

Eliminating the CEO: A Start-up Perspective from a Life Insurance Provider

Written by Australian Business

(PRLEAP.COM) June 5, 2014 - Johannesburg, South Africa – Leopold Malan, one of the four executive directors of BrightRock, knows that when a group of business partners join forces to start a new company, the selection of a single leader is often a predicament.

"What to do when each founder brings unique expertise to the table and invests equal time, effort and risk? In instances like these, it may be counterproductive to single out one founder as the CEO," Malan says, "Decision-making processes and the growth of the start-up could be inhibited because there is no collaborative spirit. A limited sense of shared ownership is also not conducive to growth – especially if the leader's experience is skewed towards a single division or function of the start-up."

The solution according to Malan: A flat leadership structure, which eliminates this risk and enables the growth and success of the start-up – especially where the founders have to grow their own respective teams around each of their expertise.

"A flat leadership structure ensures that everyone has a say about what they do and how they do it. The nature of the debates and discussions in this environment are passionate and rigorous and moves the company forward. This progression happens on condition that the leaders' values and ideals are aligned, and that they fully trust one another to make decisions that are in the best interests of the start-up," he comments.

Over the last decade, flat organisational structures have become quite the buzzword in the corporate world. Business publications regularly list top performers and top companies to work for – and an increasing number of these companies ascribe their success to their flat organisational structures.

"It's easy to lead collaboratively when everyone's in agreement," Malan says, "it's harder when there are divergent views around the table. I can attest from experience, this happens quite often when dealing with strong personalities. That's why it's important to approach debate fearlessly and with an open mind. Some may argue that the key is compromise, but compromise implies that decisions are watered down – which does the business a disservice. Instead, it's about an unshakeable belief that an even better solution can be found through the process of discussion."

Start-ups (especially growing ones) tend to have limited human resources, and the optimisation of expertise through cross-functional interaction is crucial to ensure success. Collaboration

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should flow through to the respective teams on a multi-disciplinary basis. The elimination of a single leader and the implementation of an equal, flat leadership structure facilitates this. It levels the playing field, encouraging cross-functional collaboration and transparency throughout the company.

So is the CEO a thing of the past? Not necessarily, says Malan.

"Responsive and flexible leadership models are more important than ever. The no-CEO model works well for many companies in the start-up phase, but it's important to stay aware that as the business grows and evolves, a re-evaluation of the leadership structure might be necessary", he concludes, "What should be non-negotiable, however, is that the collaborative spirit remains firmly entrenched in the company values."

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