

Time for Jack Dorsey to pick Twitter over Square

By [Thomas Lee](#)

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Jack Dorsey should resign from Square immediately.

By allowing Dorsey to serve as CEO of both Twitter and Square, the boards of both struggling tech firms have indulged Dorsey's leadership ambition to the detriment of shareholders and employees, who deserve the full attention of their leader.

"As a former institutional investor, I certainly would never invest in a company whose CEO is not a full-time job," said Adam Epstein, founder of Third Creek Advisors, a consulting firm for pre-IPO and small cap companies. "Why would anyone risk investing in a company who shares a CEO with another company?"

Neither Twitter nor payments firm Square are performing particularly well right now. This makes it even more crucial for Dorsey to devote his full attention to the San Francisco social media service, whose importance to the world far exceeds Square's. Since April, Twitter stock has plummeted 67 percent to Monday's close of \$17.02, more than 30 percent below its IPO price, as investors worry about the company's inability to grow its user base and generate profits.

Twitter did not immediately respond to a request for comment.

Dorsey's return to Twitter, a company he co-founded and previously led as CEO, was meant to reassure Wall Street and project a measure of stability. But on Sunday night, Dorsey announced via Twitter the resignation of four senior executives.

"Was really hoping to talk to Twitter employees about this later this week, but want to set the record straight now," he wrote.

This does not sound like a CEO who's fully in control of the situation.

In fact, it's rare for a person to serve as CEO of two companies, especially public ones. And those who tried weren't particularly successful, Epstein said.

"Yes, it's very unusual," said Hillary Sale, a law professor at Washington University in St. Louis who specializes in corporate governance. "In general, boards don't go down that path with CEOs. Being a CEO is a full-time job."

Perhaps we shouldn't be surprised about Dorsey's career track. Young, hyper-confident, successful male entrepreneurs like Dorsey think they can wear several hats, Epstein said. (One

wonders if a board would allow someone like Yahoo CEO Marissa Mayer to run another company while Yahoo flounders.)

That's not to say someone can't run two companies at the same time.

Elon Musk, for example, leads both Tesla Motors and Space X, though the latter is a private firm. Steve Jobs was CEO of both Apple and Pixar. But Steve Jobs was... well, Steve Jobs.

Still, when people run two companies, they must produce results.

"Busy effective people seem to handle far more than 'normal' people," Richard Mahoney, a former CEO of agriculture giant Monsanto, told me via e-mail. "But if the board or investors make the case that he is missing targets because he is not spending enough time at the company, then he may have to choose between them."

Ironically, the tech industry, which tends to produce A-types who think they can keep many plates spinning, is also not a good place for a CEO with a wandering attention span. Tech firms like Twitter and Square don't have the cash flow and stability of mature businesses like General Electric and IBM, Epstein said.

"They are nascent, risky companies that require 110 percent of a CEO's attention," never mind someone who must attend to other priorities, he said.

Like Twitter, Square also needs a disciplined full-time leader. The company, which ended a disastrous partnership with Starbucks, lowered its initial public offering price to \$9 from its original range of \$11 to \$13 per share in November. Today, Square trades under \$10 a share, well below a high of \$13 a share in late December.

Dorsey may be the Jack of all CEOs. But he needs to be a master of one.

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