

Ivy Computer, Inc. (a Vermont Software Company) Seeks to Hire a President

You can take the reins of a high-performing company and guide it to its next level of achievement. We seek to hire the president who will report to and eventually succeed the current founder CEO, George Pierce.

We know—and you know—that hiring an executive to be the #2 to a founder is notoriously difficult for all parties. Reading this article, you will see that in Ivy Computer’s case, this can be a win for the new president, a win for the founder, and a win for the company.

Ivy has 1,300 waste hauler customers, out of 12,000 to 16,000 (depending on the definition) in the U.S. and Canada. Of the 1,024 active customers of five years ago, 950 remain active customers today. Revenue in calendar 2022 was \$16M. During the past five years, there has been revenue growth every year. Growth has averaged 22% per year. Pretax profit over these five years has averaged 22% of revenue, with a low of 18% and a high of 27%. Balance sheet equity is \$3.6M.

Ivy’s flagship product is Trash Flow, a comprehensive business system. It covers customer management, billing, routing, container tracking, dispatching, in-truck mobile systems, and landfill/transfer station operations. (See www.TrashFlow.com.) About 40% of Trash Flow customers also use Ivy’s other main product, Trash Billing, a third-party payment processing system allowing the hauler’s customers to make payments.

George’s deepest value is that people should respect each other. At the same time, he likes to be (and often is) the smartest guy in the room and he likes to be in control. At heart, he’s more of a designer, problem solver, and guru of technology and people development than a classic manager. George likes to be involved in everything and amazes people by being very good at shifting back and forth between the microscopic and the strategic. This has been very valuable to Ivy, but at today’s size, it can interfere with managers and spread George too thin.

A vendor who has sold to Ivy for 25 years relates that at first, George was the only contact. But, then one day, he delegated that job to someone else. This vendor says, “He’s always fair and articulate. He trusts the people he puts in charge.” This vendor is confident that it can work for a president to be hired to be a #2. Two managers say, “Once he empowers, he’s solid and sticks with it.” George would add that the empowerment does need to be earned.

The company is in good shape. It’s growing and profitable. It has plenty of cash. George enjoys his job and works hard. He has a vision for continued growth. Why not continue as is? Why make a change now? Here’s why:

- 1) George’s top priority is that Ivy endure. Ivy cannot be his enduring legacy if this dependence continues. Bringing in a #2 executive while the company is healthy and while George is capable is the only way to safeguard the legacy.
- 2) He has done every job and continues to do many different types of work. He wants to return to doing what he did in the beginning, to get “back to his roots.”
- 3) There isn’t enough of George. Decisions wait for his attention and he’s a bottleneck. This ripples through the company and becomes a reason for inaction generally.
- 4) He is slowing down and needs to slow down more. He’s more worn out than he realizes.

When presented with these reasons, George says, “All four reasons are deeply true. If I don’t make this change, Ivy *will* die.” George and the entire leadership team at Ivy have thoroughly discussed the hiring of a new president. Everyone agrees it is the right thing to do. Johnston Company, a firm that specializes in filling senior roles for the first time in founder-run

companies, has been hired to manage this search. This article has been written and edited in a way that involves 18 key people. This brought clarity and commitment within Ivy Computer, and within George himself. Especially important, the article is a reference for what will be George's job and what will be the president's job. The search process is tuned to attract very fine candidates with enormous credibility. Serious candidates will receive a much longer version of this article.

The company has been stable, growing, profitable, and cash-rich for years, in an entrenched position with two main products in one main vertical. The likely ways to grow:

- Pursue more customers within the waste hauling vertical.
- Develop more products and services for the waste vertical.
- Gain entry into nearby verticals. George looks forward to being a part of this adventure, but he feels the addition of a new president is critical to its success.

Exit is not the goal. Maximum profit is not the goal. What are the goals? Read about the Employee Ownership Trust in the next section.

George Pierce has the usual owner's goal of harvesting an appropriate value. More than most owners, he also wants the company to continue independent for generations, based in Vermont, and run primarily for the benefit of its employees. He will sell the company to a perpetual employee ownership trust (EOT). The sale will be financed by the sellers (George and his children) through notes repaid from company profits over about ten years. The EOT is common in the UK, where, for example, the John Lewis department store chain and the Waitrose grocery store chain, with a total of 81,000 employees, are owned by an EOT.

Ivy is a great company, but all agree that there is *clearly* much about Ivy Computer that must change if Ivy is to grow and endure. All the existing key people including George are persuaded that for these changes to happen, a new president is a critical component. When this is working, we'll see:

- 1) The new president has the trust and confidence of George and Ivy employees generally.
- 2) A rational product road map exists, with reliable descriptions and release dates for incremental improvements, new features, and products for new verticals.
- 3) Frequent two-way communication occurs between the president and direct reports, who will be George's current direct reports except that Jessica Cook will report to George. In some contexts, George will report to the president.
- 4) Crisp and timely decision-making is the norm among the president and managers *and* throughout Ivy.
- 5) The urgency to grow and improve is felt throughout the company and as Ivy people feel this urgency, they can translate it into impact.
- 6) Documented systems and procedures are used throughout Ivy.
- 7) Ivy makes an organized entry into one or two new verticals.
- 8) The goal is for the new president to become the CEO in several years.

The president's role is designed to be very comprehensive from the start and to grow over time. George accepts the necessity of stepping back substantially, supporting the authority of the new president, and allowing for change—and some mistakes. He says, "I cannot undermine the

new person. Ivy people will become the president's people. I'll work with the president. I'll circulate among the people here, but I won't undermine the president or the managers. I will continue to foster the spirit of Ivy and have deeper involvement in product design and creation."

George will keep two overarching responsibilities: 1) to orient and support the new president, especially early on; and 2) to replace the president if this is necessary for the health of Ivy Computer. In addition, he will keep the more specific responsibilities mentioned in the detailed Table of Responsibilities, provided to candidates later in the full version of this article.

Here's what we don't want: a president who comes in thinking, "I'm going to make this work despite these people." But we also don't want a president who says in six months, "It's not working and it's not my fault." We seek a president who:

- 1) Is a visionary, creative, charismatic leader who also can execute.
- 2) Has a demonstrated ability to understand "blue collar" businesses and frontline employees.
- 3) Has a record of working alongside employees and treating them with care and respect.
- 4) Is an experienced and successful delegator who develops people to their full potential.
- 5) Understands financial reporting and analysis and uses them to manage.
- 6) Has experience in a senior position while growing from under 50 to over 100 employees.
- 7) Has an entrepreneurial streak and has been or aspires to be an entrepreneur, and is also drawn to the safety and stability of Ivy and sees Ivy as having the best of both worlds.
- 8) Has experience in a software product business with a vertical industry focus. (This is a plus, but we will consider candidates without this experience.).
- 9) Has sturdy reasons for wanting to live in central Vermont.
- 10) Wants to be with Ivy for a long time.
- 11) Works and plays well with others.

The title is president, reporting to George in his role as CEO. The president must arrange to live within daily commuting distance of Ivy. The base pay is \$280K annually with a target bonus totaling \$110K.

This search is managed by James Cannon Johnston, Johnston Company (Lexington, Massachusetts). Jim is the author of this article, with input from many key people. The important dates for this search are:

- Submission deadline (later submissions will be considered if possible). February 18
- Video interviews with Jim Johnston. February 18–27
- Interviews in-person at Ivy or in Boston with George Pierce and Jim Johnston March 15–16
- Interviews in-person, all at Ivy, with the whole management team March 23–24
- Make an offer April 10

If you are a candidate, please send your resume and write a thoughtful letter in response to this article. Generic cover letters are not welcome. Please send to Jim Johnston, JimJ@JohnstonCompany.com.