Leadership Profile: Dick Costolo of Twitter

Professional Career

Dick Costolo graduated from the University of Michigan in 1985 with a B.S. in computer and communication sciences. After college he decided to pursue a career in improve comedy; he began performing with Chicago’s Annoyance Theater. He eventually gave up improve and went to work for Andersen Consulting, with a focus on technology consulting. Then, Costolo co-founded Burning Door Networked Media, a web design company that was bought by Digital Knowledge Assets in 1996. Then he co-founded SpyOnIt, a tech security firm that was bought by 724 Solutions in 2000. In 2004, he co-founded FeedBurner, a web feed management provider that was acquired by Google in 2007; he then went to work for Google. In 2009 Costolo left Google to become COO at Twitter. In 2010, Twitter CEO Evan Williams went on paternity leave and Costolo stepped in as interim CEO. It ended up being a permanent replacement. Costolo served as Twitter CEO until he stepped down in July 2015, to be replaced by co-founder Jack Dorsey ("Richard Costolo: Executive Profile.").

Company he led during IPO

Jack Dorsey, Noah Glass, Biz Stone, and Evan Williams founded twitter in 2006. It is one of the most popular online social networking services in the world. Twitter users can send and read messages of 140 characters or less, and can also post pictures, videos and links. Users can follow other accounts based on their interests, and tweets from those accounts will appear on the user’s timeline. Twitter generates most of its revenue through paid advertising; for a fee, companies can send out “promoted tweets” that appear on the timelines of users who do not follow that account ("About").

IPO Information
Twitter priced its IPO on November 7, 2013. They offered 70,000,000 shares at $26, making the offer amount $1,820,000,000 ("TWITTER, INC. (TWTR) IPO."). On the first day of trading the stock opened at $45.10 and closed at $44.90. It hit an all-time high 73.31 in December 2013. From there it has dropped but I has never fallen below $30. On June 9, 2015, the day before it was announced that Costolo would be stepping down, the stock closed at $35.85 ("TWTR Historical Prices").

Leadership Styles:

**How Costolo exemplifies the affiliative leadership style**

By the end of Costolo’s reign at Twitter, the company employed well over 3,000 people. He said that he always considered it important to interact with as many of these employees as he could, at all levels of the organization: “I try to spend a lot of time with people outside my direct reports. The view from the top is totally distorted. If you only spend time with your directs, you have no perspective on what's really going on” (Schurenburg). Costolo felt that through exhibiting the affiliative leadership style, he could get a stronger sense of the operations of the company. By interacting with low-level engineers, he could discover problems they were facing and try to implement solutions.

Costolo also sought to foster affiliation by ensuring that there was always mutual understanding between him and his subordinates: ‘Someone asked me once in an interview, ‘If you had to describe yourself as a CEO how would you describe yourself?’ And I thought about it for a second, and I said, ‘Well, I think I’m present.’ I try to be really present and there for the team, and to understand what everybody else understands. Because when you have that understanding of what everybody else understands, you can provide the proper context for the decisions that are being made, and help communicate those decisions. And then, it’s easier for
everybody else in the company to feel like they have a sense of why decisions are being made…If I could sum up my advice in one sentence, it would be to make sure that everybody understands what you understand’ (Taylor).

Costolo seeks to create a bond between himself and his subordinates; he wants there to be absolute trust between them, and he accomplishes that by always making them aware of the information that he is aware of. He says his goal is to be “present”, which is to say, he wants to be available to address the problems that any employee might be having. While he has remarked on many occasions that it should not be a CEOs goal to be universally liked by employees, he does strive to be accessible and helpful to all.

**How Costolo exemplifies the coaching leadership style**

Costolo would hold bi-annual leadership seminars for all Twitter managers. He described his motivation for mandating these seminars as “‘I realized I’ve got to get people managing the way I want them to manage’”(Macmillan). Speaking in vague terms, he says he used these seminars to teach “‘essentially how I want you to manage at Twitter and what I believe is important. How I want you to lead’”(Macmillan). Costolo coached managers on how to lead the way he wanted them to lead. He always believed that tech companies overlooked the importance of management style; he did not want that to be the case at Twitter: “‘I would contrast my management philosophy here with the general Silicon Valley notion that management isn’t a first-class competency. It’s underrated’”(Macmillan). He believes that effective management at all levels of the organization was crucial to Twitter’s success, so he decided to use his own knowledge and experience to better his subordinates. Colleague Kim Malone Scott said: “‘He doesn’t want to outsource this. He feels you have a ton of leverage as a manager and spending time teaching people directly is one of the most important things you can do’”(Macmillan).
Despite his many other commitments as CEO, Costolo always made it a priority to personally coach managers on how to lead effectively.

Works Cited


