and also using employees as rubber stamps for founders’ driven decisions. Likewise, since there is little preparation for the future of the organisations, there is tendency for founders to be too possessive with strict monitoring and supervision of organisations’ operations (Gottlieb, 2005; McNamara, 2005). Often the founders are ideologically motivated to start their organisations and have great mission which they aim to fulfil (Frank, 2002; Rose-Ackerman, 1996; Young, 1986). Due to their strong commitment to their mission and call, the founders are known to resist changes arising from forces outside their control (internal and external) due to fear that such forces might drift their organisations and efforts away from intended courses and original missions (Gottlieb, 2005).

The main reasons associated with resistance of both internal and external forces are the fact that the organisations are seen as vehicles to fulfilling the founders’ dreams. To this end, the founders invest too much time and effort, in terms of time, energy and resources to make their dreams become reality (Freeman, 2006; Wasserman, 2008). However, with the organisations growing far beyond the founders’ capabilities and demanding delegation of responsibilities to others, the fear to lose control of the organisations become evident (Gottlieb, 2005). It also argued that the owners or founders emotional connection to their organisations make it difficult for them to accept changes that will alter the status quo and routine operations (Cintron, 2006; Huff, 2003).

To remain relevant, the owners or founders tend to put control mechanisms whether conscious or non-conscious that guarantee their control and in retaining authorities and powers (Freeman, 2006). Yet, failure for the organisations to respond to both internal and external challenges and growth dynamics only results to ineffective achievement of intended goals or objectives (McNamara, 2005). McNamara (2005) further observes that the inability to tackle the founders' symptoms early in the organisations' life-cycle has the potential to impede organisation effectiveness and meet customers' needs.

The need for organisation founders to understand and appreciate the impact of founders' syndrome is critical to organisations sustainability and future prosperity. It is important for organisations to put in place mechanisms that will ensure organisational success and leadership transitions rather than centralising all activities and operations under the founders' control. A study by Block and Rosenberg (2002) concluded that much of the issues raised about founders' syndromes were true and there was need to do more studies to address how to solve founders' syndrome. This paper examines the founders' syndrome's challenges in relation to organisational growth, survival and how to overcome such challenges.

## **2.0 FOUNDERS' SYNDROME LITERATURE REVIEW**

Theoretically, the reason why founders create new organisations is based on their strong conviction and beliefs that they have solutions to problems facing the society. They believe to be in touch with the reality and through their innovative and creative ways, they develop alternatives able to fill market gaps missed by large organisations (Miller, 1998). According to Carman and Nesbit (2016), founders of non-profit organisations arise as a result of government, market and contract failures. To address such failures, the founders establish organisations meant to provide the required solutions. In their effort to make their dreams become a reality and become successful, founders are often accused of exercising too much authority, power and self-centeredness making it difficult for the organisation they found transit from one leadership to the next, a practice associated with the founders' syndrome (Block & Rosenberg, 2002).

The founders' syndrome is a behaviour pattern associated organisation founders that over time become maladaptive to effective and successful operation of the organisation. The practice is particularly linked to founding owners or board members who have remained active in the organisation since inception (Alexander & Carrillo, 2015). The founders' malady arises from conflict between the founders and newcomers (those hired in response organisational growth). Often the founders have made substantial effort and personal commitment both physically and emotional to have their organisations reach competitive levels (Cintron, 2006). Similarly, while the founders' desire full control of their organisations, the newcomers or employees strive to be recognised and being involved in all organisational activities (Alexander & Carrillo, 2015). A major cause of such conflict is lack of established structures and processes to guide operations into the future (Wasserman,

2008). The conflict takes a form of a tag of war where the founders pull power to their side while non-founders tweak the organisation to what they believe is a progressive route. Without proper mechanisms to diagnose the challenges, there is tendency for the organisations' operations to regenerate into win-lose contest between the founders and other members, a situation that only worsens the situation and endangers organisational survival. Often the organisations lack strategy as all activities are centred round the founders' mission and self-satisfaction (Cintron, 2006). The result is lack of motivation for employees who are not given room to express their views or opinions to their leaders or discuss among themselves (Mukuwira & Haines, 2014). What the founders fail to understand is that without strategies to guide their actions and growth, the organisations' success is far from being realised.

### 3.0 CHARACTERISTICS OF FOUNDERS

The need to understand the founders' syndrome is better understood by identifying varying characteristics arising from numerous studies across the globe as shown in Table 1.

Table 1: Personal characteristics of founders

Founders' syndrome characteristics	Authors
Self-driven and ego centred decisions	McNamara (2000); Cintron (2006); Freeman (2006); Wasserman (2008)
Resistance to planning, policies, procedures and changes	Alexander and Carrillo (2016); McNamara (2000); Cintron (2006).
The founders are the custodians of organisational information	Alexander and Carrillo (2016); Wasserman (2008)
Owner decision making dominancy. Founders are the decider making and decisions with little if any input from others.	Gottlieb (2003); Wasserman (2008)
Founders expect others e.g. employees to rubber stamp their decisions	Gottlieb (2003); Freeman (2006)
Pioneer hiring of new members and removal members opposed to their ideas.	McNamara (2000); Wasserman (2008)
Committed to past strategies that maintain their power and control	Cintron (2006); McNamara (2000);
All-knowing and all owning—have all answers and wisdom	Mukuwira and Haines (2014)

The founders' syndrome behavioural pattern is noticeable world over. However, the founders' dominance in the developing world is even more alarming. Mukuwira and Haines (2014: 149) have argued that founders' syndrome is a major traits exhibited by "burgeoning brand of leadership" in developing world. The authors argue that such organisations are dominated by the founders' personality rather than on overall mission. Using paternalistic approach to leadership, the founders are driven by self-interest and gratification rather than organisational overall good (Mukuwira & Haines, 2014). Other study have found that some founders start their organisations as a "personal calling" such as inspiration to assist and help the needy in the society while others

were driven by personal interests and experiences, for instance, sicknesses, death, or urge to make a difference in the market place (Carman & Nesbit, 2016).

In terms of management, the founders often use “management by distance” where the distance between them and those led is often very wide to ensure they are out of reach as they maintain the status quo (Mukuwira & Haines, 2014: 150) and continue to wield power as they wish. The founders believe strongly in themselves and their ability to succeed and are therefore described as personable, inspiration and charismatic persons (James, 2003; Stevens, 2001). With all the “answers and wisdom” the founders see little need to consult and work with others who they regard less competent in term of organisations management and operations (Mukuwira & Haines, 2014). In summarising the founders’ perspective, Kevin Ready (2016) in his article, *Founders’ syndrome: The third rail of the startup world*, wrote:

Giving up control means losing identity. If I trust others with my invention, they could take the business in the wrong direction. They might try to take the value away and cut me out. I’ve spent years building this, and I am not going to give it to some strangers. They don’t really understand it and should not be the ones to run to the finish line with it... as Dante wrote, “it’s better to reign in Hell than to serve in Heaven.” I will take my chances on my own.

#### **4.0 EMPIRICAL LITERATURE**

It is logical to expect organisational founders to remain in the organisations they have invested too much personal time, resources and energy (Ready, 2016). The founders often start their organisations with specific visions and goal in mind. Having start such organisations from scratch to formidable giants, it is obvious that their attachments, influence, power and dominance are pronounced. The founders do not see any success of the organisations without their presence, leadership and involvement (Block & Rosenberg, 2002). While their successors or even employees expect the founders to move out of the organisations when they have growth beyond their ability to manage and control, the founders find it difficult to comprehend or consider the idea of divesting themselves from such organisations (Block & Rosenberg, 2002). The fear and resistance demonstrated by founders to hand over power, authority and responsibilities to successors indicate their mistrust to let others take over and dominate what they have worked so hard to develop (Ready, 2016). Yet those able to overcome the fears and embrace changes arising from environmental and market demands are able to steer their organisations to greater prosperity. But the founders’ syndromes do not have to happen and does not always apply to all organisations.

As early as 1564, John Calvin, the then pastor of St. Pierre’s Church and leader of the Reformation in Geneva and throughout the French-speaking world demonstrated that leaders don’t have to hold to power. By handing over his authority and total leadership to Theodore Beza, “an articulate and gifted proponent of reformation ideas and ideals” (Grant, 2010:12). By having confidence in Beza, Calvin proved his critics wrong as Beza steered, solidified, expanded, united and strengthened the church in Geneva and the Reform Movement for over

four decades. As a founder, Calvin did not hold on to power or seek dominancy but instead adopted a multigenerational perspective, commitment and trust that made him unquestionably and unhesitatingly invest in Beza (Grant, 2010). Organisational founders can learn from Calvin that instead of resisting, handing power to others can empower them to take charge in a manner that is satisfactory and less threatening. It is then can they be confident that their organisations' future is stable and well positioned.

In another study based on Kids Alive Kenya aimed at examining the impact of founders' syndrome on leadership transition found that the impact was extensive (Ndethiu, 2010). From the findings, it was found that besides having great visions and passions for their work, founders' syndrome had interfered with smooth transition of leadership. Having put too much time and resources to maintain organizational survival, the leaders found it very difficult to embrace changes (KAK Brochure, 2003). Ndethiu (2010) associated poor leadership transition to lack of succession plan in place. And due to their involvement, about 70% of research respondents termed the founders as overly possessive of the organisations they own and operate.

Another study by Huff (2003) among 4-H Leaders Organisations in Wisconsin (USA) established that founders' syndrome was present in various associations. The founder' syndrome was mostly associated with leaders who nurtured their programs and provided effective leadership during hard times. However, the findings found that the same characteristics that made them successful are the same characteristics that made them resist embracing changes, thereby becoming stabling blocks to program success (Huff, 2003). The study recommended that measures be put in place be taken to ensure the behaviour is eradicated for successful transition. Still another study by Block and Rosenberg (2002) termed the founders who were also the executive directors as the most influential and able to sway board members' voting patterns during such occasions (52%) compared to non-founders who only influenced 37% of the members. The findings from various studies signify that founders continue to demonstrate and exercise powers and authorities leading to conflict with their employees, successors and other stakeholders. The studies express the importance of developing solutions to founders' syndrome in order to facilitate effective organisational management and growth.

## **5.0 OVERCOMING FOUNDERS' SYNDROME**

The importance of overcoming founders' syndrome is critical to organisational survival and success. Various researchers and studies have given solutions to overcoming founders' syndrome and associated challenges (Adam, 2005; Carman & Nesbit, 2016). Some of the methods recommended to overcome such challenges are discussed below.

### **5.1 LEADERSHIP**

It has been noted that most founders' syndrome arise from the founders' unwillingness to share power and authority with others. With all authorities resting on the founders and maintaining distance management, the



founders become autocratic and paternalistic manager of their organisations. By building strong leadership, founders are able to multiply their abilities through others. This demands that they set appropriate structures with associated offices and operationalise them through appointing the right persons. Since the founders still carry the dreams, visions and missions of their organisations, they need to carefully design structures that attract talents and competencies that match organisational needs. The founders must also be willing to delegate their powers to others and let them run the show as they mentor them to their desired objectives. The founders' must see the newcomers as co-team players rather than threats to their organisations or succession (Muriithi et al., 2016).

## **5.2 INVOLVEMENT**

Most of the founders have been accused of not involving other players or stakeholders in organisational operations. Being dominant in decision-making and power control, the founders maintain management by distance phenomenal (Mukuwira & Haines, 2014). It is however important that founders involve and encourage other stakeholders including employees to be part of decision-making and other activities. Such an approach closes the gap between founders and co-players while at the same time encourage open communication and dialogue. Eventually the approach enhances teamwork and is beneficial to organisational performance and stability.

## **5.3 DELEGATION**

The importance of delegating responsibilities to others and allow them to delegate further is critical to founders' business success. However, such delegation require much effort on the part of the founders since they must only delegate to persons they have empowered with appropriate skills, experiences and knowledge. The persons delegated to must also be good executors of allocated tasks and good managers of others. In such cases, the founders need to specify responsibilities to avoid conflicting with those of their staff (Samson & Daft, 2012). By carefully delegating their authority to the right persons, with right skills, at the right time and right positions (Dessler, 2011), the founders can easily win loyalty of their staff which in turn dispels fear of losing their powers, but instead infuse confidence and trust.

## **5.4 ESTABLISH WORKABLE STRUCTURES**

It has been noted that most founders run organisations with no formal structures or policies to guide operations (Muriithi et al., 2016). This makes them to run their organisations as personal properties and centre all operations on themselves. However, by putting in place appropriate formal structures, policies and procedures, all tasks are well allocated and assigned. The founders must establish such structures in collaboration with employees and other stakeholders affected by the organisations. When the right structurers are put in place, then responsibilities and accountabilities are easily implemented resulting to systems that deliver expected results.

### **5.5 DECISION MAKING**

When all major decisions are made by the founders, there is a tendency to stifle operations and slow communication flow in the organisations. When decisions are decentralised, managers and other responsible persons are able to make decisions in time thereby making all operations to be effectively achieved (Longenecker, Moore, Petty & Palich, 2010). If the organisations are to grow beyond the founders' life time, then, there must be deliberate effort to have leaders other than the founders make independent decisions without consulting the founders for approval. Similarly, the organisations are able to respond to issues as they arise and adjust accordingly. It is such organisations that eventually become leaders in their specific fields, something the founders greatly look forward to.

### **5.6 CAPACITY BUILDING**

To attain a high degree of performance and strategic positions, organisations must enforce measures that only employ and maintain competent and well skilled employees. For this to happen, the founders must ensure there is full capacity building and empowering of all employees, successors and others stakeholders (Light, 2004). The fact that most founders have their own beliefs, values, expectations and objectives, it is important to prepare and develop the kind of competencies desired to see in their organisations excel (Dessler, 2011; Samson & Daft, 2012). If this is done well, then the founders' fear of delegating power and authorities or accepting change is reduced. Such founders gain confidence in their own follower and other stakeholders and have no problem passing the mantle to their successors.

### **5.7 SUCCESSION PLANNING**

It is evident from many organisational studies focused on founders' syndrome indicate poor preparation to transit power from the founders to potential successors (Freeman, 2006; Gottlieb, 2005; Muriithi et al., 2016; Ndethiu, 2010). Good preparation and leadership transitional mechanism need to be made. Successful transition from founders to successors means that the founders must be willing to give up powers and authorities to others (Grant, 2010). This means that survivability and growth of the organisations are solely dependent on thorough systematic succession planning. For successful transition, the founders must identify, coach and mentor their successors while at the same time enculturating them with their visions and missions and values.

### **5.8 PROFESSIONALISM**

Less than professional behaviour and operations increase workers' turnover and increase operational costs. To grow their organisations and improve performance, the founders must carefully recruit professionals who are skilled and experienced in their areas of expertise (The Global Consulting Partnership, 2009). The founders must continually build capacity of their workers to guarantee effective performances and efficient service delivery. This requires the founders to come up with good methods of identifying a pool of professionals to

recruit from. The basis of such recruitments should be integrity, competencies, experience, availability and reliability.

## 6.0 CONCLUSION

In order to deal with the founders' syndrome and its associated consequences, there is need to have open dialogue between the founders, employees and other constituents on what each party expects the future of the organisations and role that each party should play. Such dialogue must clearly define members' authority, power and responsibilities of different players and specific role required to steer their organisations to the future. The members especially the founders must recognise that their employees' engagement is based on their value addition to the organisations. Usually organisations hire talented and committed employees who they must preserve and harvest potential gains beneficial to organisation success and growth. The founder must therefore be willing and open to changes as essential for realistic achievement of their dreams and missions. Through well thought-out succession plans, the conflict between founders, employees and other stakeholder is controlled. The founders must also change their mind-sets and see their employees as responsible and value assets able to grow the specific organisations. It is only then do they empower them to succeed founders with confidence and trust in their ability. It is only then will their organisations have an assured future and hope.

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