

# Should you worry when your celeb CEO resigns?

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In today's times, CEOs are expected to carry the company's weight on their shoulders all the time while still appearing as charismatic and charming as a movie star. And few manage to do that with aplomb parallel. What happens when such a celeb leaves a company? Here are anecdotes from real life.

Yojana Sharma, TimesJobs Bureau

Almost a month ago, a CEO helming a fast food chain belonging to a MNC resigned. As expected, his resignation sent rumour mills buzzing but alarmingly the shares of his company took a hit. Industry watchers said it was bound to happen since his clout sheltered the company always. But this is not an isolated event because whenever a celeb CEO resigns, results follow in the same path. We probed further and realised that a resignation – and at that level – may not always be simply an exit. Here are key takeaways:

Does CEO's resignation impact business?

"When a celeb CEO leaves an organisation it will worry the team, board members and investors in the short run," says Ronesh Puri, MD, Executive Access India. Waqar Azmi, Founder & CEO, SutraHR says that if the CEO is an entrepreneur who founded the company himself, his resignation would certainly have a huge impact on the business.

Who all can be impacted?

Pankaj Minglani, Principal Consultant and Director, Impeccable HR Consulting has more to add on this. he says, "The drastic changes at top management does effect overall organisation. And many times it has detrimental impact on productivity and short term profitability, shakes the confidence of customers, investors. Also this can lead to loss of key talent in organisation These effect can be multifold if he is celeb CEO. Like we witnessed 30 go air pilot's resigned after CEO exit , Reliance Life has taken some hits last financial year when Anup Rau resigned. Sometimes Celeb CEO exit may even effect various cos like ripples were there in some start ups when Nimesh Arora resigned."

"Celeb CEO's resignation causes worry because it points at change in the existing ecosystem. The bigger the

boots, the more vital it is to ensure that new incumbent is competent enough since comparisons will be made and every decision will be examined minutely," says Ronesh Puri.

How much impact do such resignations create? Industry watchers believe that the impact really depends on the organisation and its structure. "A lot would depend on how strong the organisation is especially on systems and processes and calibre of the team. If the second line is really capable apprehensions of key stakeholders will be less. However, it does take some time for the vacuum to be

filled," says Ronesh Puri.

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SutraHR's Waqar Azmi has a more structured approach to it. He says, "There can be two scenarios:

- 1) When there's a professionally hired CEO – He/she can be replaced. So the team should not be worried.
- 2) Entrepreneur/ founder CEO – In this case, if there is someone within the organisation, like a Co-Founder who can replace him/her, then there should not be an issue. However, if there is no one like that, then the business could be in deep trouble."

Should staff and board members worry of such exits?

"No, not in all cases. Sometimes a change is necessary, pushing a stock higher in anticipation of better times around the corner. Like we witnessed recently with a housing portal and aviation company. Planning the succession and knowing what everyone's new roles and responsibilities are is key. Most companies have a succession plan, so this scenario isn't terribly common," says Pankaj Minglani.

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