**CEO of the Future – Research Fellow at Syracuse University, Feb 2015, NY, USA – Richard Marshall**

**5 Characteristics your next CEO cannot do without**

**“being a CEO is one of the most difficult challenges a person can face in a career” Lencioni**

This paper is the result of a 2 week research fellowship at the University of Syracuse. It proposes that, as organisations look to future CEOs, there are 5 “must have” characteristics that are worth special attention. Today’s context (and a look at the future) tells us that the environment CEOs must work in is increasingly complex, volatile and uncertain. A new generation is entering the echelons of leadership (as gen x replaces the retiring baby boomers) and an even newer “digital” generation is following gen y into the workforce. Staff, customers, investors and beneficiaries want a greater say in what and how things are done and a wide range of stakeholders also want to be consulted in big decisions, or else engage in some kind of partnership.

Recruiting the next CEO is probably the most important task for any Board of Trustees. The CEO is uniquely associated with the performance, the brand and the culture of the organization. The relationship is directly proportional and as the value of the one goes up or down, so does the perceived value of the other. The job is made harder by the fact that (asserted by Hogan in 2001) two-thirds of those in senior leadership positions at this point in time will fail and that they will then be fired, demoted, or kicked upstairs. Don Tebbe (who works on CEO transitions) brings this into greater focus when says at least a third of those currently serving as CEOs will be fired or asked to resign. And Korn Ferry research (2003), indicates that those externally appointed are nearly twice as likely to be asked to step down as internals.

According to Hogan, the most common reason for their failure will be their inability to build or maintain a team. The Korn Ferry research adds weight to this by stating that the 2 factors most linked with derailment were problems with interpersonal relationships and the inability or unwillingness to change. The challenge of finding the right person is further compounded by the demands of many stakeholders (Boards, Investers, Partners, Staff), and so once everyone has had their say, the list of desirable attributes grows ever longer. It is tempting, then to draw up a long list of requirements, perhaps making use of a large proportion of the 67 Lominger competencies. In the HBR article, “How to hire a CEO you won’t want to fire” (July 2014), the authors encourage search teams to get very focused and reduce those criteria down to the top 2 or 3 non-negotiables.

Warren Bennis (Don’t hire the wrong CEO, HBR May 2000), adds to the challenge when he says the best person to lead your organization “probably won’t look like a CEO”. He suggests that CEO types can sometimes be too full of ego and their own importance and not enough about the ability to lead. Jim Collins builds on this idea when he says “virtually everything our modern culture believes about the type of leadership required to transform our organisations is wrong”. He similarly bemoans the corrosive trend of the “celebrity CEO”, whose deepest ambition is first and foremost self-centric, and argues instead for great humility (combined with great professional will).

So what hope is there of getting this challenging, complex, often misunderstood process right for the organization? Research such as the CEO report (Heidrich and Struggles collaboration with SAID business school) gives some good direction. After several weeks of reading, interviewing, distilling, and reading some more, I would like to suggest that 5 characteristics stand out as being critical for CEO success. These characteristics point the way to the “CEOs of the future”, those who will lead our organisations through the challenges of the next decade or so.

**They are Mission Minded**

The 5 Characteristics

**Mission minded - They want to *serve* the organisation, the team - not having a big ego, but being connected to the mission**

**Change appetite - They have an appetite for *leading change* - not as authority leaders, but as adaptive leaders, able to cope with ambiguity**

**Emotional Intelligence - They are very relationship savvy and centred - not technical, but focussed on authenticity & trust**

**Political Acumen - They are *natural collaborators*, well-networked - not internally absorbed, but able to relate well as diplomats.**

**Learning Agility - They are *committed to learning and* self renewal - not finished with learning, but open and pursuing life balance.**

First and foremost, the prospective CEO needs to identify strongly with the mission of the organisation. With a significant role in setting vision, inspiring staff, and representing the identity of the organisation, they need to be able to serve it. This humble approach to leadership draws heavily on research into servant leadership and yet is backed up by research on effectiveness. Too many CEO types have big egos that need to be served by the organisation. In 2016, it has to be the other way round and so we must look for connections to the cause. What evidence is there to say that this candidate has connected with the organisation’s mission in the past? (as a volunteer, board member, customer, supplier etc). And following the premise that with great leaders, it’s not so much about “what they do as who they are” (Quinn), do they have the character to serve? Will they appear to be the most intelligent person in the room, or will they actually bring out the collective intelligence of others? Whether internal or external, a strong commitment to lead by serving the organisation will be the foundation to build on.

**They have an Appetite for Change**

Alex Grashow and Ronald Heifetz (2009) call it “adaptive leadership”. This is the ability to see the changes that are happening around them (or as they say from their unique “balcony view”) and be champions of a better future. Future CEOs need to not just tolerate the uncertainty and ambiguity of the future, but rather thrive on it. They need to be able to disrupt the organisation, at the pace and to the level it can tolerate, knowing that people don’t resist change so much as fear the loss of what is known. They contrast “technical ability” which will no doubt feature highly in many CVs, with “adaptive ability”, working out what fundamentally needs to change. And they argue that this kind of leadership requires a very different mindset, than the more typical reliance on authority.

Change leaders understand that they have to be story tellers, painting a picture of new ways of working, of vastly improved systems, and of new levels of thinking that will be necessary to solve the challenges of a fast moving world. CEOs with a track record of seeing the change that was needed and leading people through bold decisions, and bolder still implementation will have demonstrated the underlying skills and determination needed. As with every characteristic mentioned here, the proof of the leading is in the following. Can they persuade others of the scale, speed, and significance of the changes they believe need to be made? And do they have the capacity to turn translate that vision into a new reality?

**They are Emotionally Intelligent**

Time and again, people refer to the importance of relationship. Trust and authenticity come hand in hand with high levels of emotional intelligence which includes understanding and managing your own emotions as well as those of others. There was a sense from some I interviewed, that everyone agrees it is critically important, but it is sometimes ignored when it comes to key people decisions. Most people seem friendly enough in an interview situation, but not all have the self-awareness, the social awareness, and the associated skills to manage a wide range of inter-personal situations – particularly with diverse individuals and groups. Interestingly, according to a recent study, leaders with high emotional intelligence do better at fundraising than those without. Undoubtedly, CEOs of the future will need to build collaborative relationships with a wide range of people. Those relationships need to be characterised by high levels of trust and authenticity, the ability to be genuine and the same on the inside as the outside. Trust not only galvanises relationships but also inspires people to give their best performance. This relationship ability also helps leaders to deal with conflict and have courageous conversations. In many corners of society, we know leaders are not well trusted – Yet in 2016, “trust” is the very currency that makes the partnership work.

**They have Political Acumen**

This networking capability requires well developed political skills, again relying on a character of integrity combined with a deep awareness of how things work. Politics can seem like a dirty word in organisational life, and yet objectively it speaks of the way power is distributed and shapes decisions. CEOs of the future will have an even more important role representing the organisation to the wider world. As more and more CEOs (of small to medium sized organisations) appoint Chief Operating Officers (COOs) to deal with the internal aspects of the organisation, so the CEO will have more of the band width to deal with external demands and politically charged situations. In many sectors, the CEO needs to spend a significant time on external affairs, whether with major clients, investors, suppliers or other key stakeholders. In part, this is about having an external orientation: are they willing and able (even driven) to look beyond the organisation to those people and bodies with which they need to form partnerships? Those with great political acumen will also devote enough time to working with their Board, (some say 20% is a good rule of thumb) but with the strength of mind needed to manage boundaries clearly. These natural collaborators find concepts such as World Vision’s “twin citizenship” easy to master, thriving on the diplomacy that is required.

**They are Agile Learners**

The ability to learn is both an attitude and a skill. Many CEOs might feel their career experiences have prepared them for the demands of the new role. In reality some estimate that fully half of what they have to know or be able to do, they will learn after they are in post, not before. Which makes learning agility even more critical. This commitment to learning is also a commitment to receiving feedback and relates to the previous 4 characteristics: is there the necessary humility, desire for change, relationship, and network that will make for access to learning? Much is written about the loneliness of the CEO role, sometimes not able to discuss vulnerabilities with staff, peers or board, and so a certain resilience is needed. Whilst learning will include new information, new trends, new concepts, it will also be characterised by learning about style, behaviour, and what happens under stress. The most successful leaders know themselves and what they need to stay effective, retaining balance amongst the various domains of life and work. We call these leaders “centred”, because they have learned to cope with pressures inherent in the role and are able invest the time in reflection and in their own development, sharpening the saw of self-renewal.

**The Recruitment Process**

“You need to trust the process” was the advice given when I had doubts about a senior level appointment and concerns that a poor choice was about to be made. This of course depends on there being a well-designed process in the first place. The elements of a good process are not hard to describe, though sometimes it can be hard to slow the selection momentum down enough to do them well:

A search committee, with enough breadth and depth to represent the whole organization

A clear job description, identifying the scope of the role and the expected outcomes

A person specification that details the most critical requirements for the role

A system for managing candidates through the process – informal interviews, shortlisting

A robust interview process for shortlisted candidates

These are the familiar main ingredients, but what else is needed for senior level recruitment?

**Pause for Breath**

In his work on CEO transitions, Don Tebbe (2010) notes how quickly Boards can jump into the search process, without taking stock as to what caused the need for change and what preparation worked might be needed. Likening CEO succession with the complexities of power and ambition in a Shakespeare play, Sorenson (2004) colourfully addresses the dynamics at play, with schemes and factions, heroes and villains. Nevertheless it’s important to understand whether the change in CEO was voluntary or involuntary, planned or unplanned? Without awareness, discussion and resolving of issues, toxic relations that bring about one change in power can just as readily cause another. On the question of succession, most organizations acknowledge that they are less than prepared. The number of successful internal candidates (about a third) is significantly less than externals in the not for profit sector (it’s the other way round in for profits). And yet it can take up to 3 years for an external to fully reach their stride, whereas internals typically do this in 12-18months. An important question here is how much continuity (go internal) is needed, versus the need to bring significant change to the culture, shape, and strategy of the organization (go external).

**Additional Selection Insights**

**Search Firms need to be managed.** Whilst it’s critical to choose a search firm that understands the organization well, they need to be guided through the process and not left to work in the dark.

**Deep background checks are well worth the investment.** This is a big benefit of the search firm, who can more easily check multiple references confidentially; as well as in-depth interviews

**Don’t rule out psychometrics.** Though some are uncertain about their use, tools like Hogan, when used properly, can add great value in understanding the underlying traits and behavioural patterns.

**A note about “soft” skills.** They are actually really hard. Hard to develop, but they can also be defined and measured like any other skill. Technical and managerial skills are more easily learned.

**Setting up for success.** After finding the best fit, take time (often overlooked for internals) to prepare the new CEO for success - an orientation plan, agreed deliverables, an executive coach.

**Appendix 1 – Summary Notes and Sources of Information**

**The following insights were gained from reading articles articles and conducting interviews over a 2 week period in February 2015.**

**Trends from Oxford Psychologists Leadership specialist (Webinar Jan 30th 2015)**

**Globalisation, Demographic squeeze, Technology change, Climate change** will demand greater skills of **flexibility, cultural sensitivity, strategic thinking, coping with uncertainty**

**CEO report – Heidrich and Struggles (with SAID business School 2014 – 150 CEOs)**

Not just changes, but assessing the **speed, scope and significance** of such change will require **ripple intelligence, understanding the power of doubt, adapt authentically (build trust), sustained renewal. 64% CEOs say people decisions are the toughest**

Potential CEOs must have core experience but increasingly, **softer skills** are imperative.
Future CEOs will need to be **flexible, systemic thinkers, and comfortable with uncertainty, complexity, constant change.**CEOs’ **communication skills** need to be much more sophisticated to effectively address diverse stakeholders: **Maintaining the trust** of multiple stakeholders requires CEOs to display **strong personal purpose and authenticity.**Qualities of **self-awareness, humility, purpose, and authenticity** are all critical requirements for next-generation CEOs…For tomorrow’s CEOs, **continuous learning** is not optional

**Warren Bennis (2009) Leaders…..**

**shape the effectiveness of the organization, provide inspiration, restore hope, recognize problems, see a better tomorrow**

**Collins** - the difference with non profits –

**driven by values (not profits) often highly diverse, small staff/budgets (sic) wide variety of org challenges, increasing scrutiny**

**Level 5 leadership** builds greatness through **personal will and humility**

**Kouzes and Posner – 95 Credibility (surveyed 20,000 people)**

Most people admire and are willing to follow leaders who are:

 **Honest, Forward looking, Inspiring, Competent**

**Agard –** role of non profit leader:

 **Visionary, strategist, campaigner, politician, decision maker**

**Macnamara (97)** Executive roles are these

 **Coach, Change Agent, Project Manager, Community Liaison, Fundraiser**

**McKinsey Report (2010) - How centered leaders achieve extraordinary results**

Five capabilities are at the heart of centered leadership

 **- Finding meaning in work – putting your strengths to work**

**- Reframing - converting emotions eg fear into opportunity**

**- Connecting - leveraging connections and community,**

**- Engaging and acting in the face of risk,**

**- Sustaining the energy that is the life force of change**

**The Influence of CEO tenure and attitude to change (Musteen et al 2010 – United Way in USA)**

CEOs **“more open to change” follow prospector – more innovative** - attitudes to fundraising (converse follow defender/tried and tested). Longer tenure leads to **greater power/influence** of CEO attitude.

**Who promotes more innovations? Inside v Outside hired CEOs** (Balsmeier Buchwald 2014)

 Inside candidates associated with significantly higher innovative activity

 For Profits – 1/3 hired from outside. Non-Profits - over 2/3 hired from outside.

Size matters – less likely to find internal successors in smaller orgs.

**Daring to Lead** **2014** – CEOs that spend 20% of time engaging with and managing board relations are more like to be successful

**Phd Thesis** looking at effect of leadership style and emotional intelligence in PLAN (Bocoum 2010)

 Emotional intelligence is positively correlated with fundraising success

**Under developed. Compass study of 2700 NGOs in USA**

 Fundraising (Marketing) Director commonly a revolving door position – hardest to fill

 Smaller the org, the more likely it is that the MD will leave

**Leadership in the Multigenerational workplace – post modern leadership**

 **New generation more cynical/untrusting of corporate culture**

**Gen y (1982-2000) value career opportunities, workplace diversity and immediate feedback more than gen x or baby boomers**

**Millenials value work life balance over long hours**

**Performance management and feedback is key**

**Shein (1985) the only thing of real importance that leaders do is create and manage culture**

**Survey of 242 job adverts for not-for-profit CEOs over 5 years**

 **Highest “experience” area was fundraising (45%)**

**Alex Grashow – Adaptive leadership**

Leaders need to get on the balcony, rise above day to day and see whats going on

 We need to distinguish leadership (disruption) from authority (making the system run)

 Adaptive work looks at mission critical activity; technical work needs very different skill set

 People are more resistant to loss than change

 CEOs can tend towards conservatism – lack of innovation

 Need capacity for diagnosis – decide how much do we need to change

CEOs must have LOW Ego needs – too many of them suffer burnout

Importance of storytelling – having spent time as volunteers or on Boards

Deep connection with the mission

**Prof Katherine Gerard**

 Need to understand what is needed at this point in point (int vs external)

 Sometimes you bring in outsiders to break the culture – internals will continue it

 Need collaborators, partners, who manage conflict and negotiate with multiple stakeholders

**Nanette Blandin – Executive Search**

 Looking at how comfortable in their own skin – humility is key

 What is their attitude to change / uncertainty – look for an appetite, a hunger

 Ultimately, diverse systems are more sustainable

Prof Christian

 NPOs are now very complex and don’t need to be poor relation to private sector

 Desire to “give something back” is a very iffy proposition

 Need to be able to get the culture

**HBR – How to hire a CEO you wont want to fire**

 No CEO candidate is perfect – find the 2-3 non-negotiables

 Identify the things they need to do (not just who they need to be) – eg top 3

**Don Tebbe – Karen Schuler – CEO Transitions**

 Generational differences – baby boomers leaving the workforce

 The “networked” leader – need more collaboration,

 Externals can take up to 3 years to fully hit their stride

 Boards will often elect “in their own image”

 Consider and discern positions of power and influence between CEO and Board

 Work of NGOs can be slower – difficult for “vibrant” CEOs

**Professor David Slyke**

 The need to create partnerships across sectoral boundaries

 Importance of building trust – balancing risk aversion and innovation

 Balancing needs of internal (operations) vs external (eg fundraising, major donors)

**Hazel Douglas – Oxford HR**

 NGOs don’t sufficiently value their own skills – look at the talent within

 Invest more in internal and technical capacity

 Importance of 1) coaching and mentoring and 2) representational side of the role

 Too many interviews look for what’s wrong – look at what they bring…

 Some people don’t want to keep learning – they reach a level

**Transcultural Leaders – Transformational Leadership**

 Anchored in emotional resilience

 Future competencies needed – Flexibility, Honest, Fair, Trustworthy, Patient, Diplomatic

 Relationship orientation

 Organisational change requires leaders to change

**Tosco Bruno van Vijfeijken**

 **Successful leaders can communicate and influence “outside” the group – political acumen**

 **Boundary spanning – able to maintain internal and external balance**

 **EQ – most valued skill set**

 **Able to engage a new generation who want to be engaged on their own terms**

**Nathan Sherlock**

 **Importance of learning from experience**

 **Adapting to the rapid pace of change in the organization**

**Hidden agendas – deal with Board’s power to remove the CEO – how to achieve desired outcomes whilst avoiding excessive vulnerability**

 **Political acumen needed to deal with board of directors**

**Georgia Sorenson- succession**

**No where in Shakespeare’s writings do you find kings or queens willingly giving up power – what you find is power wrested from their cold dead hands. In Shakespeare’s terms then, succession is the natural consequence of murder coupled with ambition**

 **Internal successor most likely in times of good organizational health**

 **External successor in times of crisis or decline…**

**Transformational Leadership**

 **Idealised influence;**

**Inspirational motivation,**

**Intellectual stimulation,**

**Individual consideration**

**Leaders inspire commitment to a cause, and transforms individual capability and performance**

**Gallagher (for non-profit leaders)**

The most important ability is ability to articulate a **concrete future direction**, that is over- arching and that inspires; and the ability to effectively manage change and transformation

**Lominger Big 8 Competencies (2003) -most associated with success and yet lowest rated:**

 **Dealing with ambiguity**

**Creativity**

**Innovation Management**

**Motivating others**

**(Planning)**

**Strategic Agility**

**(Building effective teams)**

**Managing vision and purpose**

**2 factors most linked with derailment were problems with interpersonal relationships and inability or unwillingness to change**

**Appendix 3 – Some Lominger competency definitions**

1. **Interpersonal Savvy** – Relates well to all kinds of people (up, down, and sideways, inside and outside the organization); builds appropriate rapport; builds constructive and effective relationships; uses diplomacy and tact; can defuse even high-tension situations comfortably.
2. **Personal Learning** – Picks up on the need to change personal, interpersonal, and managerial behavior quickly; watches others for their reactions to his/her attempts to influence and perform, and adjusts accordingly; seeks feedback; is sensitive to changing personal demands and requirements and changes accordingly.
3. **Organizational Agility** – Knowledgeable about how organizations work; knows how to get things done both through formal channels and the information network; understands the origin and reasoning behind key policies, practices, and procedures; understands the cultures of organizations.
4. **Political Savvy** – Can maneuver through complex political situations effectively and quietly; is sensitive to how people and organizations function; anticipates where the land mines are and plans his/her approach accordingly; views organizational politics as a necessary part of organizational life and works to adjust to that reality; is a maze-bright person.
5. **Managing Vision and Purpose** – Communicates a compelling and inspired vision or sense of core purpose; talks beyond today; talks about possibilities; is optimistic; creates mileposts and symbols to rally support behind the vision; makes the vision sharable by everyone; can inspire and motivate entire units or organizations.
6. **Dealing with Ambiguity** – Can effectively cope with change; can shift gears comfortably; can decide and act without having the total picture; isn’t upset when things are up in the air; doesn’t have to finish things before moving on; can comfortably handle risk and uncertainty.
7. **Strategic Agility** – Sees ahead clearly; can anticipate future consequences and trends accurately; has broad knowledge and perspective; is future oriented; can articulately paint credible pictures and visions of possibilities and likelihoods; can create competitive and breakthrough strategies and plans.

**Appendix 3 – WV CEO of the future scorecard, defining 5 key result areas and associated measures**

**5 Characteristics now stand out as being least available in the market place, and the hardest to develop.**

**Mission minded.**

**Appetite for Change**

**Emotional intelligence**

**Political Acumen**

**Learning Agility**

**Appendix 4 - Research Brief – the Fundraising CEO of the Future - TNGO Fellowship 2014/15**

**Richard Marshall (Senior Director, People and Culture, at World Vision)**

**Introduction**

The landscape is changing for large TNGOs working in International Development. High expectations abound, from internal and external stakeholders alike, with increasing demands for accountability, transparency, innovation, and impact. Who would be a CEO of such an enterprise when credibility must be earned and yet also demonstrated from the start? And how does an organization find its next CEO, perhaps after years of growing their organisations and the CEOs in them, to the point where the listed requirements of the role can seem impossible to meet?

**World Vision**

World Vision International is a federal partnership made up of over 100 World Vision country entities, many with their own advisory councils and boards. With a faith based mission for the well-being of children, an annual income of $2.7 billion and 45,000 staff worldwide, World Vision has high expectations for its CEOs. Primarily situated in OECD countries, World Vision’s Fundraising offices (there are 20 of them) are known as Support Offices and can be categorized by turnover as small (mostly >$10m), medium (>$100m), and large (> $500m). In the great majority of cases, the last appointment to CEO – in some cases over a decade ago - was an external recruit. At the time of writing 4 offices are in the search for a new ‘Fundraising’ CEO, so called as fundraising (rather than international development, advocacy, or government relations) is identified as the core objective. As World Vision has been operating for more than 50 years, the question has emerged internally, “how can we survive, indeed thrive, over the next 50” and what kind of leadership will get us there?

**A time of change**

The wheels of change are turning and as a new kind of organization is emerging, so it seems, a new kind of leader is being demanded. Timescales for delivering are shortening and those who met the criteria of the role 5 years ago and now no longer so sure (and neither are their Boards). Has there been sufficient work on developing bench strength over the last decade to see a shift towards internal candidates and if not what actions should we take? Or will demands be so high that external recruitment continues to be the norm? Most importantly, which of the myriad skills and competences are most critical for success in a ‘Fundraising’ CEO and how can they be identified?

**The leader of the future**

The key question then is how will the leader of the future be different from the leader of the past? And is the size of the organization, or country culture, a significant factor in determining the skill set that is necessary? In 2003, Dotlich & Cairo wrote “Why CEOs fail”, citing 11 potential derailers. We would like to get a better understanding of why CEOs succeed? And whether success in the past will predict success in the future. Is it, as some have suggested, all down to **Emotional intelligence** or is it about bringing much needed **Commercial Acumen** from the corporate sector? To what extent is **Adaptive leadership** (cited by CEB as the No1 skill leaders need) the critical ability? and what part will be played by **International experience** or, increasingly **Digital Fluency?**

**Research Questions**

1. What are the top 3-5 critical abilities that will be needed by CEOs of the Future?
2. How can we identify & assess whether potential candidates have what it takes to be effective?
3. What other factors contribute to success when appointing CEOs in an international context (eg when can you rely on internal bench strength and when will you need to go external?)