



Why Aphria Inc (TSX:APHA) Might Be in Worse Shape Without Neufeld

Description

Aphria Inc (TSX:APHA)(NYSE:APHA) released its quarterly last week, but that wasn't the biggest news that came out from the company. News that its CEO, Vic Neufeld, would be stepping down came as a big surprise to investors. While the stock initially got a boost on all the news, it has fallen back down since then. Although some investors might believe it's a good move, there are a few reasons why I'd be concerned.

No replacement and no date set for the departure

Neufeld is expected to move out of the role "over the coming months." There doesn't appear to be a successor in place to move into the position either, which is raising alarm bells because it suggests some problems internally. Whenever a company loses a CFO or CEO, it's can create a lot of uncertainty and instability. That's why it's important to always have some assurances in place as to the replacement to ensure that when the announcement comes, it's a softer blow.

With Aphria not having a replacement in mind, it suggests that this wasn't a planned move. Neufeld stated, "The last five years have been incredible. But to be brutally honest, this journey has taken a toll on my health, family, and other priorities." It certainly sounds as though the stress of the job got to him, understandably so. Aphria's share price had been falling like a stone, losing more than half their value since October, when the recreational market opened for business.

The company was also hit [hard](#), with short-sellers accusing some of its investments of be wildly overpriced. Then there was the added scrutiny of being a NYSE-listed stock with more analysts on the stock than ever before. There were certainly a lot of factors weighing on Neufeld, and it's easy to see why he may have had enough. Whenever a company faces this type of adversity, it's likely that there would have been some disputes within the company as well.

Neufeld has a strong pedigree and will create a big void

While Neufeld may have been a bit [aggressive](#) with respect to the U.S. market and some may have questioned his moves, there's no denying that he had the experience that should have helped the company go global. With many years of experience working with a global brand like Jamieson

Laboratories, Neufeld knew how to manage a big company with global operations. Many marijuana companies don't have this level of expertise at the helm, and it's one of the big reasons I believed Aphria had an edge over its peers.

Bottom line

Although some investors may be happy with the news, amid all the turmoil, it's premature to say that Aphria will be better off. Neufeld clearly had a vision for the company and may have simply been taking on too much without enough support behind him. Unfortunately, the CEO often shoulders the blame when a stock isn't performing well. That doesn't mean that it's always warranted, however.

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