



HEIDRICK & STRUGGLES

# The CEO Report

Embracing the  
Paradoxes of Leadership  
and the Power of Doubt

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# Executive summary

The role that business plays in society, and the expectations about the role it should play, have shifted dramatically in recent years. Along with this shift, society's expectations about CEOs have changed too. This report, which presents the findings from our interviews with more than 150 CEOs around the world, explores such issues along with the central question: how do senior executives develop the competence to lead in a changing world?

Declining tenure rates and levels of public trust suggest that CEO leadership has not kept pace with increased expectations. Better technical skills are, at best, part of the answer. Few of the CEOs we interviewed mentioned them at all. Instead, many spoke candidly about the gaps in their preparedness and the need to keep developing, particularly when it comes to dealing with heightened scrutiny from an array of stakeholders. Indeed, the role of the CEO is becoming more complex as competing and increasingly vocal stakeholders permeate organizations. **Leading at this intersection** requires new thinking; past experience is no longer a reliable guide for future action.

What we learned is that success as a CEO today hinges on continual growth in the role, even more than on the preparation beforehand. In this report, we outline a suite of integrated perspectives and capabilities, drawn from our conversations with CEOs, that can help today's leaders as well as tomorrow's thrive in a business environment marked by uncertainty and constant change.

When CEOs talk of change, speed is the mantra of the moment. But this preoccupation may misdirect energy and attention to events that seem urgent, but in fact are of limited scope or significance. To prioritize, delegate, and manage their energy effectively, CEOs need to be equally attuned to the **speed, scope, and significance (S<sup>3</sup>)** of each challenge they face.

Anticipating how, when, and why different contexts may interact to disrupt an organization requires the development of **"ripple intelligence,"** a CEO's early-warning system. Visualizing interactions of simultaneous events as ripples on a pond can help leaders expect the unexpected and thus be more prepared to seize opportunities. Our global trends survey (page 32) shows what is currently at the top of the CEO agenda.

Ripple intelligence gets sharpened as CEOs learn to harness the **power of doubt**. Leaders who embrace doubt

as a positive state that is both emotional and intellectual can select different strategies to mobilize, even "outsource" their doubts in service of better decisions. Such skills matter in an environment where chasing certainty is often futile.

Facing relentless pressure for change, CEOs consider adaptability a must, but thereby risk overstressing their personal sense of purpose, and thus their authenticity. Nonetheless, CEOs can **adapt authentically**, through better definition and alignment of personal and organizational purpose.

Being both adaptable and authentic is just one leadership paradox that CEOs seek to embrace. Faced with competing, yet equally valid, stakeholder demands, CEOs increasingly face paradoxical situations of choosing between **"right ... and right"**. To get the "best of both worlds," CEOs need to first balance their personal paradoxes so they can find balance for their companies and align their personal and organizational purpose.

These capabilities are rarely fully formed when CEOs get the job. Yet the amount of on-the-job learning required is typically underestimated. To maintain their edge in times of complexity and change, CEOs commit to **sustained renewal**, continuously seeking ways to reignite their own development in "life-cycles" of personal growth.

We undertook this study because we believe CEOs have a critical role to play in, and beyond, business. Declining tenure and public trust suggest that CEOs have not kept in step with changing expectations of leadership—in business or society. Drawing on CEOs' personal experiences, we conclude with practical and actionable ideas to support today's CEOs and provide a guide for **future generations** ●

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To let the CEOs "speak for themselves," we draw on numerous anonymous quotes, featured throughout this report. We assured our interviewees anonymity, allowing open reflection on their leadership challenges and experiences. Open-ended questions encouraged elaboration and gave us a glimpse of today's business world through the eyes of its most senior practitioners. Each interview lasted an average of 55 minutes and, with few exceptions, was conducted face-to-face. All interviews were anonymized prior to analysis by researchers at Saïd Business School, University of Oxford.

# Leading at the intersection: The CEO's changing role

“Once business was impervious. You could operate and the world around you could be a vortex of activity, but you could just keep going. Now, with the combination of all the factors at play, business and what’s happening outside are actually one.”

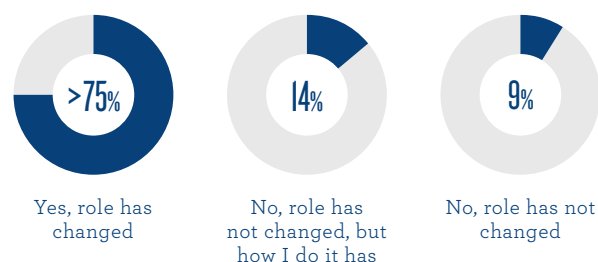
The views of the senior executive quoted above, one of the more than 150 CEOs we spoke with, suggests the sense of unease that many business leaders express when they reflect on the nature of their roles and the leadership challenges they face. Indeed, three-quarters of the CEOs we interviewed feel the job has changed significantly over the past decade as new influences from outside the organization compete with the traditional accountabilities to boards, shareholders, employees, and customers.

To be sure, the CEO role is still the top of the heap—when viewed from afar. Yet closer in, CEOs sit at the intersection of two increasingly complex and transparent worlds: one outside the organization and one inside (Figure 2). Stakeholders are proliferating, and CEOs must navigate politics, geopolitical unrest, natural disasters, government, regulators, competitors, and a digitally empowered public that in one CEO’s words is “coming out of everywhere.” “How do you manage transparency [so] you have consistency, and at the same time realize that not everything has to be said, but everything that’s important has to be said.”

The degree of transparency that CEOs face, where every decision can be googled and analyzed from multiple angles in real time, requires a different awareness and skill set. Not only do CEOs need to be more cognizant of the outside world and its influence, but they need to understand how to interact, influence, and respond to it.

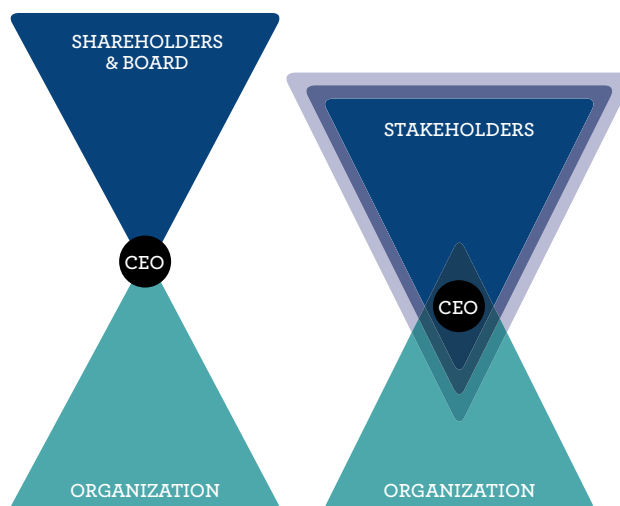
Against this backdrop, many CEOs acknowledge that the traditional approaches to strategy no longer apply. Several describe eliminating the conventional three-to-five-

**Figure 1: Has the role of the CEO changed?**



**Figure 2: From shareholder dominance to stakeholder legitimacy**

More porous organizational boundaries allow broader, more diverse stakeholders to exert direct influence, demand transparency, and increase risks of exposure.



year planning cycle in favor of repeating, 100-day exercises. Others are supplementing their primary strategies with contingency plans that can be triggered quickly should circumstances change. “Trying to forecast the future,” one observes, “has become an impossible task.”

Being adaptable, resilient, flexible, and above all ready is the new normal. “Every successful business model works until it doesn’t,” notes one CEO. “This strategy we’re working on today is going to be supplanted by something else. Michael Porter used to talk about sustainable competitive advantage ... There is no ‘sustainable’ anymore, but you still have to find competitive advantage.”

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“Not everything has to be said,  
but everything that’s important  
has to be said.”

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## Hero ... or human?

Meanwhile, business leaders face new interpersonal challenges. Notably, most of the CEOs we interviewed spoke of the growing importance of being perceived as more approachable, engaged, and caring—in other words, more “human.” Several describe emotion as playing a key role in stakeholder engagement, while another refers to the job as “Chief Emotional Officer,” adding: “The best leaders are human beings first and foremost.”

The need to create trust across multiple groups affects how CEOs communicate, listen, make decisions, and manage their time. Providing detailed reports to analysts, communicating high-level concepts to the press, and being authentic with employees is spurring CEOs to seek new ways to establish organizational values and culture, build teams, and align their companies around a direction and purpose.

Nonetheless, CEOs are still expected to be heroic leaders who “own the chair,” a fact of life that creates tension as companies recognize the benefits of involving more stakeholders in strategy, decision making, and execution. One CEO describes how his employees, customers, and board all expect him to be more “human” when seeking their input on decisions, while at the same time being confident and authoritative when it comes time to make the call. He dubs his new approach to decision making “collaborative command.”

“The paths to the future are made, not found, and the process of making them changes both us and our final destination.”

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Indeed, collaboration, listening, engagement, humility, transparency, authenticity, values, and purpose were recurring themes in our conversations. Unsurprisingly, time—and time management—are critical challenges as CEOs balance competing pressures, as is managing personal energy and the energy of the organization. Finally, several CEOs spoke about the difficulty of relying on past experiences to anticipate future ones. As old approaches lose their utility, leaders are increasingly looking to become ongoing, iterative learners. In today’s 24/7 world, the CEO role seems “25/8.” This ever-changing business environment requires leaders who can change, too, and in fact this ability to adapt will likely spell the difference between success—and struggle ●

## KEY INSIGHTS

- *Globalization, digital connectivity, and a proliferation of “interested parties” have dramatically expanded the stakeholders who influence and voice a point of view on company performance.*
- *In a world of connectivity and scrutiny, trust comes at a premium, requiring CEOs to reinvent how they communicate, lead, and set strategy.*
- *Today CEOs are expected to be “human” stewards for stakeholders, no longer “heroic” agents of shareholders.*
- *Past experience and traditional approaches to strategy, control, and communication are no longer reliable guides; CEOs today must find new ways to establish organizational values and culture, build teams, and align their companies. They must lead at the intersection of outside and inside, where company ambition and stakeholder influence blur, contradict, and sometimes compete.*

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# Change: Understanding speed, scope, and significance—S<sup>3</sup>

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“How would [Winston Churchill] be viewed today if every decision he made was tweeted around the world?”

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For leaders, assessing the changes facing their companies in these volatile and uncertain times is difficult. Doing so under the real-time gaze of stakeholders ready to tweet and retweet their own (and others’) assessments at a moment’s notice compounds the challenge. It’s no surprise, then, that many leaders we spoke with feel preoccupied with the pace of change (Figure 3). Given the pressure, in some cases the compulsion, to respond faster and faster to events, how can CEOs ensure they are assessing the nature of the changes appropriately while also determining how and when significant change will impact their organizations? In other words, how can CEOs lead continuous change while also responding constantly to it? The key, our research suggests, is to focus not only on the speed of change, but on its scope and significance as well, offering an “S<sup>3</sup>” understanding of change (Figure 4).

## Speed demons

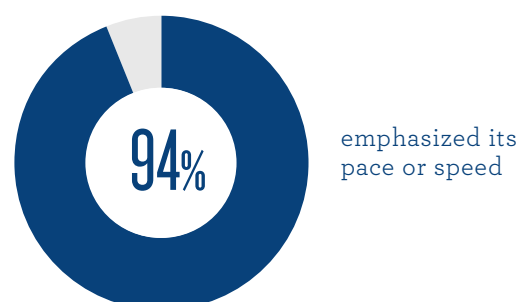
CEOs routinely speak of the pressure today’s pace of change imposes on them, citing factors such as disruptive new competitors and new market

channels, often digital. Predictably, many also cite technological innovations, particularly the rise of social media, as driving a ubiquitous sense of urgency and pressure for increased transparency. In fact, many CEOs view social media as a two-edged sword, both a powerful tool for engaging in public discussion with internal and external audiences, as well as a potential source of exposure to challenges about their leadership.

Some CEOs highlight the importance of discerning the true speed of change. They caution that

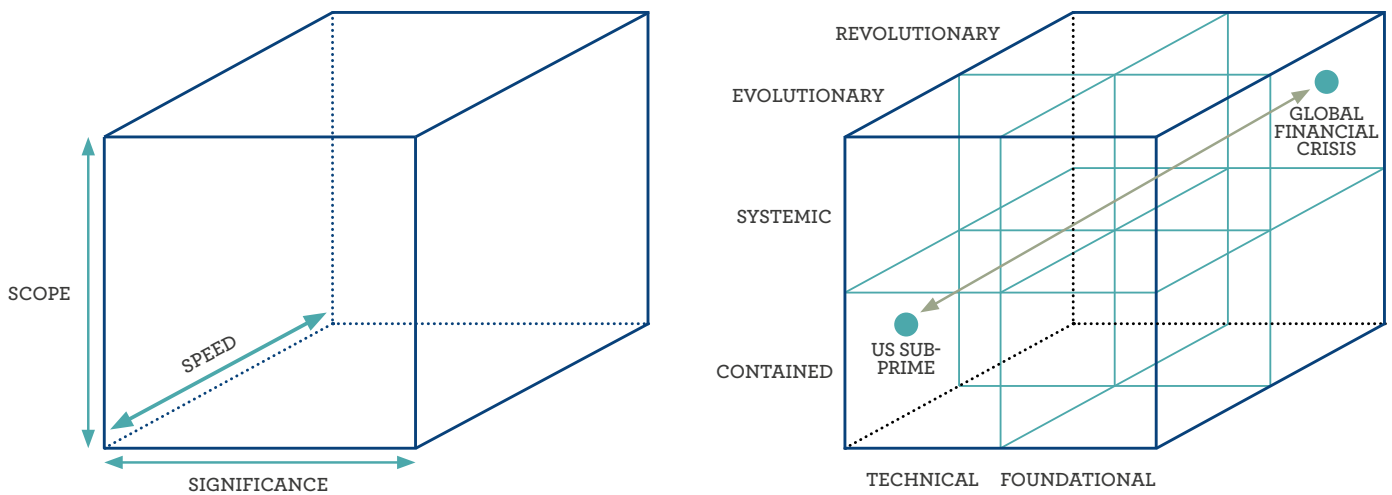
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**Figure 3:** When speaking of change



**Figure 4:** From speed to scope and significance—evolving your understanding of the interacting dimensions of change

A more granular understanding of change helps CEOs prioritize, delegate, and allocate energy and resources. The impact of scope can be difficult to predict: even systemic changes can have root causes that were initially contained and local—for example, the seemingly localized US sub-prime credit crunch that became the global financial crisis.



a pervasive sense of urgency can mask the fact that not all aspects of their environments are changing at the same pace—or even changing at all. Indeed, one CEO points out that while his sector (banking) has faced substantial changes, in many respects its core principles remain the same.

Others emphasize the need for a long-term perspective: “The world has changed and stability is different than before,” observes one CEO, “although we have selective memory in the sense that we think we are living in the most turbulent times you can imagine.” And another offers a healthy dose of skepticism, saying: “There is this mantra at the moment that change is faster than it’s ever been and therefore these kinds of issues are going to be greater ... I don’t really buy that.”

When it comes to coping with the pace of change, CEOs refer to several rules of thumb they use. One describes aspiring to a “more principles-based leadership style” so that she can “spend the time, rather than giving the answer, setting the stage and context and then have other people work out what the pieces are within it.” Another describes how a well-

“There is this mantra at the moment that change is faster than it’s ever been and therefore these kinds of issues are going to be greater ... I don’t really buy that.”

publicized problem in one business unit prompted her to think through more systematically about how to be both responsive and more organizationally resilient. “We had to learn how to do business differently, and subsequently we’ve had to learn how to react to ... the big external shocks, three or four of them as we’ve gone along.” And echoing the need for resilience, another remarks: “You have to look at almost everything as something that could kill you, and you have to have a battle plan for not only how you are going to ... optimize it, but how are you going to survive it.” ▶

## Don't forget impact

While the focus on the speed of change is not surprising, CEOs indicate that there are two additional, more subtle dimensions of change that a preoccupation with urgency can mask. In one CEO's words: "You have to separate the noise and the normal stuff from fundamental shifts that are taking place, and then be able to determine how quickly those shifts are going to manifest or disrupt what you're doing, versus those things that you have more time to adjust to."

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“ You have to begin to sort out the results that you're getting. Are they a result of a broader macroeconomic or industry shift taking place, or are they more enterprise-specific? ”

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The second of these dimensions is the scope of change—the size and extent to which a particular event or trend is far-reaching. The greater the scope, the more likely it will become significant and affect the organization. Trends take different forms: for example, geopolitical upsets like the conflict in Ukraine; economic changes (for example, in energy prices); or health threats like the Ebola crisis in Africa. The impact of scope can be difficult to predict. Some changes may be more evidently systemic, such as the recent global financial crisis; others may generate substantial attention but actually turn out to be more contained, with less impact.

The final dimension is significance, which refers to how deeply any change affects the organization. Predicting and assessing significance as data accumulates is crucial. It means asking “how, how fast, and how much” a particular event or trend will impact the business. As one CEO notes, “You have to begin to sort out the results you're getting. Are they a result of a broader macroeconomic or industry shift taking place, or are they more enterprise-specific?”

The recent drop in the price of oil highlights the complexities involved in navigating the three dimensions of change. The sheer speed and scope of the price fall in the last twelve months has taken most producers, experts, and consumers by surprise, even though the fundamental economics driving the price shift are well known: rising supply from shale gas exploration in the US and weakening demand in other large economies. While the full significance of the changes remains to be seen, the implications are likely to be far-reaching in scope and highly significant for many businesses. Some industries face the possibility of significant knock-on effects in terms of growth, jobs, investment, and perhaps even industry restructuring.

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“ You have to separate the noise level and the normal stuff that goes on from fundamental shifts that are taking place, and then be able to determine how quickly those shifts are going to manifest or disrupt what you're doing. ”

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Accordingly, how any given change will affect a particular company varies. Some changes will influence the business model, strategy, or operations of the business. We call these technical changes, important but not deeply disruptive. But other changes are more profound and foundational, challenging the organization's mission and core values. What looks like a purely technical decision can also have value-based implications that make it foundational. Cyber threats, for example, are likely to represent technical changes for most businesses but will be foundational for a smaller group, such as computer companies (though what may initially appear technical can quickly become foundational, as Sony's recent experiences with cyber



security suggest). Foundational changes often occur when stakeholders make demands on the business that cannot be ignored. In fact, many of these foundational changes are fueled by ideological concerns, and that means they have a strong impact on the significance dimension of change. Therefore, they must be taken seriously and addressed constructively. What's more, foundational challenges are likely to affect the relationship between the personal values of the CEO and the values of the organization. Such change typically makes demands on the balance between the CEO's needs for authenticity and adaptability, which we discuss later.

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“ We had to learn how to do business differently, and subsequently we've had to learn how to react to the big external shocks as we've gone along. ”

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Untangling scope and significance is vital. Seemingly large events may ultimately end up being relatively insignificant; others may be small in scope but prove highly significant because they trigger concerns inside the business or among external interest groups, particularly when social media becomes an amplifier. Even for the CEO of a single product business with a single facility, the challenges of dealing with scope and significance can be demanding. For CEOs of larger and more diversified businesses, questions of scope and significance will be substantially greater as the complexity of their environments multiplies, and as stakeholders declare new agendas or more actively pursue existing ones.

Ultimately, navigating change along its three dimensions requires different competencies from CEOs. Global operations mean they can't think one-size-fits-all, ignoring local conditions or impacts. They need the capacity to scan the environment for emerging trends that might appear isolated and contained, but

are actually interconnected in hard-to-predict ways, creating ripples of significance that bring destruction, opportunity, both—or neither.

For one CEO we interviewed, this means focusing on the potential impact of the Muslim diaspora on his business in Asia if the Middle East were to erupt into general war. For another, this means scanning more data than ever before as he constantly looks to understand possible impacts to his business, including from seemingly less obvious places. The change landscape is constantly evolving, and any given event or trend will mean different things for particular industries, regions, and individual businesses. What's important is developing a multi-dimensional approach to change that helps CEOs understand and prioritize actions, direct resources, and, crucially, reserve their own energy for significant, large-scale challenges. Remembering that fast doesn't necessarily mean urgent or important is a critical first step in determining where to focus attention. Diagnosing the likely impact of events and trends means assessing scope and significance along with speed ●

## KEY INSIGHTS

- *Preoccupation with the pace of change makes everything feel urgent and creates a risk that CEOs will focus equally on changes that don't demand equal focus.*
- *Understanding the potential scope and significance of change, in addition to speed, allows CEOs to prioritize where and on what they spend their time. How far-reaching is it and how deeply will it shake the business?*
- *This S<sup>3</sup> approach to understanding change helps CEOs prioritize, delegate, and make time to focus where their attention is most needed.*
- *Constant re-evaluation of each dimension helps CEOs reserve energy for significant, large-scale challenges.*

# Ripple intelligence: Building a CEO early- warning system

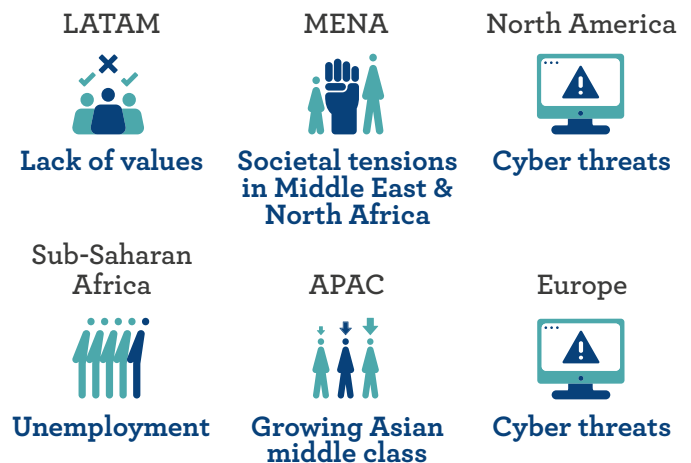
“In an ambiguous, rapidly changing environment, if you haven’t got your antennae out ... you’re going to struggle to see opportunities and threats which may blindside you.”

CEOs who can anticipate quickly how the landscape is changing, while also understanding the scope and significance of the changes, will be better equipped to understand the full picture of risk facing their companies, and thus will have the edge when it comes to identifying new forms of competitive advantage. They should also be less likely to find themselves blindsided, for example, by unexpected twists in the markets or regions in which they compete.

It’s little surprise that so much has been said about contextual intelligence in recent years, and in fact many of the CEOs we interviewed discussed the need to understand and interpret actions in a contextual way. At the same time, many of the CEOs (some of whom lead companies with operations in more than 100 countries) expressed a broader concern about how contexts interact with one another. In particular, the trends currently concerning the CEOs we talked to include the global implications of the growth of Asia’s middle class, the rise of megacities, cyber threats, climate change, and income disparities. (For a closer look, see “The CEO agenda: Global trends and accountabilities,” on page 32 of this report).

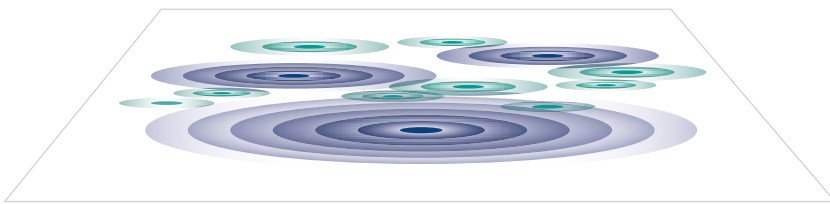
Importantly, CEOs maintain that the goal of understanding trends isn’t necessarily to avoid risk, but rather to become comfortable with it so as not to miss opportunities or be paralyzed by inaction. Said one CEO: “Risk management is really [about] developing an enterprise-wide willingness and readiness to study not only the obvious risks, but the unthinkable ones.”

**Figure 5:** Global trends—top issue identified in each region

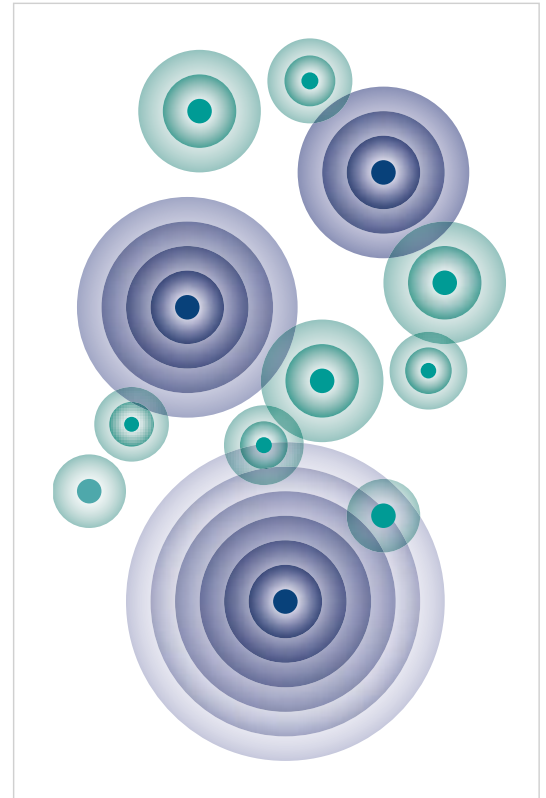


## Figure 6: Sense the ripples to avoid the tsunami

Ripple intelligence is the ability to predict how trends and contexts may intersect, interact, and change direction, helping CEOs anticipate disruptions, make time to plan, and protect against unexpected events.



FEET ON THE GROUND



35,000 FEET

## Beyond context

Think of the effect of a rock dropped in a pond. Now imagine the effect of multiple rocks (of different sizes) thrown into those same waters. Add the effects of wind and weather. In business terms, we can imagine the resulting turbulence as ripples of context (a new competitor's entry, for instance, or a change in a customer's buying patterns), and the ability to understand how they will change, intersect, and interact with one another as "ripple intelligence." In a world where the speed and scope of change complicate judgments of significance for CEOs, ripple intelligence represents an early-warning system for leaders able to think systemically. One CEO puts it like this: "No one imagined a world in which the Middle East would be in flames ... No one really [imagined] Russian tanks in Eastern Ukraine, Crimea, what's going on in the South China Sea ... plus the slowest, shallowest [economic] recovery we've ever had." He went on to wonder: "What if this is just the new normal?"

In this new normal, companies face big forces, including, as another CEO noted, "the rise of 2.2 billion new middle-class consumers, technology going three times faster than management, geopolitics." He continued by

observing: "One of those [forces] would make the world volatile—a combination makes the world much more volatile." On this new playing field, CEOs "need to be people that can handle a much higher degree of volatility, uncertainty, and interdependence of factors ... they need to be much more "systemic thinkers."

“ You make a decision and there's the follow-on repercussions... sometimes those issues can be as big as the first one you dealt with. ”

Anticipating complex interactions gives CEOs the time to plan a range of responses, and then choose and execute as appropriate. Faster identification of incoming ripples could help mitigate delays in execution. Moreover, developing a keener sense of ripple intelligence assists in strategy development, as it helps CEOs better understand risks and connect the dots to ▶

reveal new business opportunities at the confluence of multiple emergent trends. Several CEOs pointed to the power of disruptive innovations like digital imaging, smartphones, and other technologies, and some see the more recent confluence of broadband, big data, and cloud computing as examples of places where the new ability to “see the wood, trees, and forest” offers tremendous opportunity for intelligence-led strategic initiatives and maneuvers. For his part, one CEO told of his reaction when, in the late 1990s, he began to realize the implications of digital technologies on his industry: “It was staring me in the face ... we could see a few people ... causing the collapse of [several Asian currencies]. As those economies crashed ... we shut down all the selling in those markets ... We made quite a lot of money that year when the [rest of the industry] lost its shirt. So it’s what you have to do, you’re looking at all the angles.”

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“CEOs need to be much more ‘systemic thinkers’.”

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## Be the rock

Of course, developing ripple intelligence also requires the ability to understand the ripples created by the business itself. Using ripple intelligence builds the CEO’s awareness of not just the company’s direct impact, but also how it may influence contexts that might otherwise seem remote and unconnected. One CEO likens this to anticipating the “second bounce of the ball—you make a decision and there are follow-on repercussions ... sometimes those issues can be as big as the first one you dealt with.” However, there are practical limits to using peripheral vision, as he acknowledges: “I’m not smart enough to figure out what the third or fourth [bounce] will be ... to get the second one right is enough.”

## Developing ripple intelligence

Our research suggests that, for most leaders, thinking in this way doesn’t come naturally. In particular, many CEOs talked about the need to reprioritize and even let go of the operational focus that had helped them reach their positions. One CEO we spoke to does focus exclusively on

ripple intelligence, though, and his example offers useful insights into the process. He explains that his executive team handles the day-to-day so he can concentrate fully on the 35,000-ft level, looking for ripples outside the company. He spoke of “hovering” above the business, his customers, consumers, competitors, and other market players, continuously searching the environment for emerging connections: “I get a bird’s-eye view,” he observes, “scanning the horizon and context without clutter.”

Furthermore, he evaluates events along the change dimensions of speed, scope, and significance—are ripples game-changing, transient, significant (but not for him), or slow-burn? With a second pass, he combines events and ideas to look for patterns and trends. He seeks trends and risks that might negatively impact the business as well as those that could provide opportunities for the company. The keys to this sort of environmental scanning are contextual thinking and a long-term perspective. As another CEO puts it, “It’s like when you ride a bicycle: you always have to look a little bit further—if you look just in front of your wheel, you lose your balance.”

In practice, this requires examining how ripples from one event might interact with ripples from other events in the short, medium, and long terms. Consider the recent decline in oil prices (mentioned in the previous section). Absent a sense of perspective, falling oil prices might appear as the large ripple in the left foreground of Figure 6—a significant trend, but one whose immediacy obscures anything more than glimpses of its short-term effects (lower costs for consumers, an immediate boost to oil-importing countries, and higher profits for companies in energy-intensive industries, among others). A CEO studying these ripples would see a limited number of potential challenges and opportunities, depending on his or her region and industry.

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“What if this is just the new normal?”

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Combining this focus with a look at other trends expected to occur over the medium and longer terms effectively shifts the view to the 35,000-foot level depicted in Figure 6. This reveals still more ripples, and the prospect

of additional insights into their individual and collective scope, speed, and significance.

Continuing with the oil price example begun in the previous section, consider Saudi Arabia's recent announcement that it will hold oil production steady despite lower prices. Media speculation attributes the decision to Saudi desires to pressure US shale oil producers and punish Russia and Iran for supporting Syria's government. In the short run, lower prices will likely hurt shale producers and dampen capital investment, although few expect it to affect the industry's long-term development (what could do so, of course, are societal concerns related to the industry's short-term environmental impact, especially water pollution, as well as its long-term impact on carbon emissions).

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“ Every day we have a missile pointed toward us. We don't know how many or where it will fall. I can't control everything, but I can remind each of us where the risks are. ”

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Meanwhile, in the short run, lower oil costs would delay the development of renewable energy. Even further out are the impacts of falling oil prices on OPEC countries, and, in particular, the knock-on effects of the Saudis' actions over the longer term. How might it affect political tensions in the Middle East (tensions that were a concern voiced by several of the CEOs we spoke with)? The prospect of increasing US oil independence arising from shale oil production complicates the geopolitical landscape further still. All of these factors represent ripples that could affect companies in a swath of industries, and therefore should be accounted for.

Tellingly, though, the importance of developing ripple intelligence is often most evident in its absence. One oil executive described the talent gap his industry faces as a result of reduced hiring in response to past market conditions this way: “Oil's a cyclical business ... and hiring follows that pattern. When things are good you hire a lot; when things are bad you don't. And so the whole industry

has a lot of people with more than 25 years' experience, a lot of people under 10, and not much in between.”

As this example suggests, it's often quite difficult for CEOs to keep a finger on the pulse of the business while simultaneously scanning the big picture. Moreover, even a continuous big-picture focus won't necessarily protect a company from the risk of “unknown unknowns” that many CEOs mentioned in our interviews. Therefore, CEOs also cope with complex environments by building up their organization's capacity for agile response. Some pointed toward diversification to mitigate risk, speaking of “sizable but enough bets,” while others maintain deep pockets in order to ensure, as one put it, that “we are debt-free ... [so that] we can move out of a market within two to three years anywhere in the world if we have to.”

Of course, ripples that appear isolated and unimportant may remain so. CEOs need to keep an eye on emerging trends through their peripheral vision, but avoid acting prematurely. Questioning all three dimensions of change can help, as can building awareness through continual learning and enlisting divergent viewpoints. The trick is to recognize when it is necessary to expand the problem solving space and “make the problem bigger,” as one CEO suggests, and when to move to a decision ●

## KEY INSIGHTS

- *Ripple intelligence is the ability to anticipate and judge how, when, and why contexts may interact to fundamentally disrupt the business.*
- *To discern and connect disparate events, discover patterns, and anticipate distant threats or opportunities, CEOs need to rise above the clutter.*
- *Evaluate emerging trends—are they game-changing, transient, significant (but not for you), or slow-burn?*
- *New decisions create new ripples. Think about how they will interact with the existing ones to create more opportunities or threats.*

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# The power of doubt: Finding comfort in discomfort

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“If you don’t doubt yourself in a constructive, positive way, you are borderline dangerous for your company.”

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**D**oubts are to CEOs what nerves are to elite athletes: a source of focus and insight when harnessed constructively, a threat to peak performance when not. This was the spirit in which many of the CEOs we talked to approached the issue. Reimagining doubt in this way allows leaders to sharpen their ripple intelligence, enhance their ability to make decisions, and mitigate business and decision making risks in times of complexity and uncertainty. Clearly, doubt is a capability to be cultivated rather than a weakness to be cured. But how do CEOs do that in practice?

CEOs insist that, despite the changing nature of their role, they remain “the ultimate decision makers,” providing clarity and direction. This clarity is ever more elusive in a world of intersecting trends, competing demands, and unpredictable ripples. Worse, what appears to be clear may in fact be a dangerous illusion, because “if you’re that clear, you’ve probably missed something.” Keen to protect themselves against this false sense of security and the risk of being blindsided, “a [certain] level of professional doubt should be the quality of any good leader,” says one CEO.

## Chasing certainty is futile

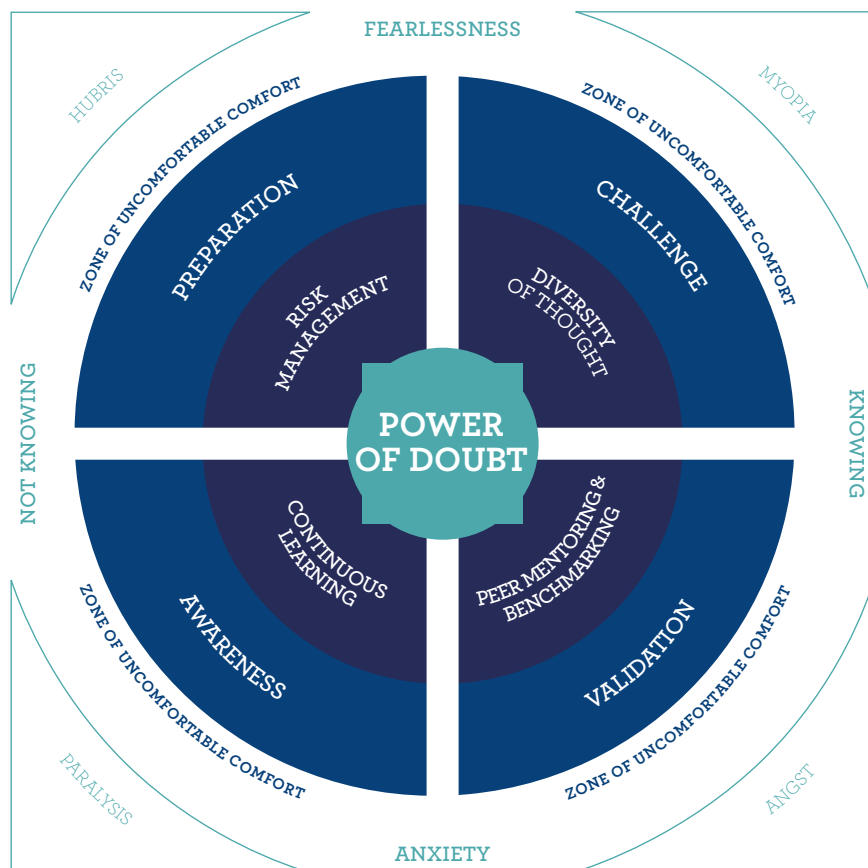
While the majority of CEOs we spoke to embrace doubt as a catalyst for positive action, others struggle to do so openly, even under the guise of anonymity our research provided. In fact, around 10 percent of our respondents deny having any doubts, but go on to describe how they reduce uncertainty and gain clarity—in other words, reduce doubt. For instance, one CEO firmly declared himself “out of the second-guessing game because it will drive you crazy,” but later advised that “you have to have people you can go to, a network, to say ‘Look, I’m really struggling with this, can I get your opinion, your advice?’” expressly adding that “if you don’t, you’re not doing your homework.” The key question seems to be: where is the line between constructive doubt and what this CEO termed “going crazy?”

Most CEOs, unsurprisingly, see doubt in terms of data-processing constraints and a lack of knowledge. In our increasingly “unknowable” world, CEOs know that seeking better information is necessary, but chasing certainty is futile: “You can’t wait for a hundred percent certainty because by then the world has changed the question and it’s too late,” observes one CEO. “But you



**Figure 7: The landscape of doubt**

Doubt is a generative force to be harnessed, rather than a weakness to be cured. Understanding the landscape of doubt helps CEOs leverage their discomfort for more timely and informed decision making.



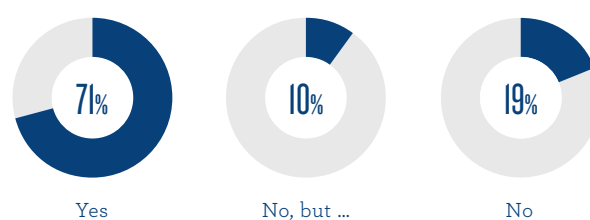
can't just make a guess." The key is getting comfortable making decisions in the grey area in between or, in the words of one CEO, to "get comfortable with discomfort."

“ A [certain] level of professional doubt should be the quality of any good leader. ”

Comfort, however, is not just about knowing, but also about feeling. Asked how they feel before making high-stakes decisions under uncertainty, CEOs responded with the full palette of emotions, from “anxiety” to “excitement.” CEOs naturally articulated the “knowing” aspect of doubt, while the “feeling” piece often lingered subconsciously.

However, acknowledging doubt as both a feeling and an information issue helps distinguish constructive doubt from disruptive second-guessing. The more self-aware CEOs we spoke with recognize two simultaneous and equally disruptive risks: hubris and paralysis. One CEO reflects that, “the areas I’m strong in are also potentially my weaknesses,” recognizing the temptation of overconfidence and enabling himself to protect against it. Conversely, another CEO confided that she tries to “anticipate the pros and cons of all of the options ... so I always feel slightly anxious.” It is in this sense that moderate anxiety can be leveraged as “a heightened sense of adrenaline,” as another CEO put it, like an athlete’s pre-game nerves. Beyond that, however, it is likely to be disruptive. ▶

**Figure 8: Do you ever doubt yourself?**



## Mapping the landscape of doubt

Our understanding hinges on two insights: first, harnessing doubt allows CEOs to balance themselves within the “uncomfortable” comfort zone in which they feel able to act decisively, even in times of uncertainty. Second, the type of doubt and the size of this comfort zone are defined by dimensions of both knowing and feeling—all of which can be mapped on a stylized two-by-two matrix (Figure 7).

Once CEOs understand which quadrant they find themselves in for any given decision, they can think about tailoring strategies to turn doubt into a powerful tool and thereby expand their comfort zones while protecting against the various risks of decision making.

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“It’s never black and white, there’s always shades of grey around those decisions. So there’s an anxiety which in a way almost gives you a bit more clarity.”

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For example, where CEOs were anxious about insufficient knowledge, doubt expressed itself for some as an “honest humility about what you’re capable of knowing, and an insatiable sense of curiosity.” Moreover, several CEOs reported leveraging their doubts for continuous learning. For some leaders, this took the form of data collection and analysis. Still others approached it on a more personal level, for example by traveling, seeking out diverse conversations, and gathering information from a broad selection of sources.

As one CEO pointed out, “the customized news feeds we all enjoy can generate blinkers on the sides of our heads and constrain our views.” Therefore, he makes a point of reading outside his typical areas of interest to remove the blinkers and broaden his horizons.

Notes another: “Ask good questions and you will make better decisions.” Not doing so risks putting CEOs outside their “uncomfortable comfort zones” and thus in danger of decision paralysis.

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“One of the most important things is having people around you that tell you how wrong you are.”

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In circumstances where CEOs report feeling residual anxiety despite good information, many turn to peer mentoring or benchmarking for validation. In the words of one CEO, seeking validation means “sharing your problem and being vulnerable with people that otherwise you might be uncomfortable doing that with.” Chairpersons, boards, or external consultants fall into this category. Other CEOs prefer “safer” environments such as family, friends, or CEO associations.

Validation is critical for tempering doubt and channeling its productive power. Moreover, it mitigates the risk of doubt spiraling into angst, wasteful information searches, or unhealthy self-challenge.

Those more “fearless” leaders who feel well informed tend to “value the friction and the debate that goes on around even the small stuff” so they don’t get too comfortable and risk overconfidence. In fact, such leaders often go out of their way to create environments where honest and constructive debate is not only welcome, but expected.

Among the CEOs we interviewed, the most common sources of debate were the board and board chair, although some CEOs have established designated panels to serve as devil’s advocates. Such organizations are well positioned to leverage the diversity of thought that in turn can lead to better and more thoughtful challenges to the status quo.



When constructive conflict is present, says one CEO, “[I] always have someone bringing me an angle, a vision that I clearly didn’t see.” It is these angles that strengthen the CEO’s ripple intelligence. However, constructive challenges in the C-suite can be few and far between, and one CEO laments that “one of the ‘aha [moments]’ about being CEO is, you stop hearing the truth.” Such leaders need to expressly invite dissent or else risk seeking challenge but finding false validation, and thus tragically reinforcing the very myopia they seek to mitigate.

“It’s always been true and technology hasn’t changed it ... numbers just illuminate decisions; they don’t make them for you.”

CEOs who are comfortable making decisions with limited information often rely on experience or gut instinct. However, they acknowledge that in new situations where their gut may be wrong, “it’s also important to marry that gut feeling with the ability to be humble enough to ask.” Leaders in this category rely on traditional risk-management approaches to protect against the possible negative consequences of their decisions. This helps give them a sense of preparation while protecting against the hubris that the “CEO knows best.” “Because if you are not careful and you think that you are indestructible,” notes one respondent, “then that’s where the dangers lurk.”

## Slowing down

Critically, though, processing doubt takes time. Judiciously assessing the speed, scope, and significance of change is paramount so that CEOs can identify the decisions to delegate, determine the decisions to make, and then dedicate sufficient time for productive doubt

on the latter. In other words, proper delegation frees up time to pace the decisions CEOs have to make and creates space for constructive doubt.

Once that is accomplished, though, these strategies allow CEOs to outsource doubt. While for the most part leaders will leverage their management teams, they can also utilize their boards and even families and friends to help suspend themselves in a state of productive skepticism without the burden of continuous self-questioning, simply by “having people around you that tell you how wrong you are,” as one CEO puts it.

One exception is CEOs’ self-questioning around the maintenance of their personal authenticity in the face of ever-present challenges to adapt. Importantly, this is an issue CEOs do not associate with the question of “doubting yourself.” These more profound personal questions cannot be outsourced in the ways described here, but must be personally balanced by the CEO ●

## KEY INSIGHTS

- *Doubt is part of the “humanization” of the CEO, a positive, generative state that should be embraced and utilized, not feared.*
- *Doubt is an issue of both knowing and feeling. Ignoring the emotional dimension artificially limits the range of solutions available.*
- *Transforming doubt into a decision tool helps CEOs find comfort in the discomfort of making decisions when the outcome is uncertain.*
- *CEOs can lighten the burden of self-challenge by enlisting management teams, boards, or chairpersons to “outsource doubt.”*
- *Understanding the reasons for their discomfort allows CEOs to solicit additional information or perspectives, thereby making more comfortable and productive decisions.*

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# Authenticity and adaptability: Bridging the master paradox

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“[You must have] a very strong sense of what your purpose is ... and be absolutely authentic in everything that you do.”

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**A**uthenticity has become a leadership buzzword over the past decade, often used but vaguely defined. In our research, we included no questions on authenticity, yet nearly half of our interviewees spoke directly about either authenticity or its close relative, purpose. Specifically, they mentioned personal benefits (“ensuring that you stay true to your own principles,” “[finding] a place where you’re true to yourself”) and positive outcomes (creating “a more authentic conversation,” having “authenticity and vulnerability” as a way “to connect more profoundly with the team”). Even those CEOs who didn’t talk explicitly about authenticity or purpose often used words that reflect those concepts when discussing the leadership qualities they consider essential: integrity, honesty, personal values, self-awareness, and trustworthiness.

Why do CEOs consider authenticity so important? Many talked about authenticity in terms of trust and transparency. To some extent, pragmatic considerations lead many CEOs to embrace authenticity as a response to the heightened visibility and transparency requirements they face. “You can’t have a hidden side and a real side,” observes one CEO, “because that will get exhibited.”

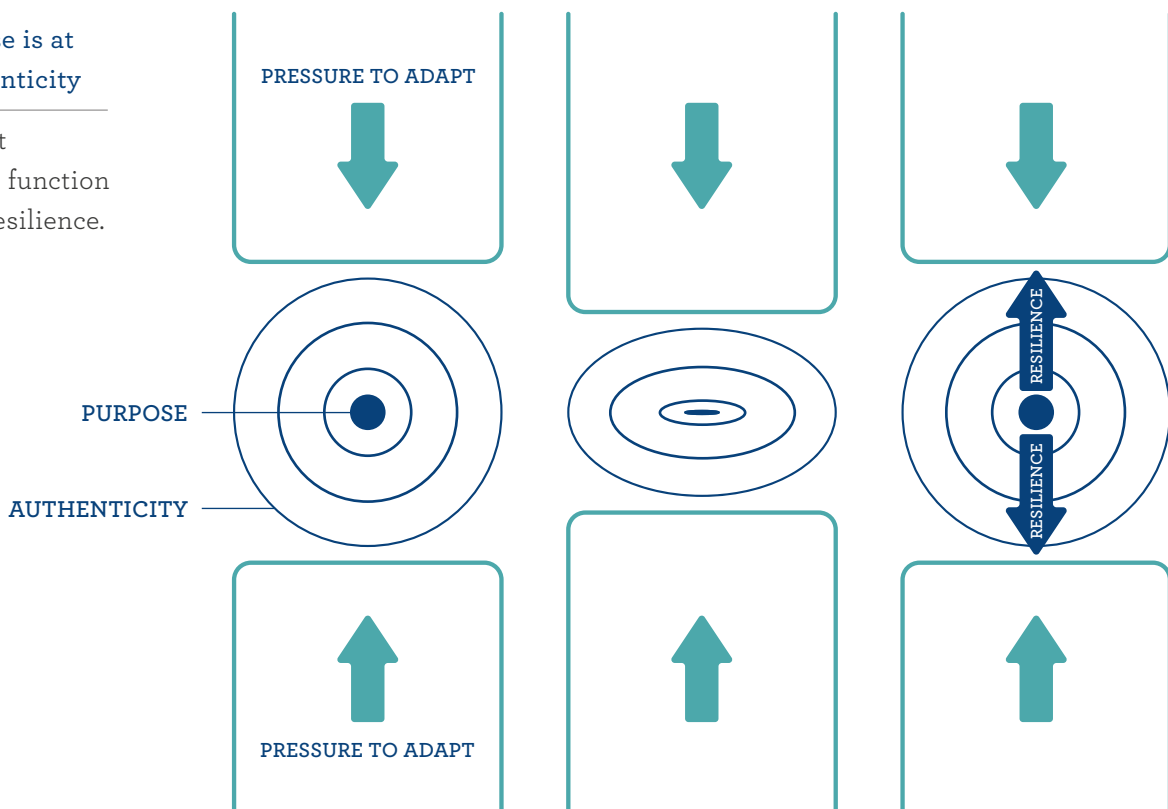
More broadly, though, since trust typically follows in the wake of transparency, the CEOs viewed authenticity as critical both outside and inside the organization: for the former as a means of generating trust among a “wider group of stakeholders, not just shareholders,” and for the latter, as a cornerstone of productive collaboration that requires CEOs “to have a high level of trust from your colleagues that you will do the right thing.” In other words, authenticity is the fuel that drives trust.

## Not so easy

Yet being an authentic leader is hard. Trust and transparency are viewed by stakeholders as commitments to stability. As one CEO says, “trust is created by a promise, and [maintained by] meeting that promise over and over again.” This, of course, makes it difficult for CEOs to adapt to new challenges, as the new behaviors leaders employ to meet them risk being perceived by stakeholders as contradictory. Such perceptions risk destabilizing a CEO’s authenticity, and thus squandering the trust he or she has built up. With an ever-widening collection of stakeholders with competing demands requiring contradictory behaviors, CEOs will increasingly

**Figure 9: Purpose is at the core of authenticity**

Capacity to adapt authentically is a function of purpose and resilience.



face some version of this “authenticity–adaptability” paradox, if they aren’t already.

“I don’t manage my time,  
I manage my energy.”

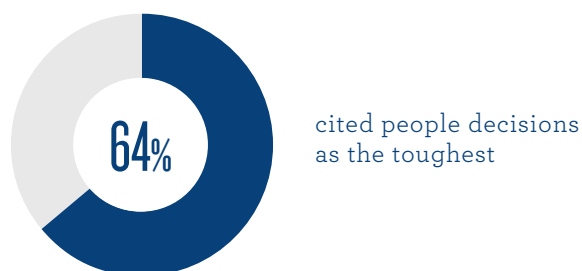
What differentiates CEOs who feel successfully authentic from those who have difficulty remaining true to themselves? An overriding sense of purpose. One CEO said, “if you suddenly start losing focus on what your sense of purpose was at the outset and start becoming ‘everything to everyone,’ it [usually is] the beginning of the end.” This view leads us to a more precise definition of authenticity: being true to personal purpose.

Another problem arises, then, when the need to adapt conflicts with a CEO’s own sense of purpose. This is most likely when CEOs, in an effort to keep pace with change, indiscriminately adapt themselves to new demands. The effect can be analogous to cutting the anchor line of a boat, thus putting executives at risk of

losing sight of their fundamental values and goals.

Human resource issues represent a common example of the authenticity–adaptability challenge, and in fact more than two-thirds of our interviewees cited “people decisions” as the toughest decisions they face. Again and again we heard stories such as this one, where a CEO needed to fire an executive who was both high-performing and a friend, because the executive had violated the company’s ethics code: “I felt strongly supportive of [the executive],” said the interviewee, “but ... not to take any action would have confirmed everybody’s view, internally and externally, that we were without moral fiber.” ▶

**Figure 10: What are the toughest decisions CEOs make?**



Personnel decisions such as these challenge a CEO's decision making abilities, as increasing organizational and societal demands for leaders steeped in "EQ," collaboration, and teamwork butt up against traditional organizational and shareholder demands for results. The outcome is a sense of dissonance and discontent for leaders: "As much as you can intellectualize it and you know it's the right thing for the company," said one CEO, "every single one of those people has a personal story and a personal journey, and you have intervened in their life ... you have impacted them and their families ... if you're being authentic, that is a hard thing to do."

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“If you have a sense of purpose that is true and genuine and exciting and authentic, the unknown is not an issue.”

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Another CEO described the difficult conversation he had with an employee who had just been laid off. Although the CEO expected a furious reaction, he was surprised instead to find grudging acceptance. "[The employee] said, '[Although] I'm personally devastated,'" the CEO recalled, "we all respect you for taking a decision which really needed taking, and perhaps if it was taken a couple of years ago we wouldn't be in this mess." The lesson the CEO drew from this gets to the heart of the authenticity-adaptability challenge: "Almost by definition you only get the decision that either nobody else will [make] or nobody else can make. ... And the scariest thing, for someone working in a business is seeing with clarity that change needs to happen and seeing that their leaders are either unwilling or unable to make those decisions. That's a very scary ship to be on."

## Make purpose the touchstone

How can CEOs come to grips with dilemmas such as these? Put simply: CEOs feel most comfortable when their personal sense of purpose is aligned with that of the

organization. Notes one CEO, "I think you've got to be really clear what your personal goals are and make sure [your] personal motivations are aligned and compatible with the organization and where it's going."

CEOs invoked different arguments to justify their people decisions in ways that enabled them to "bounce back," but all drew ultimately on the alignment between personal and organizational purpose. By prioritizing their roles as responsible stewards of the business, they found alignment between the organizational needs around performance and their own personal purpose. Most CEOs did not explicitly distinguish between the pressures they felt to be human with those of being responsible stewards, but one who did observes, in the context of "people decisions": "There are two kinds of letting go of people ... nonperformers, I have no problem with doing that, that's an easy decision ... [but if] you have to cut costs ... motivating the troops, while at the same time trimming costs by letting [people] go, is a very, very hard thing to do ... you end up coming across as a bit of a hypocrite." In the first case, the CEO's personal purpose is aligned with organizational purpose, so decision making is easy, whereas in the second instance, his "human," authentic purpose is at odds with the organizational pressures for performance. However, even in this more difficult dilemma, his awareness of the conflict allows him to prioritize organizational needs for efficiency.

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“It's been done, let's move on ... I don't look back; I don't look back.”

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As these anecdotes suggest, when personal and organizational purpose are aligned it can guide organizational relationships and drive decision making, even when the decisions raise uncomfortable contradictions. Defining and aligning purpose, therefore, becomes the touchstone for reducing doubt around tough decisions.

## Be resilient

Accordingly, an overarching sense of purpose is a source of internal resilience, another critical skill for being adaptable yet authentic. Resilience (or as one CEO put it, “the ability to pick oneself back up off the floor when a crisis occurs”) provides leaders with the necessary self-awareness, energy, and confidence to align action with purpose while maintaining authenticity. “It’s not very glamorous,” admits one CEO, “but [it’s] surprisingly important, not being knocked off course if things don’t work.”

“ [I] try to be as authentic as I can, and standing in your own magic, if you’re authentic, just a whole lot of stuff gets easy. ”

To help CEOs think through, and manage, the competing demands of authenticity and adaptability, we developed Figure 9, based on our interviews. The figure shows how purpose, authenticity, adaptability, and resilience interact. Authenticity is depicted as a rubber ball, suspended between two piston-like bars, aligned according to a common purpose. As the bars exert pressure to adapt, the ball contracts, but, being resilient, it also springs back. Excessive pressure, however, can push personal authenticity to the breaking point.

How can leaders strengthen authenticity and resilience? Our interviews suggest that leaders start by focusing on increasing self-awareness and emotional intelligence. Several CEOs told us they wished they had done so before assuming the role. Self-awareness enables CEOs to manage their energy more effectively—another important skill: “It turns out, if I get up from the room and I go outside for a walk,” says one CEO, “peace comes over me.” Moreover, experiencing congruence between personal and organizational purpose is energizing. “I can bounce out of bed in the morning because that’s an easy organization for me to come to,” notes one CEO.

Nurturing personal resilience is a skill CEOs must develop over time, and those CEOs we spoke to used words such as energy, courage, and strength to describe their coping mechanisms for the physical, emotional, and intellectual demands of the job. The extent and frequency of unexpected developments requires CEOs to be “always on,” so staying fit (mentally and physically) is important. Several CEOs also pointed to spirituality and mindfulness as important sources of energy and strength.

While no single “right” approach emerged from our interviews, we confirmed that once CEOs verify that decisions are aligned with personal values, there is less regret. In essence, CEOs like to ensure that their decisions are supported by both the factual information they gather and the personal values they hold. Ultimately, the authenticity–adaptability balancing act is the master paradox, and only by first being sure of their personal purpose and authenticity can they hope to later steer their way through the many other paradoxes the role introduces as they cope with individual decisions ●

## KEY INSIGHTS

- *Authenticity is top of mind and adaptability top of agenda. Holding a productive tension between the two is key.*
- *The capacity to adapt authentically is critical for maintaining trust and buy-in when responding to competing demands and volatility.*
- *Authenticity is a function of purpose and resilience, which protect against indiscriminate adaptation and “anchor” the CEO.*
- *A well-defined and aligned purpose is the touchstone for reducing doubt around tough decisions and winning support for their execution.*
- *Long-term resilience is fueled by defining experiences, especially of adversity. Day-to-day, it is maintained through mindfulness, self-awareness, exercise, family support, or coaching.*

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# Finding balance: Choosing between “right ... and right”

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“Sometimes you have to have the courage to say, ‘I know this is the right direction,’ the humility to say when you’ve got it wrong and deal with it, but the courage to take action when you believe it’s the right thing to do—despite the downside potential for yourself.”

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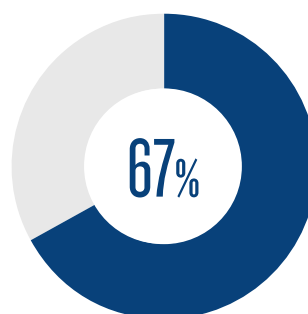
While being both authentic and adaptable is the most important balancing act that CEOs face, it is far from the only one. The challenge of finding balance is clearly high on CEOs’ agendas. Almost two-thirds of respondents spontaneously raised the issue of balance without prompting. However, what needs to be balanced is as diverse as the need for balance is unifying: the CEOs we talked to continuously seek to balance seemingly irreconcilable demands such as the “quarterly rat race” and long-term goals, profit and social responsibility, decisiveness and humility, work and life.

This complicated balancing act is an important characteristic of the CEO’s role. As more stakeholders make competing—yet equally valid—demands, CEOs face perplexing choices “between right and right,” as one put it, rather than simply right and wrong. It is these dilemmas that make decisions so vexing and alignment so difficult. How can CEOs give their various internal and external stakeholders confidence that they are choosing the right “right,” and get support for their decisions? This challenge is intensified as many paradoxes do not queue up neatly to be dealt with one at a time. They all trouble CEOs

simultaneously. “It is easy to do any one of those things,” says one interviewee. “The challenge is to exist at the intersection of all of those things.” Visually, then, CEOs are not simply balancing a single scale, but rather a wheel of intersecting leadership paradoxes, one for every decision they make—a collective balancing act that resembles an acrobat spinning plates. This is not a challenge CEOs can shy away from. Many expressed that the continuous quest for balance must be an aspiration, if not an imperative—a matter of moving beyond the choices of “either ... or,” and unlocking the power of “both ... and.”

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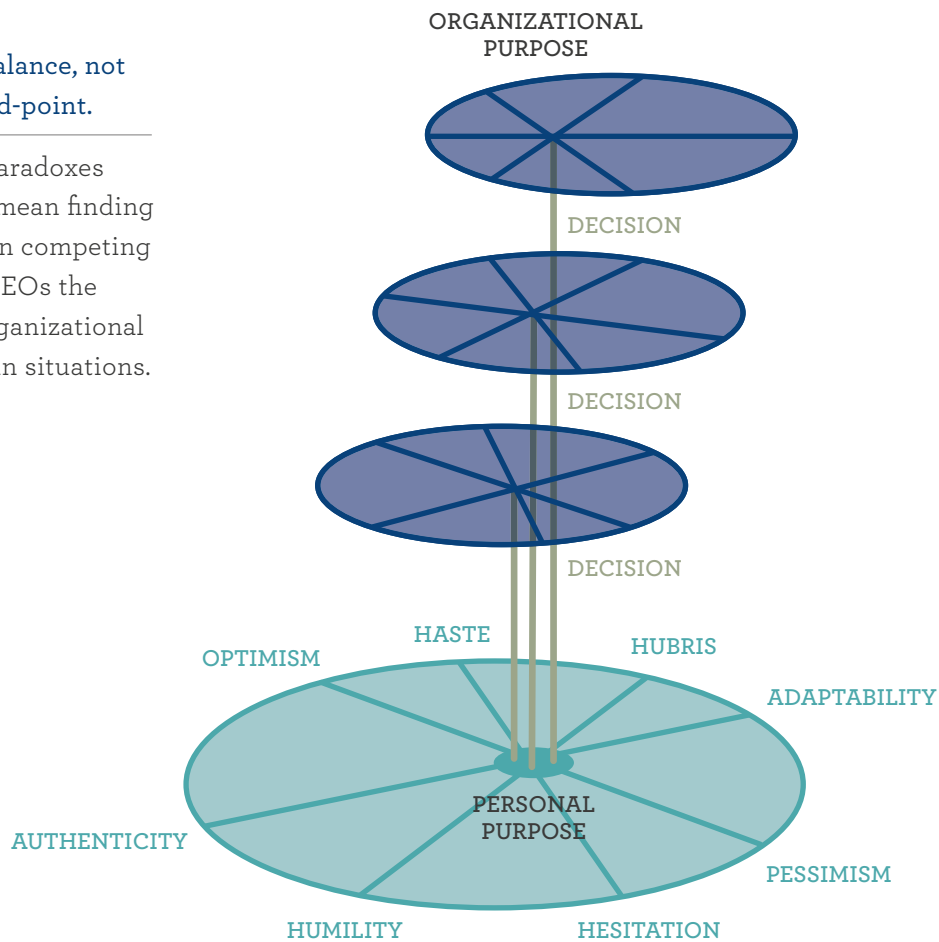
**Figure 11: Finding balance**



of global CEOs raise the challenge of finding balance as a salient concern

**Figure 12:** Finding balance, not necessarily at the mid-point.

Balancing personal paradoxes does not necessarily mean finding the mid-point between competing demands, but gives CEOs the foundation to turn organizational trade-offs into win-win situations.



## The best of both

Notably, some of our interviewees appeared eager to embrace these paradoxes of leadership, most often by adopting a mind-set that seeks to move beyond zero-sum games and frame competing demands as win-win situations. Critically, getting the “best of both worlds” does not necessarily require an equal balance between competing demands. The various spokes of the paradox wheels need not intersect in a central hub. But wherever they do intersect, they create a sweet spot that defines organizational purpose as the sum of all choices and trade-offs (Figure 12).

Problems do not arise from emphasizing one demand over another, but from overemphasizing one to the extent that “a threshold is crossed” and the other demand is marginalized. Therefore, as one CEO warns, if life feels simple, comfortable, and devoid of any hard choices, it should serve as a warning, because “if everything was black and white, you don’t need a CEO.” Certainly, CEOs most clearly articulate the challenge of balancing the organization—to “take a view and make sense of all the fuzziness and decide that this is the direction we are going.” They focus on the content,

“ So many choices are to be made and the ability to make those choices, balancing the stakeholders, balancing the long term and the short term, balancing priorities [is critical]. ”

the “what” and “why,” of their decisions, establishing a clear purpose that signals to all stakeholders what the organization stands for, who it serves, by what means, and in what time frame, building trust that it is not easily thrown off balance.

## Make it personal

Intuitively, we know that the more out of balance the acrobat, the harder it is to spin multiple plates. That is why balancing personal paradoxes is critical for balancing organizational ones. While the former ▶



stabilize the “how” of decision making, the latter stabilize the “what,” building conviction, alignment, and trust. Connecting personal and organizational paradoxes is critical. CEOs need to feel they fit into the world they lead in. While balancing between extremes is key, some CEOs expressed “great difficulty with leaders who are definite.” Even in the personal balancing act between IQ and EQ, one CEO noted: “We’re not talking two mutually exclusive dynamics here, but rather dynamics of degree.” In fact, the CEOs we spoke with offered many paradoxical “yins and yangs” they must attempt to embody, for example: being anxious yet fearless, authentic yet adaptable, open yet self-sufficient, and quick yet hesitant, among others.

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“It’s a little bit like a prisoner’s dilemma. If we both move we will both be better off. So the toughness of this is how do you get everybody to see it and actually move.”

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We highlight these personal paradoxes because the CEOs we met were quite vocal about their concern of misalignment between their organizational and personal purposes, a state that drains their energy and challenges their authenticity. Yet few were explicitly aware of how they might strengthen this alignment. Connecting the dispersed insights from a range of CEOs suggests that the answer lies in a combination of four areas: doubt, conviction, realism, and patience. Interestingly, the CEOs who themselves noted the importance of these characteristics implied they were choices, even actions, not innate qualities they possessed.

## Four balancing points

We’ve talked a lot about doubt as a tool. It creates a constructive balance between anxiety and fearlessness, omniscience and ignorance. As one CEO noted, “And of course this is a paradox because you need to have the confidence to believe in the things ... that you are leading forward, and on the other hand you have to challenge yourself all the time.” Especially where “the tension of a big decision is actually quite positive, it makes you really get on your game and focus,” but also leads CEOs to involve others and “outsource doubt.” Leveraging doubt to provide awareness, validation, challenge, or preparation provides CEOs with greater personal conviction in their decisions, while providing stakeholders with reassurance about the process.

Conviction, in turn, balances openness and self-sufficiency, hubris and humility. The latter pair is a challenge, as CEOs require, as one puts it, “an almost insane combination of extreme confidence, bordering on arrogance, combined with complete humility.” While many CEOs acknowledge that neither extreme is productive, using them to temper each other and produce personal conviction helps them “exhibit confidence to bring constituencies with you, to motivate people.”

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“Because all the decisions fall on the CEO, you have to have a clear vision and purpose and philosophy about where you are going. And you try to connect that to the organization.”

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To bring along those constituencies, one interviewee observed that “CEOs have to inject possibility into their organizations.” Critically, though, in another CEO’s view, injecting a belief in



the possible is different from “blind optimism—that’s not optimism, that’s just gambling.” Instead, they call for “realistic optimism,” subconsciously locating realism as a constructive midpoint between optimism and pessimism, and a realistic understanding of the situation that others can more easily share and follow.

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“Stay with the problem as long as you can, but then make the decision as quickly as you can, sort of another paradox.”

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Lastly, CEOs tell us that the right pacing or timing of decisions is critical, and both haste and hesitation are equally damaging. With the clock ticking, CEOs worry that they lack time to consider all angles or to let the organization catch up with their thinking, so implementation becomes problematic. With too much time, procrastination and distraction loom. Patience, as a constructive midpoint, is a safeguard for CEOs to reassure themselves, “I’ve thought it through, and I’m not just knee-jerking my way into it.” To buy the time for patience, CEOs need to anticipate how developments interact to affect them, identify the truly urgent, and focus on those foundational and systemic issues that most warrant their attention.

Taken together, doubt, conviction, realism, and patience give not only CEOs—but also employees and other stakeholders—confidence that whatever balance is struck on various organizational paradoxes, it has emerged from a challenging, open, well-paced decision process. Indeed, confidence in the personal balance of the CEO and the decision process employed builds confidence in the decision taken, which is, as one CEO puts it, “a little bit like having the captain on the bridge of the ship in heavy weather. If he doesn’t look unnerved then everybody draws their confidence from that position.” Simply put, the more balanced the “how,” the easier the “what” is to communicate.

Yet, we must not overlook the fact that the critical link between personal and organizational paradoxes—the “what” and the “how”—is the “why,” which is purpose. The more aligned the CEO’s personal purpose and the purpose of the organization, the more credibly he or she can communicate the reasons behind the decisions, signaling that it reflects a conviction the CEO personally stands for. In doing so, CEOs report, they reap double rewards: they help align the organization behind their decision and at the same time reassert their personal purpose, protecting their authenticity and re-energizing them for the leadership tasks ahead.

This sense of balance and alignment, even within their personal paradoxes, is not something CEOs typically bring to the role. It is built through their formative experiences, honed over time, and sometimes—articulated to be passed on to their successors. Yet many CEOs we interviewed are not acutely aware of how far they have evolved in their role ●

## KEY INSIGHTS

- *CEOs must constantly balance between personal and organizational paradoxes. Today this is a “given” of the role. How CEOs balance their personal paradoxes in the decision-making process greatly influences the organization’s confidence in their decisions.*
- *Losing sight of competing stakeholder demands imbalances the organization and increases reputational risk. CEOs must look beyond the choices of “either...or,” and toward unlocking the potential for “both...and.”*
- *Pace and timing of decisions are critical. Haste and hesitation can be equally detrimental. Understanding when to speed up or slow down is often the difference between good and bad decisions.*

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# Today's CEO: Embracing continual growth and renewal

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“You’ve gone go-karting and then suddenly you’re given an F1 car.”

We asked CEOs how they developed the necessary skills for the job, what expectations they had coming into the role, and how, in retrospect, all of this compares to the reality they live today. Many talked about their careers as a series of independent building blocks, and a pattern emerged about skills acquisition as a series of intense periods of growth. Borrowing from the world of product life-cycles and innovation, we began to view CEOs’ careers as a series of interlocking, developmental S-curves. In light of our research, we adapted this curve to incorporate numerous, smaller S-curves making up each career stage, which reflect how CEOs experience personal development, both preparing for and living the role (Figure 14).

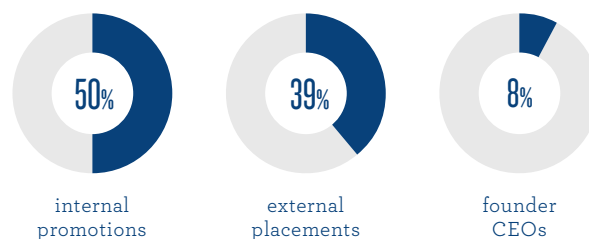
## Journey to the top

Many CEOs discovered their taste and aptitude for leadership during their school years. When asked about particular defining moments, some pinpointed early formative experiences, such as taking on senior student roles or running a business. For others, adversity or traumatic events forged their ability to handle

responsibility. Still others acknowledged no youthful aspirations for leadership at all, saying it was only after entering business that such affinities emerged.

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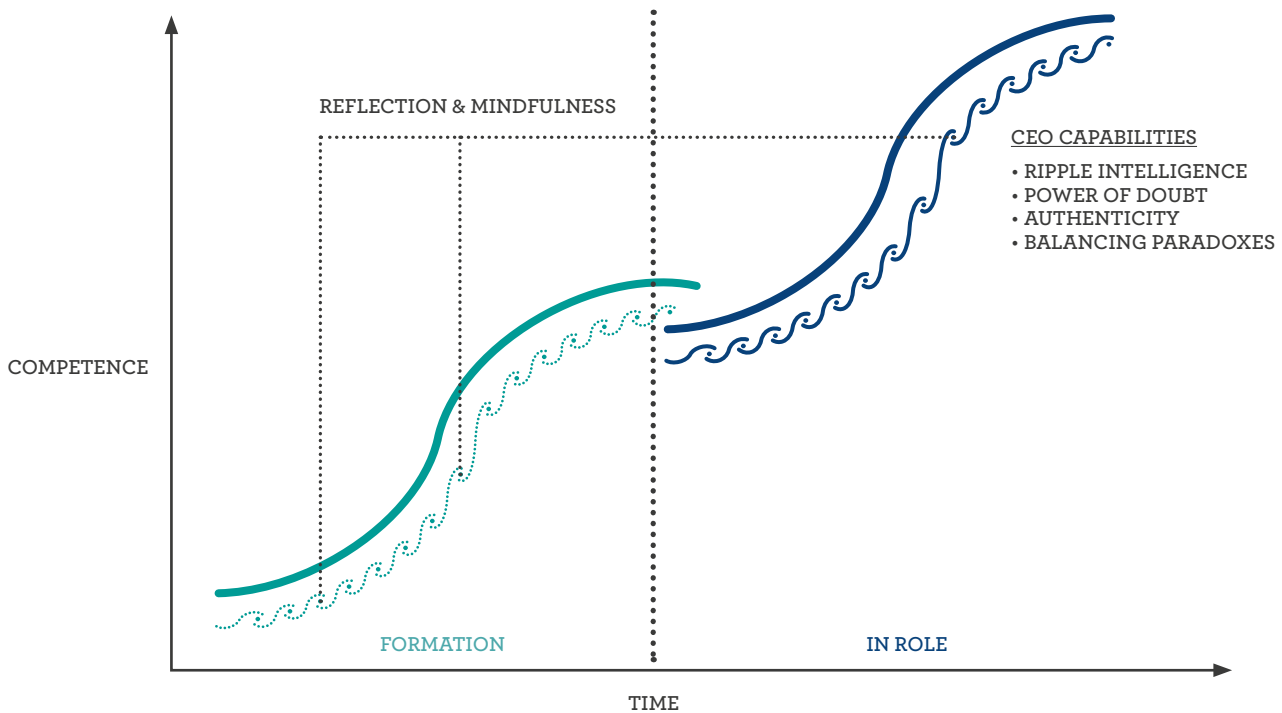
**Figure 13: Paths to the corner office**



For most CEOs, early working years were critical influences. They told of significant learning as they took on more responsibility, and they emphasized the importance of broadening experiences: “general management experience early on ... is probably the single most useful thing you can do because it’s not until

**Figure 14:** Getting appointed is only the beginning

A CEO's career consists of interlocking periods of personal growth, each building on past accomplishments and leading to new opportunities for continued renewal.



you've got P&L responsibility [and a] team ... that you really get the sense of the breadth of the CEO role."

In mid-career, the future CEOs typically accepted increasingly challenging roles, and many started to have a clearer aspiration to be CEO. They spoke of progress through adversity, gaining confidence by handling crises, working with difficult customers, managing multiple or cross-border P&Ls, rebuilding management teams, and adapting to the demands that increasing work responsibilities placed on the rest of their lives. Some noted that their failures were far more instructive than their successes. Interestingly, the events or crises that allowed CEOs to learn were seen as mostly serendipitous. There was a strong element of luck, chance, happenstance, and being "in the right place at the right time" in the development of these leaders.

Each of these experiences can be seen as a formative S-curve, which together comprise the CEOs' preparation for the role at the top. How CEOs are prepared and selected for the top job has been widely described elsewhere. Our aim instead is to focus on other important developmental phases, notably how CEOs

“ You may be second in line, third in line, fourth in line, you're very close to the CEO, but you are still not prepared for the job. ”

transition into the role and continue their development—of particular importance given the demands leaders face today from expanding stakeholder communities and increasing volatility. In fact, many CEOs believe that tomorrow's leaders will need to be as adept at the sorts of softer skills as they are with the traditional, "harder" ones that the CEOs also cited (general management experience, for example, as well as developing a mix of skills in finance, marketing, communications, and people management).

### Observations from the corner office

Beyond the usual conversations about the "first hundred ▶

days,” the CEOs we spoke with said they had to deal with substantial, often unexpected challenges early in their tenures. Demands on their time and the need to manage their energy came up frequently, as did the need to communicate with multiple stakeholders, including customers and the press. However prepared they felt for the role, many admitted that the velocity and complexity of the challenges they encountered were greater than expected.

Because the role is structurally unique, prior preparation can never be complete. As one CEO said, “You don’t have peers in the company; in fact you’ve got to be slightly distant, often from people who were your peers—you’ve got to establish space.” Some noted that only the CEO can make certain decisions, and they cannot consult in the same way as they did in other roles. Others described the job as lonely, even if, as one said, “you have your team and you have the chairman to share problems with,” because the CEO has ultimate responsibility for the company’s conduct.

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“I think most CEOs aren’t necessarily as carefully crafted when they arrive in the role as they might like to make out. I think there is probably more learning on the job that goes on than people get.”

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For several, working with the board was a novel experience. Even where they had previous boardroom experience, understanding the particular relationship between the CEO and the board was only properly developed once they assumed the job. As one CEO observed, reporting to the board was not the same as reporting to a boss.

The demands of communication, some recalled, left the new CEOs constantly thinking about what to broadcast and how to communicate with different audiences. One described the role as “communicator in chief” and continued: “You don’t really get the preparation for being the external face of the business that you become [particularly given] the explosion of electronic media ... You’re now just much more visible.”

While few CEOs were surprised about the need to communicate with investors, the need to deal with a broader range of external stakeholders was not always anticipated, and some spoke of having to learn to communicate effectively. For instance, one said he had to “... forget the Harvard education ... I have intentionally tried to simplify my language and just be normal.”

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“You need to have an enormous mind-set of openness and learning because however [much a] genius you [think you] are, you are still not a genius; there are other people in the system who know better than you many times.”

---

CEOs also highlighted the need to listen to other voices. “One of the biggest lessons to me,” noted one interviewee, “is the deliberate effort to listen to the organization; it’s really easy to pretend to listen.” Others spoke of the skill of asking the right questions and of one-to-one communications, being “both informational and motivational.” Many spoke of encouraging debate and the importance of signaling that they were not infallible. One described realizing that he was the same person the day after he took the role, yet everyone’s expectations had changed. “The danger,” he notes, “is some CEOs ... take that on themselves, and they feel they have to have every answer.”

Some CEOs had extensive preparation for the job, others had less, and some had none. “I didn’t even know what a CEO did,” one admitted. “I came straight from the [hospital] to being a CEO ... and I just wish I’d had some business experience.”

“What struck me was how much more in the public eye CEOs are now courtesy of the media ... you don’t really quite ever get the preparation for the external face of the business that you become.”

## Moving up the curves

Consistent across most of our interviews was the observation that CEOs are, above all, students of the role, and thus constantly learning. They continue to learn and grow, progressing through a series of in-role S-curves that correspond to their response to new challenges. “There’s no way you know everything,” said one senior executive. “You always have to continue to learn, and there’s always somebody that’s faced the problem or challenge that you’re about to face ... you can learn from those folks. We’re all lonely at the top together.”

Likewise, many other CEOs spoke of curiosity, and the need to hone its practice until it becomes a discipline. Asserts one CEO: “You need to have an enormous mind-set of openness and learning because however [much a] genius you [think you] are, you are still not a genius.” Another said: “You’ve always got to believe you’ve still got a lot to learn and you can learn from everybody.”

CEOs outlined various methods they use to sustain curiosity—reading widely, talking to a wide range of interest groups, exploring areas that, as one

CEO put it, are “things that I’m not actually interested in.” Others speak of updating their core professional knowledge base and letting go “of doing things I was good at and enjoyed, and do[ing] things that I wasn’t as good or competent at, but the company really needed me to do.”

Ultimately, such a mind-set can help propel leaders up the various cycles of growth they will encounter along the way in their roles, even as these roles continue to evolve in unexpected ways. Whether it’s mastering new capabilities, developing new forms of competitive intelligence, exploiting the power of doubt, or learning to choose the “right” right, tomorrow’s CEOs (or at least its most successful practitioners) will embody this spirit of growth, learning, and renewal. Those who do are likely to recognize, as many of the CEOs we spoke to did, that the role is not the end of a long career but instead another beginning ●

## KEY INSIGHTS

- *The CEO role is structurally unique, and preparation therefore always incomplete.*
- *Often, the specific demands of sudden visibility and scrutiny, broad and deep communication, board relationships, and personal exposure take CEOs by surprise.*
- *The CEO career consists of interlocking periods of personal growth, each building on past accomplishments and leading to new opportunities for continued renewal.*
- *It is often in moments of crisis that CEOs successfully reinvent themselves and trigger a new growth cycle.*
- *To grow into—and with—the role, CEOs need to create environments that feed their curiosity, challenge their orthodoxies, and fuel their continual learning—and unlearning.*

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# What's next: Ensuring success beyond succession

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“Start with integrity. It is the alignment between your principles [and] what you do ... and it [requires] courage. Courage is paramount.”

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One goal of this report was to synthesize the experiences of the more than 150 CEOs as they face the challenge of delivering sustained performance in turbulent times.

Another was to offer recommendations and insights regarding the approaches that CEOs can take to succeed. A third was to facilitate a shift from mostly implicit development of these top leaders at present—where success depends largely on individual virtues and even luck and circumstance—to a place where formal development builds and strengthens critical capabilities. That, in turn, would encourage stronger “pipelines” of potential CEOs, along with spillover benefits of a strengthened C-suite. Along those lines, many of the CEOs we spoke to had advice for the next generation.

The majority of CEOs we interviewed acknowledge that talent development and succession planning are critical requirements of their roles. Several spoke of actively helping develop their future replacements, in particular by giving up-and-coming leaders opportunities to develop skills such as emotional intelligence, influence, and compassion. Indeed, the general conclusion is that, given the ongoing complexity and changing nature of the role,

general training in a more classic vein (for instance, growing up in a series of roles with increasing responsibility) is only a small part of the preparation required. The characteristics of the job, one CEO observes, requires candidates who are “less rigid and more flexible. A CEO must have the ability to very quickly [have a] change of lens—to have lenses that can zoom in and out quickly, and with this put themselves in the right place with the right attitude.”

The need for inter-contextual thinking, or ripple intelligence, was a theme throughout our interviews when talking about the next generation of leaders. “Three-dimensional thinkers” will hold a distinct advantage.

Moreover, the ability to accept—and drive—change will be important, as will developing a heightened comfort level with ambiguity and uncertainty. As one CEO puts it: “Leaders should believe that change is the oxygen of growth and creativity.” Another commented, “If you’re afraid of change, you’re missing the opportunity to grow ... you’re missing the opportunity to create far more innovation and creativity in your organization. Leaders of tomorrow should recognize that change is an opportunity and should have the courage and desire to work with their teams to bring [it] about.”

Finally, our interviewees felt the ability to be human and authentic were critical qualities their successors needed to develop. “There is one aspect which seems decisive to me,” noted one CEO. “It has to be someone who can generate trust.”

“Take a bit of risk; it doesn’t matter if the first one doesn’t work or even the second one doesn’t work, the third one probably will because you’ll get sharper and smarter each time you go.”

## Be the leader

Can these skills be developed on the job? Or are they prerequisites? Interestingly, there was little consensus here: our CEO interviewees held very strong opinions in both directions (surprising, perhaps, given that many of the important skills the CEOs cited were ones they themselves had learned on the job). The fact is, though, rigorous preparation for the job and further development on the job are both essential.

When asked what would make the necessary transformation smoother for their successors, CEOs focused on many of the themes found in this report: achieve comfort with change, harness the power of doubt, be curious, collaborate, be adaptable, have purpose, and seek balance. In particular, they advised aspirants of all stripes to learn to feel comfortable collaborating and drawing opinions from a diverse array of individuals. As one CEO suggests, “Get separate independent soundings from the organization ... create a sense of teamwork ... communicating to people that their ideas are important and they can be honest.” Furthermore, they advised future leaders to take thoughtful risks and be willing to fail: “Take a bit of risk; it doesn’t matter if the first one doesn’t work or even the second one doesn’t work, the third one probably will because you’ll get sharper and smarter each time you go.” Such a mind-set of continuous personal improvement is a vital quality for tomorrow’s leaders.

The CEOs we interviewed lead some of the largest companies around the world. Collectively, their conduct and performance affect everyone: employees, investors, consumers—all citizens of an increasingly interconnected world. Future leaders therefore need to embrace the challenge—but especially the responsibility—of leadership to do justice to a multitude of accountabilities and societal expectations. In the words of one CEO: “Put the interest of others ahead of your own, within your business model. It’s as simple as that. Put yourself to the service of society.” ●

“Leaders should believe that change is the oxygen of growth and creativity.”

## KEY INSIGHTS

- *Potential CEOs must have strong core experience (general management, finance, and people management, among others), but increasingly, softer skills are imperative.*
- *Future CEOs will need to be flexible, systemic thinkers, and comfortable with uncertainty, complexity, and constant change.*
- *CEOs’ communication skills need to be much more sophisticated to effectively address diverse and divergent stakeholders: more audiences, more languages, more modes.*
- *Maintaining the trust of multiple stakeholders requires CEOs to display strong personal purpose and authenticity.*
- *Qualities including self-awareness, humility, purpose, and authenticity are all critical requirements for next-generation CEOs who should aspire to “collaborative command.”*
- *For tomorrow’s CEOs, continuous learning will not be an option, but a must.*

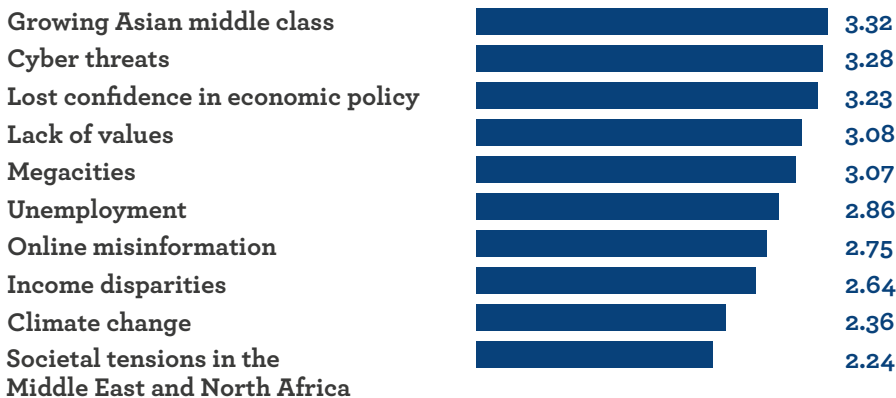


# The CEO agenda: Global trends and accountabilities

## GLOBAL RESULTS

“To what extent do you see the Top 10 global trends from the World Economic Forum’s ‘Outlook on the Global Agenda 2014’ challenging your business in the next three to five years?”

0 = not at all; 5 = significantly



## REGIONAL RESULTS

### Sub-Saharan Africa



#1  
**Unemployment**  
(3.00)

#2 Income disparities (2.80)  
#3 Growing Asian middle class (2.75)

### APAC



#1  
**Growing Asian middle class**  
(3.97)

#2 Cyber threats (3.41)  
#3 Lost confidence in economic policy (3.31)

### Europe



#1  
**Cyber threats**  
(3.33)

#2 Lost confidence in economic policy (3.31)  
#3 Growing Asian middle class (3.24)

### LATAM



#1  
**Lack of values**  
(3.80)

#2 Online misinformation (3.30)  
#3 Lost confidence in economic policy (3.00)

### MENA



#1  
**Societal tensions in Middle East & North Africa**  
(3.53)

#2 Lost confidence in economic policy (3.36)  
#3 Lack of values (3.27)

### North America



#1  
**Cyber threats**  
(3.76)

#2 Growing Asian middle class (3.39)  
#3 Lost confidence in economic policy (3.09)

## SECTORAL RESULTS

### Consumer



#1  
**Unemployment**  
(3.08)

#2 Megacities (2.97)/  
Lost confidence in economic policy (2.97)  
#3 Growing Asian middle class (2.89)

### Finance



#1  
**Cyber threats**  
(3.93)

#2 Lost confidence in economic policy (3.52)  
#3 Growing Asian middle class (3.44)

### Industrial



#1  
**Lost confidence in economic policy**  
(3.19)

#2 Megacities (3.13)  
#3 Growing Asian middle class (3.06)

### Life



#1  
**Growing Asian middle class**  
(3.83)

#2 Lost confidence in economic policy (3.50)  
#3 Cyber threats (3.00)

### Services



#1  
**Lack of values/ Growing Asian middle class**  
(3.81)

#2 Cyber threats (3.75)  
#3 Lost confidence in economic policy (3.50)

### Technology



#1  
**Cyber threats**  
(4.07)

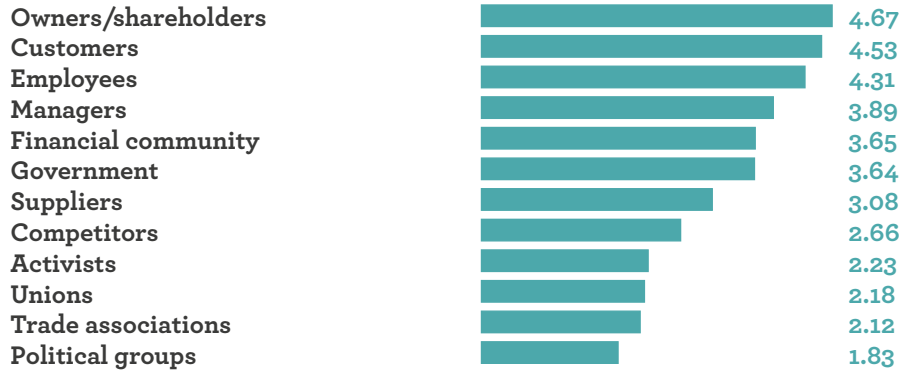
#2 Growing Asian middle class (3.71)  
#3 Megacities (3.36)



## GLOBAL RESULTS

“Rate your level of accountability to different stakeholders.”

0 = not at all; 5 = significantly



## REGIONAL RESULTS

### Sub-Saharan Africa



#1  
**Employees**  
(4.80)

#2 Customers (4.60) / Owners/shareholders (4.60)  
#3 Financial Community (4.20)

### APAC



#1  
**Owners/shareholders**  
(4.82)

#2 Customers (4.79)  
#3 Employees (4.43)

### Europe



#1  
**Owners/shareholders**  
(4.69)

#2 Customers (4.43)  
#3 Employees (4.36)

### LATAM



#1  
**Owners/shareholders**  
(4.90)

#2 Customers/ Employees (4.20)  
#3 Managers (3.80)

### MENA



#1  
**Owners/shareholders**  
(4.67)

#2 Customers (4.20)  
#3 Financial community (4.00)/ Employees (4.00)

### North America



#1  
**Customers**  
(4.67)

#2 Owners/shareholders (4.45)  
#3 Employees (4.25)

## SECTORAL RESULTS

### Consumer



#1  
**Owners/shareholders**  
(4.77)

#2 Customers (4.44)  
#3 Employees (4.23)

### Finance



#1  
**Owners/shareholders**  
(4.69)

#2 Employees (4.46)  
#3 Customers (4.35)

### Industrial



#1  
**Customers**  
(4.73)

#2 Owners/shareholders (4.67)  
#3 Employees (4.36)

### Life



#1  
**Customers**  
(4.81)

#2 Owners/shareholders (4.40)  
#3 Financial community (3.60)/ Government (3.60)/ Employees (3.60)

### Services



#1  
**Owners/shareholders**  
(4.75)

#2 Customers (4.63)  
#3 Employees (4.60)

### Technology



#1  
**Customers**  
(4.43)

#2 Owners/shareholders (4.36)  
#3 Employees (4.07)

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# Method

The CEO Report is based on rich, individual conversations with more than 150 CEOs representing a wide range of sectors around the world, making it one of the most comprehensive in-depth studies of how global CEOs lead. Collectively, these CEOs have more than 880 years of experience.

Assured of their anonymity, the CEOs reflected openly on their leadership challenges and experiences. Open-ended questions allowed them to elaborate freely and gave us a glimpse of today's business world through the eyes of its most senior leaders. We therefore let CEOs "speak for themselves" as we presented our analysis in this report.

Each interview lasted an average of 55 minutes and, with few exceptions, was conducted face-to-face. All interviews were anonymized prior to analysis by researchers at Saïd Business School, University of Oxford.

# About our Sample

An average tenure of **6.5 years**. A combined total of **5.8 m employees**, with an average of just over **46,000**. A combined total of **\$1,658 bn in revenues**, with an average of over **\$14,419 m**.

We interviewed more than **150 CEOs** from around the globe: **Africa 3%**, **APAC 22%**, **LATAM 7%**, **Europe 30%**, **MENA 11%**, **N. AM 27%**.

We covered a broad range of industries and sectors: **Consumer 30%**, **Finance 19%**, **Industrial 25%**, **Life Science 4%**, **Professional services 12%**, **Technology 10%**.

Women CEOs made up **8%** of the sample. In addition to drawing participants from the key global indices such as **Forbes**, **Fortune** and **S&P**, we also drew on a selection of private, family-run, and local companies.



## HEIDRICK & STRUGGLES

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