

SMS Assist Founder Makes Way For New CEO, Says Leadership Change ‘Right For The Company’

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On a day when Ford is changing CEOs, it's likely the corner-office shuffle at Chicago-based SMS Assist won't draw much notice. But it's a turning point for the cloud-based property management platform, one of the veteran stalwarts of the Chicago tech startup community.

It's that moment when a founding entrepreneur steps aside to hand over the keys to a younger management type.

Mike Rothman remains one of the major shareholders, and he'll stay on as chairman of the company. Stepping into the driver's seat will be former Rackspace CEO Taylor Rhodes, who took that company public.

“It's emotional,” Rothman said when I talked to him last week. “But you've got to do what's right for the company.”

Rothman founded SMS in 2003, offering a technology solution for companies that manage multiple properties. The company now has more than 700 employees, and its software is used to help clients manage more than 20,000 subcontractors, according to a release announcing the move. Clients include Family Dollar, JPMorgan Chase, Jones Lang LaSalle Incorporated, O'Reilly Automotive, and Colony Starwood Homes.

Early SMS investors included Huizenga Capital Management, Insight Venture Partners, and Pritzker Group Venture Capital. And last year they announced a \$150 million Series D round, at a valuation of \$1 billion, lead by Goldman Sachs Investment partners.

Rothman, who recently turned 60, said that for years he operated like most founder-entrepreneurs, feeling like he had to bear the weight of the whole company himself. In recent years, however, he said he's brought in top management talent, culminating with Rhodes, to create a more traditional leadership structure.

“Over the last two years, we’ve started to pull in some really good talent,” he said. “I used to do it all. Now we’ve got a real company.”

“I’m humbled and grateful for this opportunity to lead the exceptional team at SMS Assist,” Rhodes said in a statement. “The company’s continuous growth and technology innovation is proof of its entrepreneurial spirit and passion for customer value. Mike’s genius was recognizing the opportunity to disrupt the huge, inefficient multisite property management industry by deploying a scalable, fully-managed technology-enabled solution. With this team’s passion for innovation and service, we will continue to revolutionize the industry.”

Rothman said there’s no exit strategy other than continued growth. He said the company is profitable.

He also said that, as chairman, he won’t be a micro manager of the new CEO.

“This guy’s going to have the keys. You have to do that or you can’t hold people accountable,” he said.

SMS Assist was ranked 32nd on the Forbes World’s Best 100 Cloud Companies list.

Christopher Dawe, an SMS Assist board member and co-head of the Goldman Sachs Investment Partners venture and growth equity team, pointed to Rhodes’ reputation for strong customer service at Rackspace.

“Taylor’s background as CEO of Rackspace combined technology innovation and operational excellence with a customer first orientation, a highly complementary fit with the SMS Assist vision and culture,” Dawe said in a statement.

John Carpenter is a Chicago-based journalist covering technology and innovation in the Midwest.