



New Dot-Com CEOs – The Cure or Just the Replacements?

By Michael Mahoney
E-Commerce Times
May 18, 2001



When an e-commerce firm starts replacing high-tech, dot-com leaders with old-school business people, some conflicts between the old way and the new way are bound to arise.

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As dot-com executives continue playing their version of musical chairs, the question many investors are asking now is: what happens when the music stops?

According to a study released earlier this month by executive placement firm [Challenger, Gray & Christmas](#), dot-com companies claimed more executive departures than any other business sector last month. The firm found that 19 dot-com chief executive officers and 13 chief financial officers left their posts with Internet businesses in April.

Will their replacements breathe new life into stagnant e-commerce companies, or will they simply be the new faces of failure?

"I think it will make a phenomenal difference," Mitchell Levy, author of [E-Volve-Or-Die.com](#), told the E-Commerce Times. "New leaders will bring financial controls, new business processes, more business relationships and closer ties to traditional companies. Some of the dot-coms who might not have been taken as seriously before will be taken seriously now."

Marketing Expertise

Most of the new executives bring fiscal responsibility to the table, a perspective that is "desperately needed," [IDC](#) e-commerce analyst Jonathan Gaw told the E-Commerce Times.

The new executives also often bring product development expertise, including key skills in the marketing new products, Gaw said, adding that "most of the dot-coms had been really good at marketing to existing Internet users, as opposed to mainstream consumers."

Even so, the changing of the guard sometimes indicates the possibility of an impending company sale, according to Gaw.

"Some of these guys are folks you bring in because you want to sell the company," Gaw said.

Moguls or Models?

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Ultimately, the success of the new e-commerce leaders might lie not with the individual personalities, but with the business models already in place.

"It depends a lot on the strength of the business to begin with, and it depends a lot on how the economy floats out in next six months," Gaw said.

Levy expects a second wave of executive shuffling after the next few years, in which the newly seated "old school" dot-com leaders will either become Internet savvy -- or ship out.

"After a year or two, the next crew of people brought in will be a hybrid," Levy said. "You need to have enlightened leaders who both understand the general concepts of running business and the promises of what the Internet can bring. Leaders will either be enlightened or you'll have to bring in someone who is."

New Way, Old Way

The danger with the traditional business executives brought in to achieve profitability is that they could be under the false belief that the Internet age is already over, Levy said.

"If they don't change some of their philosophies, they could kill their companies by introducing models that from a cultural perspective might not be accepted," Levy said. "If you put someone in place that doesn't understand both traditional business methods and the unique opportunities of the Internet, there's a chance the company's vision won't be achieved or it will be the wrong vision."

However, Gaw downplayed the inability of the new leaders to adapt to the unique challenges of the Internet.

"If the dot-com is consumer-based, then I think the traditional guys will stay in place," Gaw said. "If it's a technology provider, then you'll need a tech person who understands future products and directions. A lot of technology companies are doing quite well with old school players. Some of the best people in Microsoft came from old school business models." ^{ECT}

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