

A man and a woman in business attire standing in front of a window with a city view. The man is on the left, wearing a blue suit and a red tie. The woman is on the right, wearing a blue blazer over a white blouse. The background is a bright, slightly blurred cityscape.

*The CEO:
A Personal
Reflection*

ADAPTING TO
A COMPLEX WORLD

Spring 2018

Adapting to a Complex World

Becoming a Chief Executive Officer is a seminal event. It's the culmination of a career and a lifetime of advancement, the ultimate achievement for many.

And yet it is as much the beginning of a new journey as it is the end of the last one. This is particularly true in the current atmosphere of disruption and volatility, extended pressure from internal and external stakeholders, and a general lack of trust in leadership. The role of a CEO is more challenging—and more scrutinized—than it's ever been.

In this turbulent era, a leader's capacity to grow and evolve is as critical to success as is meeting financial targets. Indeed, if the *person* in the corner office is not able to develop and change, he or she will fail—and that failure will ripple through the entire organization.

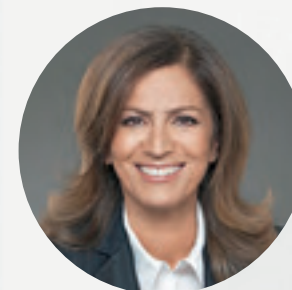
While CEOs have been studied and surveyed many times, past projects have not focused on the *human side*—on what it actually *feels like* to take on the responsibility of the CEO. These studies measure priorities and strategies; they look at what behaviors successful executives exhibit and how their careers developed. But they do not focus on the critical elements of preparation and adaptation. This is the untold story.

How are CEOs coping with this increased pace and pressure? Are today's CEOs sufficiently prepared for this journey? What do they wish they had known before taking the job? Do they have the support network they need to succeed and adapt?

As leadership advisors at Egon Zehnder, we partner closely with CEOs on this challenging journey. So rather than making assumptions, we decided to ask them these questions directly.

Between November 2017 and January 2018, we conducted a global research project, surveying current chief executives from a wide cross-section of industries, countries, and corporate structures. A large number—402 of them—responded, sharing their perspectives on what the job entails, the level of preparation they felt they had received, their succession planning process, and how they lead and cope in these volatile times.

The most compelling results and insights appear in this report, *The CEO: A Personal Reflection*. This project sheds new light on what it means to be a CEO today—and what these executives require in order to succeed.



Kati Najipoor-Schuette

Kati Najipoor-Schuette



Dick Patton

Dick Patton

Global Practice Group Leaders, Egon Zehnder CEO Practice

Executive Summary

“When you become the final decision maker,” wrote one CEO, “everything changes.”

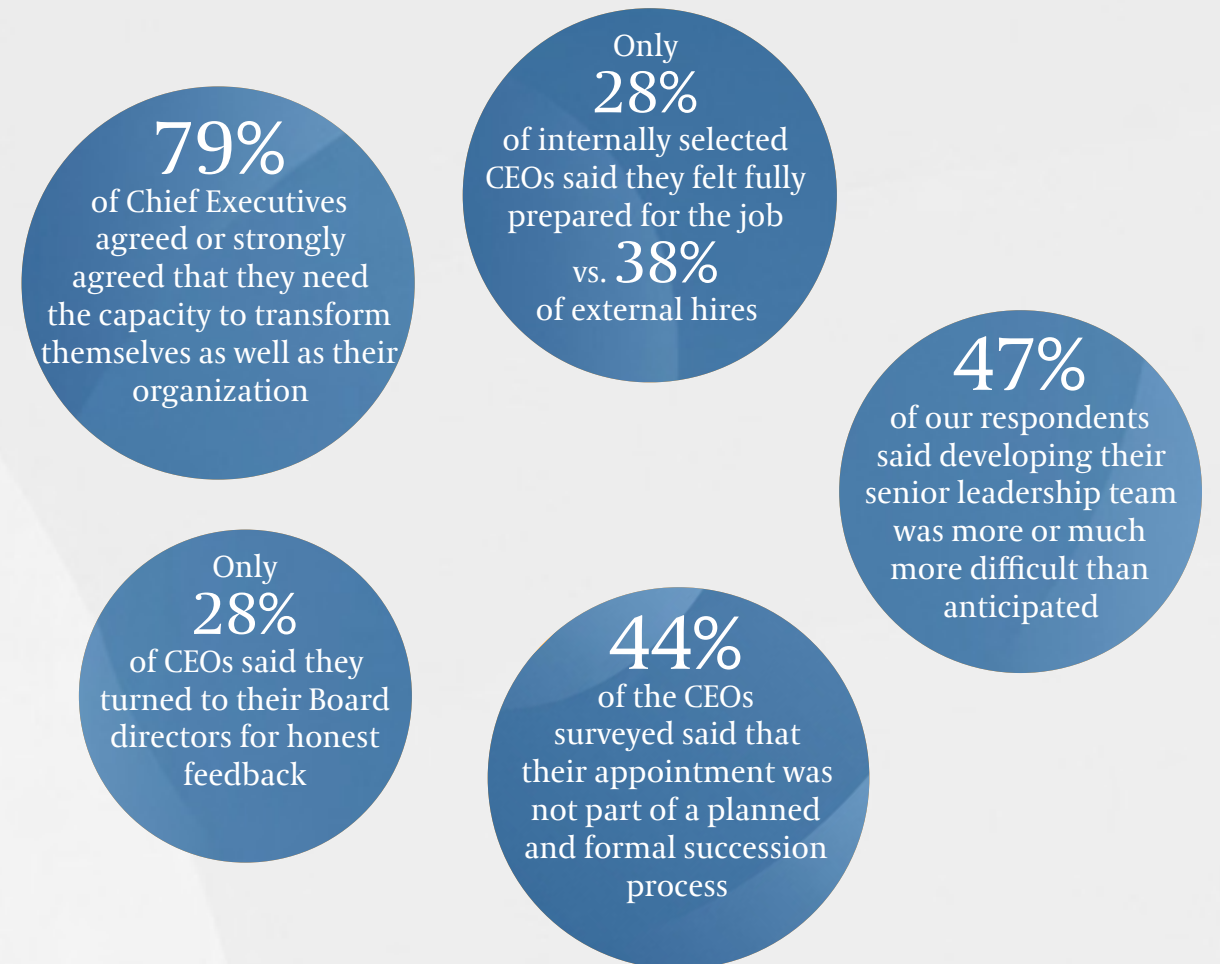
We found that Chief Executives are, in general, quite confident in their skills and abilities. At the same time, they also admit that certain parts of the role have proven more challenging and isolating than anticipated. Being CEO, they say, is a position that one can partially prepare for, but that one must also inhabit and embody to truly understand.

CEO respondents shared the obstacles and the opportunities they face—something that’s incredibly difficult to do in a role that often requires the projection of total confidence. They wrote honestly about the ways in which they felt prepared for the role and the ways in which they have struggled. They discussed the state of succession planning in their companies and how some processes could be improved. And they generally—across countries and sectors—expressed the importance of taking the time to pause and reflect while in their role.

This need to pause and reflect, as existential as it may sound, goes straight to the heart of what it means to be a Chief Executive today. Our work as leadership advisors, along with the results of this project, underscores the difference between “being” a CEO—meaning embodying leadership—and “doing” the job of CEO, or executing the operational requirements of the role.

These are two equally important sides of one coin. Yet they require completely different mindsets, approaches, and skills, and are sometimes at odds with each other. Our CEOs say that they have had to transform themselves while at the same time transforming the business. They are on what we call a *dual journey*, and navigating it correctly is critical to success.

Here are some of the most striking findings:



Our findings are divided into three categories: *Mindset for Success, Preparation and Succession*, and *Expectations vs. Reality*. We have also highlighted gaps in the important relationship between the CEO and the Board of Directors, and significant differences in responses among CEOs from different countries. We found important distinctions between first-time and experienced CEOs and uncovered some major gaps in the preparation of internally promoted executives.

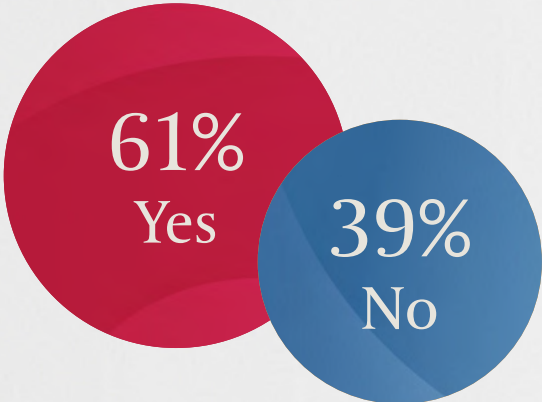
We share these insights with great enthusiasm and hope that you find them as valuable as we do. To discuss the contents with a leadership advisor at Egon Zehnder, or if you would like to take your own deep, interactive dive into all of the data, please visit: www.egonzehnder.com/CEO-study-2018



Demographics

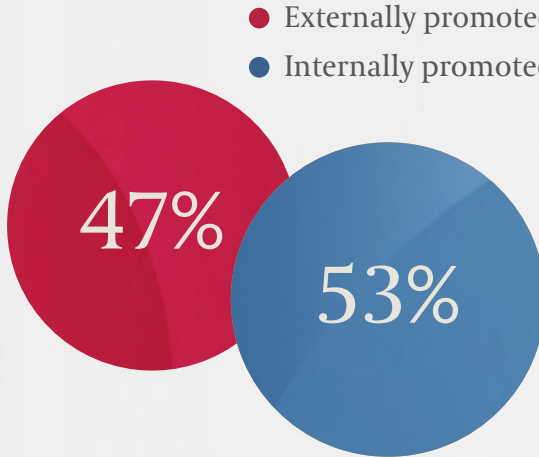
Our survey's 402 respondents hail from companies located in 11 countries and a wide cross-section of industries. Of the respondents, 82% of them run companies with more than USD \$1 billion in revenues, 30% run companies with more than \$6 billion in revenues, and 10% lead companies with more than \$20 billion in revenues. First-time CEOs made up 61% of the pool, and just over half (53%) were internally promoted into the role.

First CEO Role?



Is this your first CEO role?

Promotion



Were you internally promoted or externally appointed into the CEO role?



THEME 1

Mindset *for* Success

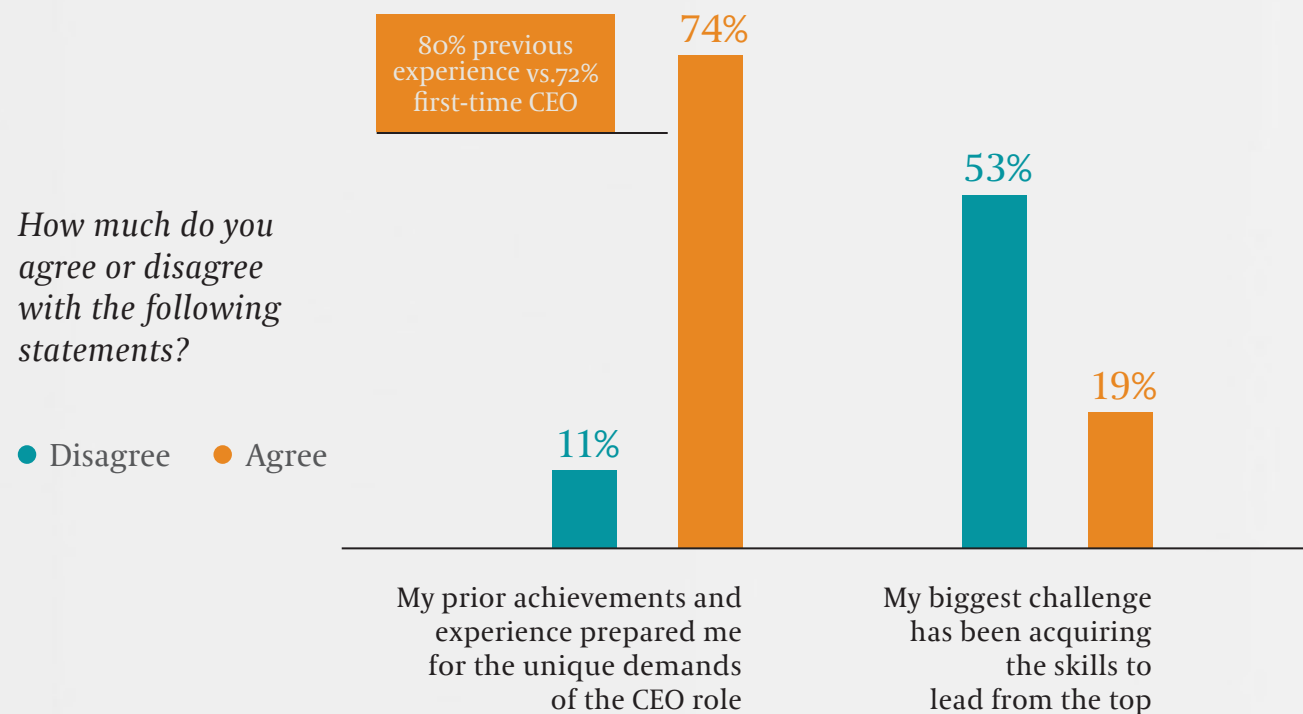


“As CEO, I need the capacity to transform myself as well as my organization.”

Self-Transformation Is Critical

The statement above is one that you’d think might make some CEOs uncomfortable, given that they are supposed to embody the organization they lead, with little room for the individual. But that was not the case. Remarkably, 79% of Chief Executives agreed or strongly agreed with the statement above (in India, 93% did). Today’s leaders see a link between self-transformation and organizational transformation—and believe that both are required for an executive to find success in the top role. Yet they know that this is no easy task.

CEO perspectives



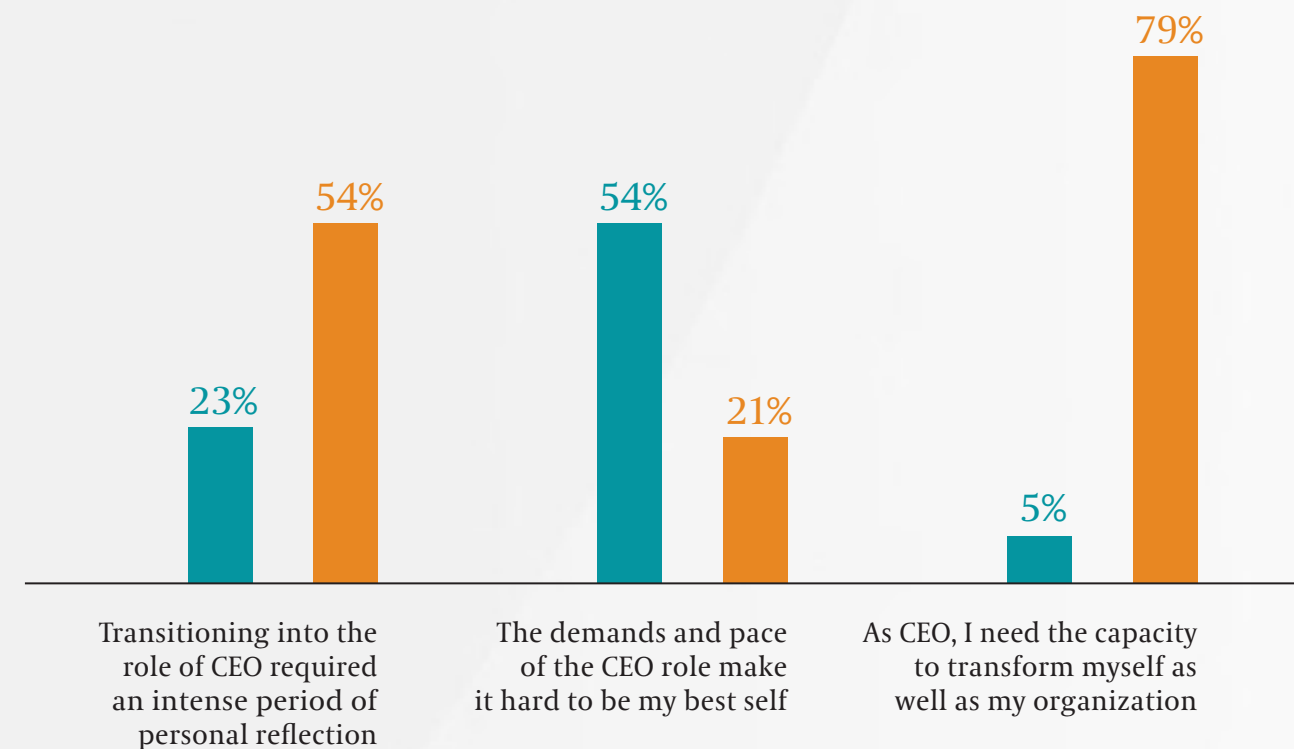
Confidence and Self-Awareness

The majority of our CEO respondents believe that they have the skills to do their job; three-quarters (74%) said their prior achievements and experience prepared them to be CEO. Among experienced CEOs, 87% felt prepared; for first-timers, the number was 72%.

Yet at the same time, they understand that they need a particular mindset in order to be successful—a “continual growth” approach that requires introspection, self-awareness, and the ability to adapt. It is not easy, and their open-ended responses reflect this.

“[It’s about] stepping back and reflecting,” said one CEO, “acknowledging that I do not have all the answers and do not need to have them.”

CEOs know and accept the fact that their jobs are extraordinarily all-consuming—they are extremely well-compensated for it, after all—and that they must give off an air of omniscience, particularly with certain stakeholders. Yet most leaders we surveyed were outspoken about their desire and need to work on their own personal development because they see this as a critical element of both their own success and that of their organization.



“Transitioning into the role of CEO required an intense period of personal reflection.”

Overall, 54% of CEOs said they agreed or strongly agreed with the above statement. For first-time CEOs, the number was 60%—giving support to the notion that becoming CEO is a true step change away from the rest of one’s career trajectory. You can be prepared, but that doesn’t mean that you are truly ready. To get at that dichotomy, we asked the following question—and were impressed by the deep, thought-provoking responses our CEO respondents shared, a selection of which are reprinted here:

The Critical Need to Balance “Being” and “Doing”

As CEO, there is a tension between “being,” which means that the organization feels your presence, and “doing” the job, which is executing the operational requirements. Is there one habit that helps you achieve this balance and/or one that limits your ability to do so?

OUR VIEW:

Tone Comes from the Top

At Egon Zehnder, we believe that the CEO and the leadership set the tone of a company’s culture. It has been said that an organization cannot perform at a higher level than its leadership’s consciousness. This means that to be successful, CEOs must embark on what we call a “dual journey.” They must have the capacity to transform themselves while doing the same to the business.

How to balance “Being” the CEO with “Doing” the job?

“Being brutally honest and truthful to myself to the point it hurts. There are times I have not been able to do it and admitting the same publicly has helped.”

“Stepping back and reflecting, acknowledging that I don’t have all the answers and also do not need to have them.”

“The most difficult issues are physical stamina and mental control.”

“Frequent and transparent communication at every level.”

“Showing presence.”

“Constantly reminding myself to ask questions rather than providing solutions.”

“If the ‘doing’ doesn’t lead to ‘being,’ then delegate.”

“Having an outside coach helping to identify when you are “being” and “doing” the job has been extremely helpful.”

OUR VIEW:

Getting to Personal Growth

Knowing that one has to become more self-aware is not the same as actually doing it. Our leadership advisory experience suggests three paths to opening oneself up to personal growth:

1.

CEOs should show curiosity and challenge themselves by making sure to be surrounded by people who speak honestly, are strong, expand their knowledge, and empower them to do their work.

2.

They need to adopt personal habits that allow them the time and opportunity to maintain their energy, reflect, and be mindful. They need to be connected to themselves and to others, listening not only with their minds but also with their hearts.

3.

They need to look outside of themselves and their organization for ideas and learn to experiment from a zone of discomfort.

Regaining Energy

Not every CEO manages to find the balance. One-fifth (21%) say the demands of the position make it hard to be their best self, with internally selected CEOs reporting a higher level of tension (27%). The executives shared different coping strategies, as reflected in the comments below.

What do you do to regain your personal energy?

“Maintaining personal energy and the sense of well-being has been the most surprising and difficult part of the role. I accomplish it in two fundamental ways: 1) creating time on my calendar every day to just think and prioritize to maximize my personal impact and 2) creating time during my weekend to participate in an activity that takes my mind off of work.”

“Communicating with other CEOs in order to get stimulation. It encourages my motivation.”

“I do reach out to my coach (mentor) fairly often to encourage on the ongoing issues, and in times of need for any specific guidance and inputs—and he has always succeeded in elevating me to a new high on energy.”

“Be with people who give rather than drain energy as much as possible. I relentlessly pursue my passions for learning (e.g., complexity theory, quantum physics, eastern metaphysics, at present), personal fitness, and exploring the natural world.”

“I take time to reflect on my purpose, which is to actively and positively impact as many people as I can.”

Feedback

Understanding how isolating the CEO position can be, we also asked CEOs who they turned to for honest feedback. It's critical that they reflect on who they have become—while at the same time getting input on that fact from others.

OUR VIEW:

Boards Must Do More

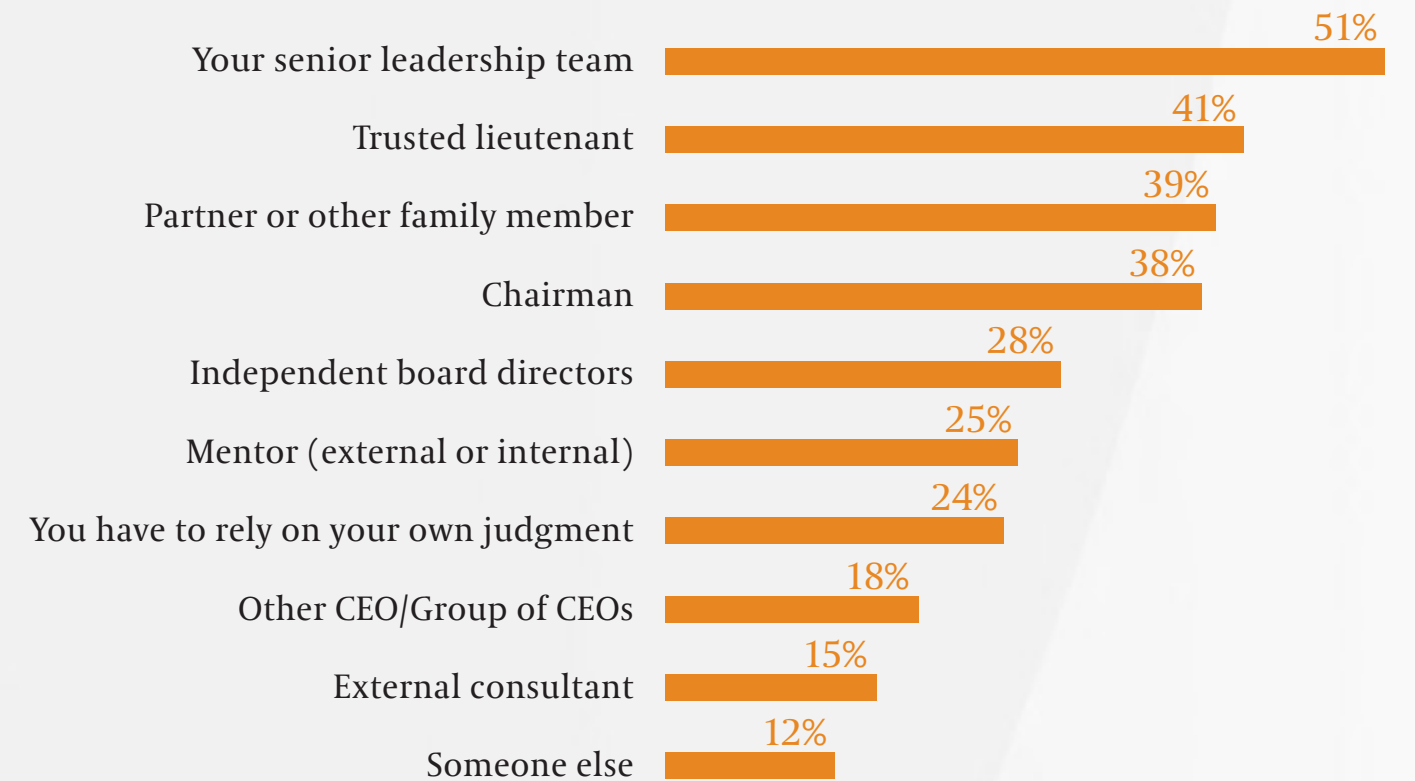
We believe that Boards must support the CEO's personal growth through the leader's **entire** tenure. Boards too often focus on CEO requirements and feedback during succession and treat this process as a moment in time, matching business requirements to candidate profiles. Only when there is a disruptive event—such as continued poor performance, ethical issues or health—do Boards become active again.

The clear conclusion from our survey is that many Boards are not sufficiently supporting CEOs. Boards and executives must improve their relationship, in part because they have a fiduciary duty to provide honest and constructive feedback to CEOs. If CEOs cannot get honest feedback from a critical stakeholder, it is hard for them to succeed.



Sources of honest feedback

For truly honest feedback, who do you turn to?



The results revealed a stunning lack of communication among important stakeholders. Just over half—51%—of respondents rely on their senior leadership team for that feedback, which implies that nearly half of them can't or don't. Boards of Directors' primary roles are CEO succession and governance. But just as important—and often missed—is their responsibility to advise and support their CEO on his or her own development. When asked where they turned for honest feedback, only 38% of CEOs named the Chairmen of their own Boards of Directors, only 28% cited any member of their Board, and almost one-quarter (24%) said "You have to rely on your own judgment."



THEME 2

Preparation *and* Succession



Readiness

Can you truly prepare to be a Chief Executive? Yes...and no. That's what our survey respondents told us. In general, they expressed confidence that they have the ability to succeed and that they were ready to do the job: 80% of respondents indicated that they felt either "somewhat" or "fully" prepared for their current role, with only 9% saying they were either "somewhat" or "completely" unprepared.

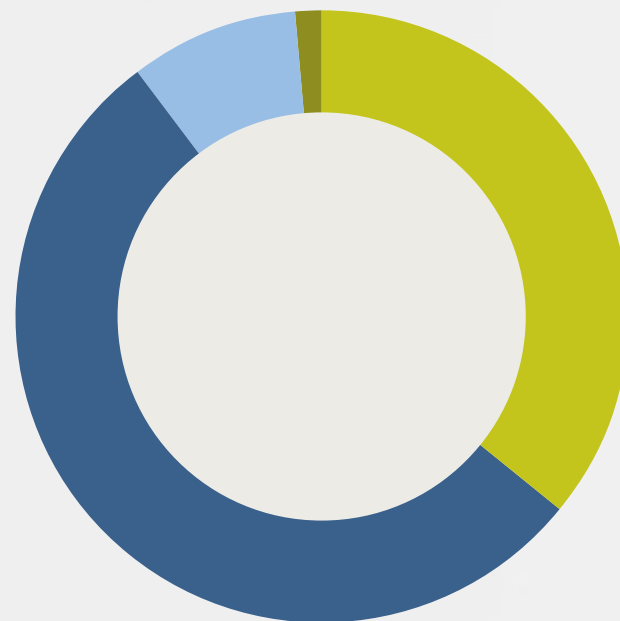
It's natural for CEOs to express confidence. They have spent their professional lives aspiring to this role, and many of them have been conditioned to not admit any kind of vulnerability. It is also an indication that they have acquired the skill set needed on their journey to the top. Responded one CEO: *"[I followed] a logical progression of activities—COO, strategic planning, exposure to Wall Street, earnings calls, development of Board relationships."*

Preparedness for the CEO role

1%
Completely unprepared

8%
Somewhat unprepared

48%
Somewhat prepared



28%
of internally promoted CEOs felt *fully prepared* compared to 38% of externally promoted CEOs

32%
Fully prepared

Do you feel you were adequately prepared for your current role as CEO?

OUR VIEW:

Developing the Internal Leader

The vast majority of CEO successions today are internal. So the relative lack of preparation for the role that the survey has uncovered among internally selected executives is a critical insight. What we are hearing from our respondents is that for all of their skills and business training, internally selected CEOs need more guidance when it comes to preparing for the top position. That can come from other executives, from the Board, or from outside leadership development organizations (or all three); this lack of guidance is clearly affecting a large portion of CEOs today and needs to be addressed.



Internally Selected Executives Feel Less Prepared

Yet when you dig deeper, some intriguing contradictions emerge. Internal hires expressed less confidence in their overall preparation for the CEO role, with only 28% saying they felt "fully prepared" for the job vs. 38% of external hires. That could be because external hires are likely to have had more CEO experience, or because, as many CEOs told us, it's harder for internal hires to make the shift from being an equal member of an executive team to supervising former peers and creating followership. One executive said he wished he had been trained in "leading from the top."

Isolation

CEOs were also extremely forthcoming about where they fell short in their preparation and in which ways they wished they had been better trained. They responded honestly and openly about just how different—and often lonely—their new role had turned out to be, exploring some of the deeper reasons and feelings behind that loneliness. For all of their preparation, there were some aspects they said they simply could not appreciate until they were sitting in the corner office.

When we look closely at the comments our respondents made, it is clear that the areas that they wished they had known more about hewed closely to the “being” aspect of the CEO role. The largest number of open-ended responses (56) related to the parts of the role that were unique to being a CEO. The CEOs also were particularly outspoken about needing more experience and skills training (45 respondents), help with communications and media (31), and assistance with Board relations (25). The clear implication: CEOs need more guidance on the human side of leadership than they are getting.



What do you wish you had known or been trained in before taking on the top role?

“That no one is honest anymore, that there are very few people you can fully trust. That is the tough part.”

“This job demands more patience than what I expected. ... I think one has to go through a maturity cycle. And I suppose you can’t teach this.”

“That you may become a role rather than a person.”

“How to manage the Board better.”

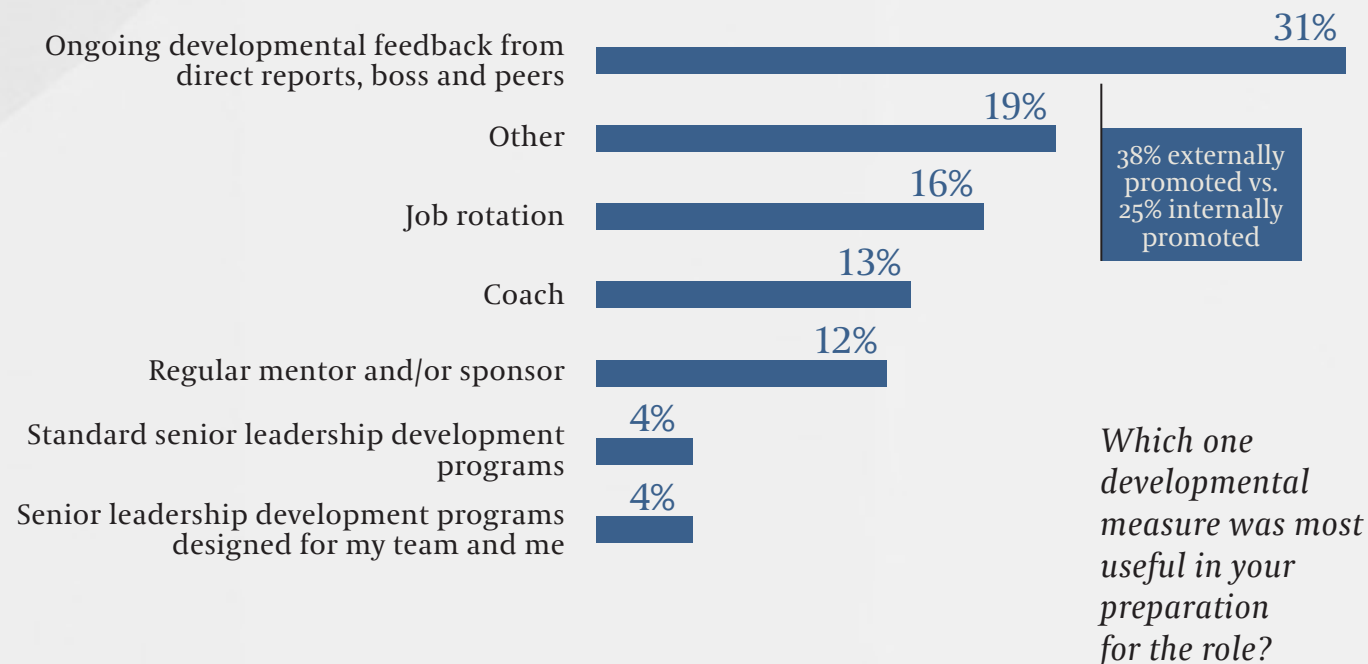
“How lonely it can be unless one has a circle of other public company CEOs to turn to.”

“The sometimes-not-intended impact every move and statement have.”

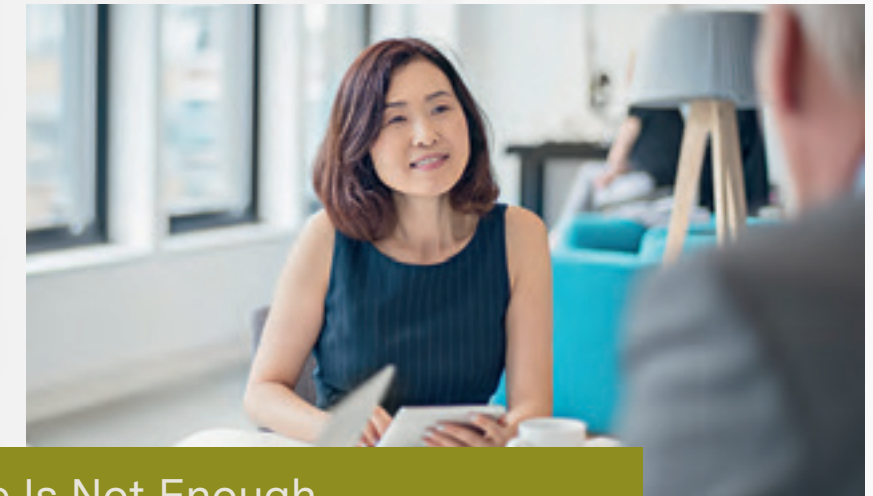
Guidance

Where do CEOs go to get this guidance? The executives shared a variety of types of support—and also exposed a significant number of places where that support was lacking. One issue that came up consistently was the relationship between the CEO and the Board. Very few executives, it seems, feel ready to manage those dynamics.

Single most useful developmental measure for CEO role



Ongoing feedback from direct reports, boss, and peers was the most useful measure, according to 31% of respondents. Sixteen percent pointed to job rotation. Only 8% of respondents chose leadership development programs, whether traditional or bespoke—suggesting that many of those currently in use are not fulfilling their promise to their executives. Yet this type of advice and support is badly needed, and here we saw another interesting difference between externally and internally promoted CEOs. Externals were more likely to rely on direct reports, boss, and peers for feedback, while only 25% of internally promoted CEOs cited this as the most important. This suggests that internals are not getting the same level of feedback from their own peers, which—given that they presumably worked together before taking on the new role—is surprising and suggests a breakdown of communication. But why? We hypothesize that it could come from discomfort either from the new CEO or from the former peers who are now direct reports.



OUR VIEW:

Feedback Alone Is Not Enough

As we have seen in the survey, feedback from direct reports, close colleagues, and others is absolutely critical. Yet this is only the first step of a very complex process. Any truly useful leadership development process must take that feedback and then work closely with a leader to help them access previously underdeveloped aspects of their personality and to consider the habits and beliefs they need to change in order to succeed as CEO. The bespoke program cannot be a single event; it must be an integral and ongoing part of the CEO's journey. And in this complex world, one coach can no longer meet all of the developmental needs of a CEO; a more holistic, sustained approach is needed.

Succession Planning: Still an Afterthought

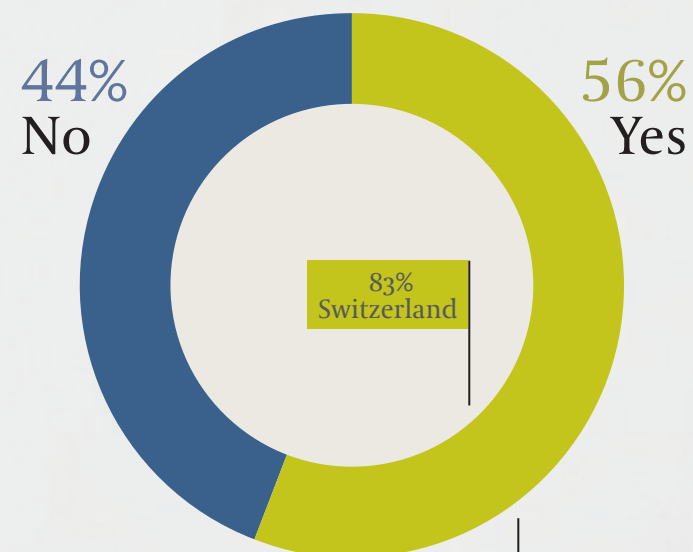
Succession planning is undoubtedly one of the most critical drivers of a leader's success. And yet the reality, even today, is that in many major companies, succession is a sudden and disorganized process rather than a carefully planned one. The clash between ideal and real is borne out in our survey: 44% of the CEOs surveyed said that their appointment was *not* part of a planned and formal succession process.

Respondents' Succession Experience

Of the 56% who did go through succession planning, almost *one-fifth* (19%) of them rated their process as poor—suggesting that there is much work to be done in this area. There were some notable differences by country: Just 30% of Japanese CEOs rated their process as good, while in India, nearly 80% did. Open-ended answers to our question offer concrete suggestions for improving the process.

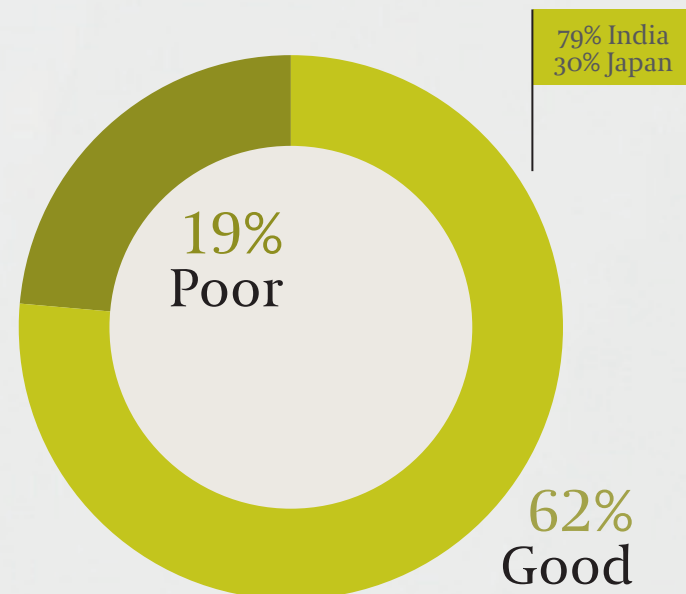
Succession

Was your appointment part of a planned and formal succession?



83%
Switzerland

How would you rate the succession process?



79% India
30% Japan

46% externally promoted vs.
64% internally promoted

Note: Rest to 100% = neutral/n.a.

What aspects of your succession process could have been improved?

“Sharing more of the true challenges in the industry, the company, the company culture, the company leadership team. Would love to see more honesty and reflection from the Board.”

“Role definition, appraisal process, and constructive feedback loop.”

“A smooth handover would have added efficiency.”

“More deliberate management and exit of prior CEO.”

“Professional onboarding.”

“More time explaining/showing what a CEO role is like. It IS NOT an operational role.”

Current Succession Process

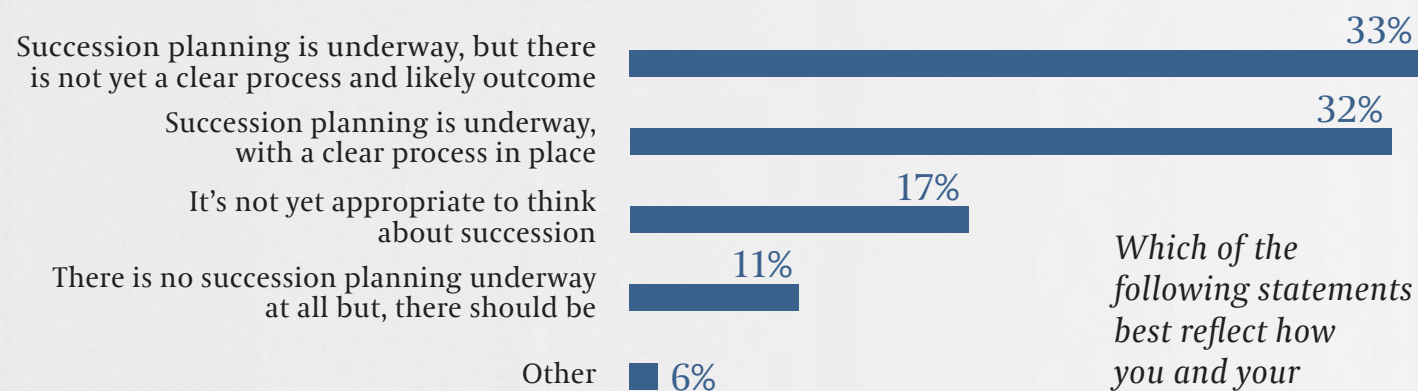
We also asked CEOs whether there was a succession process underway to replace *them*—something that most governance experts and Boards say should be happening even if the CEO has just assumed the role.

Almost two-thirds of respondents said there was some succession planning underway, but only 32% of them said that there was a clear process in place. Eleven percent said that there was no succession planning underway at all—but that there should be. And only 27% of CEOs believed that their own successor would be better prepared than they had been (although American CEOs were more positive, with 38% saying so).

There are two implications here: One, that Boards of Directors must spend more time on succession; and two, that the CEOs themselves aren't focused on the growth and development of their own replacements. Another possibility is that both sides think that the other side is handling it—which suggests, again, a gap in communication.

When we asked executives to rank their two most important goals after building a successful business, only 25% of executives ranked developing a group of potential successors first or second (though for first-time CEOs, it was 30%, and for Japanese CEOs, it was 53%). Succession must be a much higher priority than it currently is—inside both the executive suite and the boardroom.

Current succession planning



Which of the following statements best reflect how you and your organization are preparing for your succession?

OUR VIEW:

A Board's Guide to Succession Planning

Know your strategy

Determine which skills and experiences a new CEO should bring to the company to lead it to where you want to go versus where it is today. Think upfront about the tradeoffs you would or would not make.

Know your options

Make confidential internal senior talent review and development a standard Board procedure. It's not just the CEO; the Board and the incoming CEO have the responsibility to create a senior leadership team, which may also be the source of the next CEO.

Don't wait

CEO succession planning should begin at least three years before a possible change and be part of the strategic review process of the nominating committee or the full Board. Senior talent reviews can help embed the concept of succession inside a company.

Have an emergency plan—just in case—and a long-term, future-oriented CEO development plan. Its requirements should be reviewed before the annual CEO candidate review and must cover leadership qualities and traits in addition to experience and skills. Internal candidates should always be benchmarked against external talent.

Top CEO contenders must be supported with job rotation, education, and deep personal development and access to best-in-class development experts.

Plan for retaining and supporting internal leaders who don't get the role.

Create a well-defined transition and onboarding plan that incorporates the Chairman, the outgoing CEO, and external stakeholders.

THEME 3

Expectations vs. Reality



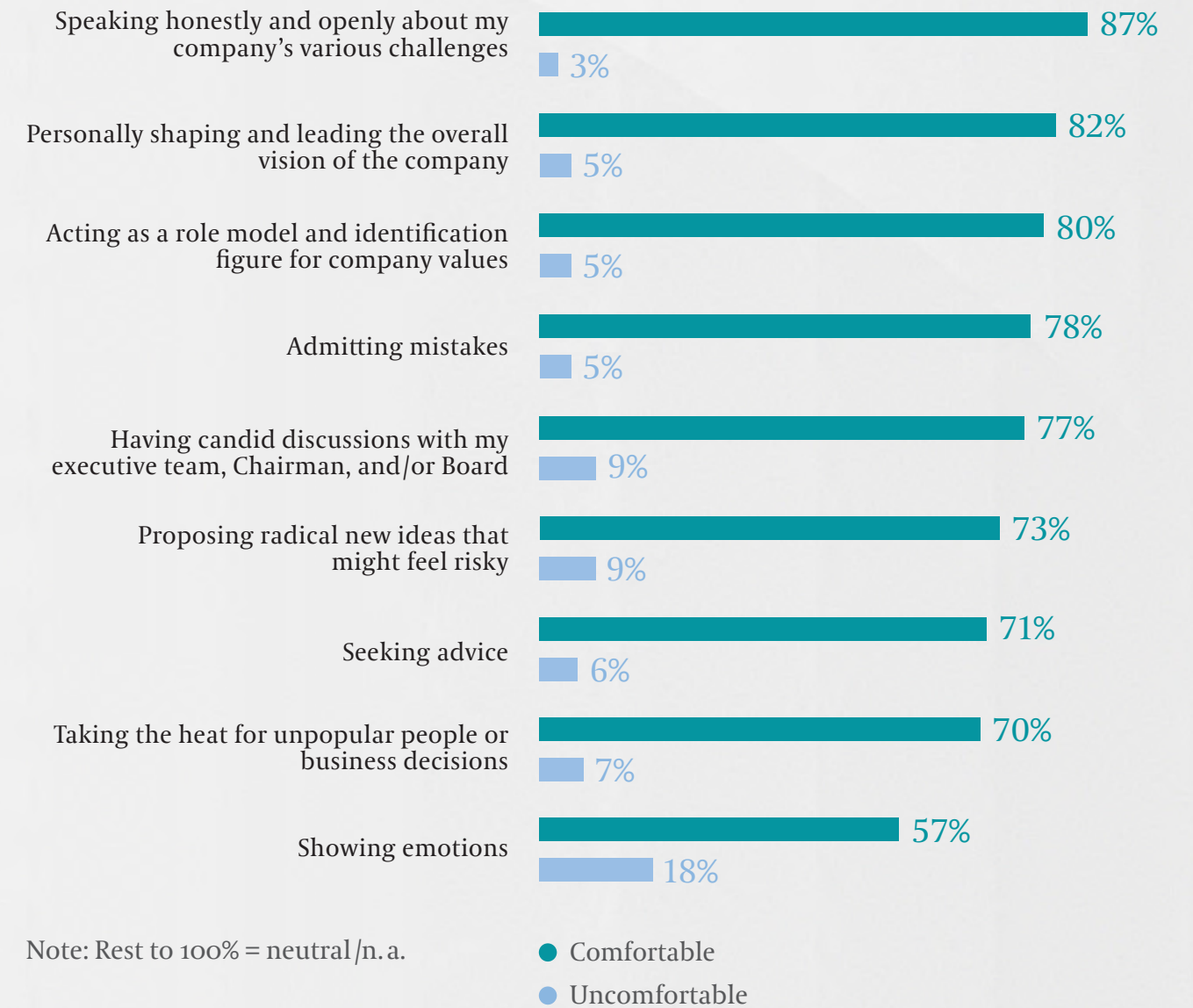
The CEO respondents really opened up in this section, sharing vulnerabilities and also offering specific suggestions for how to improve the process of becoming Chief Executive. In some cases, CEOs felt that they had adequately anticipated what would happen; in others, they expressed frustration and even confusion.

First, the good news: CEOs feel comfortable with many aspects of their job.



In your role as leader, how comfortable are you ...?

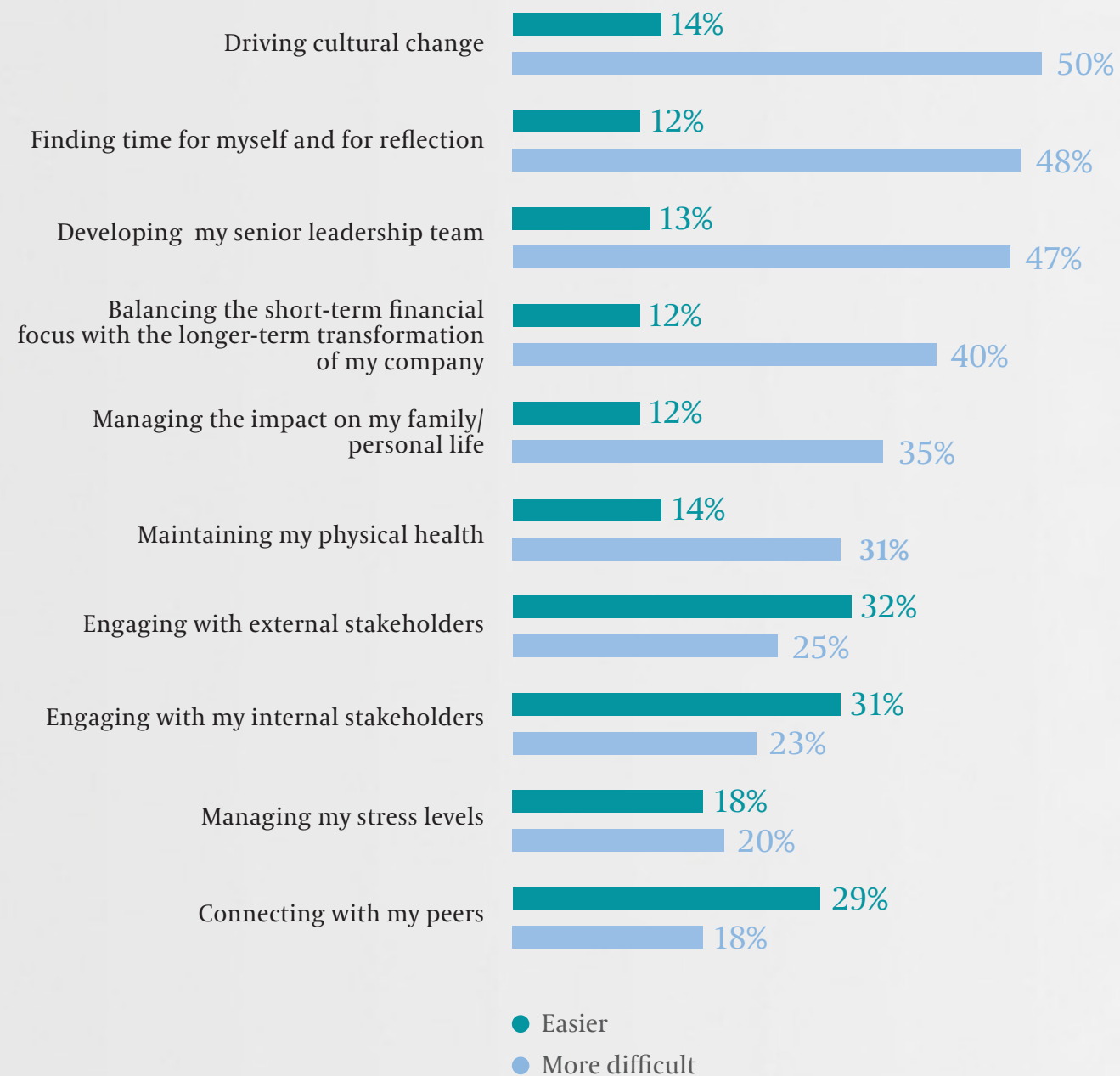
In your role as leader, how comfortable are you doing the following?



And yet, when CEOs were asked how various aspects of the role compared to their expectations, we heard a much more nuanced perspective, with a clear message that many things were more difficult than anticipated. This is particularly true of the human aspects of the role—supporting our belief that CEOs are not getting the preparation they need in this area.

How does the CEO role compare to expectations?

How do the following aspects of being CEO compare to your prior expectations?



Culture Change

Although it is often the first thing a new CEO is expected to oversee, 50% of respondents said driving culture change was more or much more difficult than they'd thought (74% of Japanese executives thought this, compared with 21% of Swedish executives). When asked what they wished they had known earlier on this topic, CEO respondents didn't hold back.

Open-ended perspectives included: "Awareness about the company's culture," "Better understanding of developing a high-performing culture," and "How resistant the culture was to change. I would have moved faster on some changes as a result." It seems clear that CEO candidates need more preparation in terms of how to create and lead culture change.

Time to Reflect

Nearly half of our CEO respondents (48%) said finding time for reflection was more or much more difficult than anticipated. In one critical insight, 35% said they had not anticipated how hard it would be to manage the impact on their personal life. It's surprising, after a career filled with absolutely intense work and travel, that executives would see such a difference, but many of them do.

This finding underscores the point that the CEO experience is, in fact, unique. It is also notable that internally promoted CEOs reported more difficulty than externally promoted CEOs in finding reflection time (39% to 30%).

Senior Leadership Team Development

As most executives know, a new CEO cannot and will not succeed without a strong team. Said one: "Building, hiring, training, trusting a strong team allows me to delegate most of the doing. My ability to make people decisions and act on them decisively is the most important skill in this role." So it was disconcerting to find that 47% of our respondents said developing their senior leadership team was more or much more difficult than anticipated. We saw a difference here between internally- and externally-appointed CEOs, with 50% of internals citing difficulty vs. 41% of externals. This may possibly be because internals must now supervise their former peers.

One new CEO expressed this struggle eloquently and painfully: "The impact of having my peers become my direct reports changed the dynamic in a way that was much more lonely than I had envisioned."

We also found significant differences among CEOs from different countries—suggesting that executives in certain cultures may need more help in this area. In Japan, for example, 74% of respondents said senior leadership team development was harder than they'd thought, compared with just 23% of Swiss CEOs.

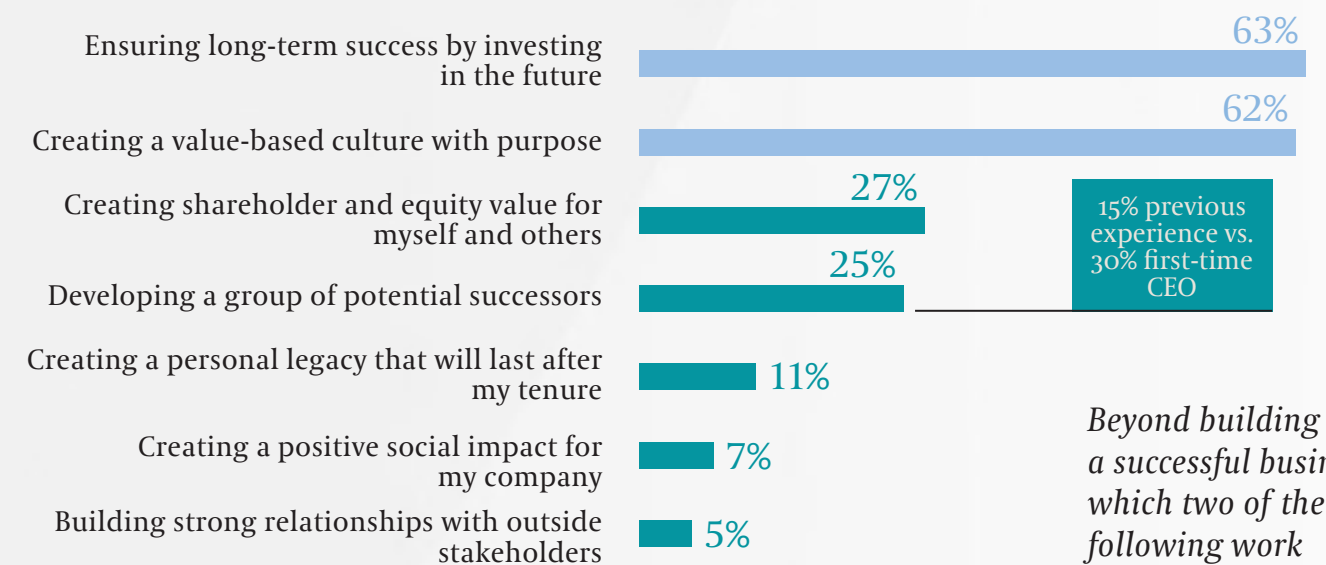
Engaging with Stakeholders

When it comes to interacting with internal or external stakeholders, CEOs were better prepared than they had been on other topics: 31% of executives said it had been easier than they'd thought to connect with internal stakeholders, and 32% said the same of external stakeholders. Counterintuitively, when it came to connecting with internals, it was easier for the externally promoted executives (40%) than for the internals (24%), perhaps because externally selected executives had more of a formal change mandate.

Purpose-Driven Business Objectives

Next, we asked executives what they wished to achieve in the role. Every CEO has the same overall mandate—to lead a successful business. But what do they think are the most important goals *beyond* that strict business mandate? We asked CEOs to rank their two most important objectives beyond building a successful business—and received some fascinating responses.

Most important business objectives



Beyond building a successful business, which two of the following work objectives are most important to you?

There were two objectives that CEOs ranked as equally important: “Ensuring long-term success by investing in the future” (63% ranked it first or second, with 88% of Swedish executives doing so) and “Creating a value-based culture with purpose” (62%).

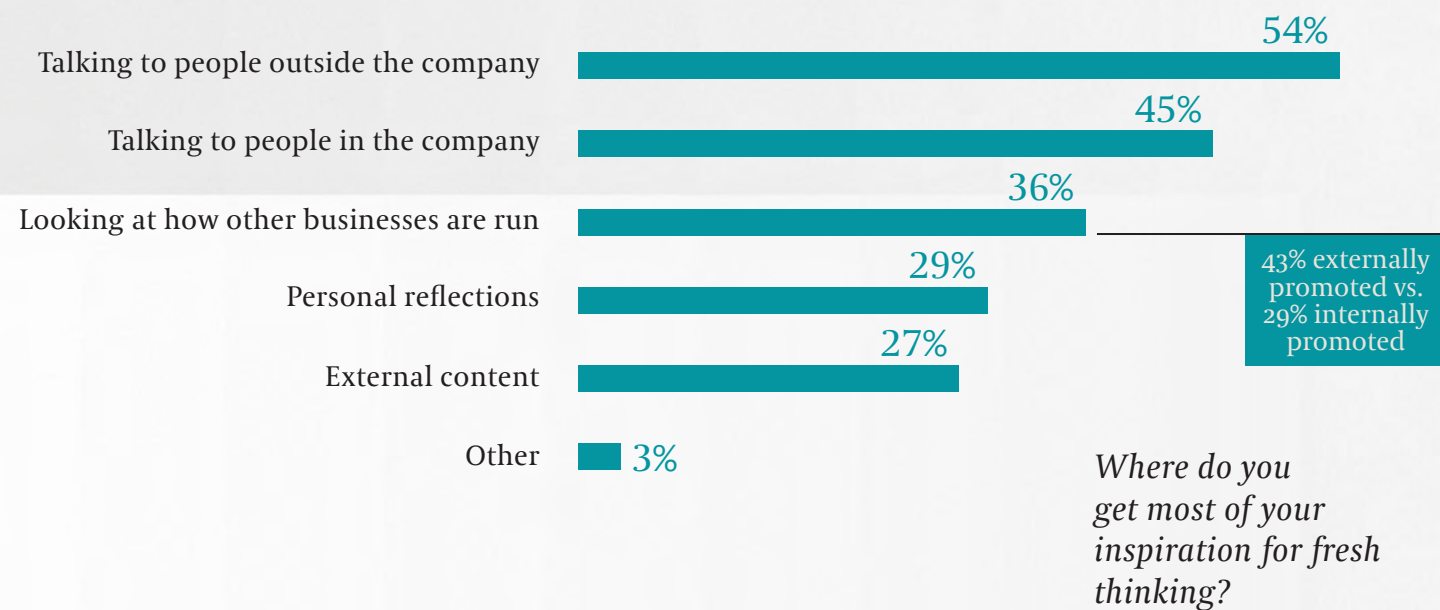
Said one CEO: *“As the CEO, I sincerely want to grow our company and make us a company that is critical and indispensable for our society. I want to devote all my energy to thinking about how I can contribute in this regard and acting upon it.”*

Said another: *“I am a builder. I draw the most energy from working on things that create a better future for employees. I also am very energized by thinking about long time horizons and multistep growth processes.”*

These answers suggest that CEOs are looking more to the long term than many stereotypes would suggest, especially for public company CEOs, who must manage to quarterly earnings and expectations. Supporting that conclusion is the fact that only 27% of CEO respondents ranked “Creating shareholder and equity value for myself and others” as a top-two priority—although 39% of U.S.-based executives did so, demonstrating the pressure to deliver market returns in that country.

And although creating a culture with purpose is important, only 7% of CEOs ranked creating a positive social impact for their company first or second—with the exception of Australian CEOs, of whom 39% did so. This suggests that corporate social responsibility may not be gaining traction among current CEOs—or that it’s simply not much of a priority at the moment.

Sources of fresh thinking



Inspiration

Because the CEO role can be so isolating, we were curious about where CEOs went to gain new ideas. We asked them, **“Where do you get most of your inspiration for fresh thinking?”** and learned that the most popular response was “talking to people outside the company” (54%), although that percentage varied by country, with 75% of U.K. CEOs looking externally vs. only 39% of French executives. We also noted some reluctance to look at or imitate others: Only 36% of CEOs said they looked at how other businesses are run (and that number was much lower for internally selected CEOs, at 29%, suggesting that they are accustomed to thinking within their own four walls).

One implication here is that internally selected CEOs should be exposed to external thinking on a regular basis. Beyond that, all CEOs must understand that it is not a sign of weakness to look to others—even competitors—for great ideas. No man is an island, and neither is a company.

In Closing

As the leaders of Egon Zehnder's CEO Practice, we have spent many years working with Chief Executives to support their success. This survey reinforces several conclusions worth iterating—conclusions useful to not only current or future CEOs but also Boards of Directors, executive teams, and anyone who works in the leadership space. We welcome your feedback on both *The CEO: A Personal Reflection* and our analysis below.

CEOs are purpose-driven, confident—and also vulnerable and humble.

This study shows, we believe, that as confident as many CEOs are, there are many aspects of the role that they are *not* prepared for—and possibly *cannot* prepare for in the traditional sense. In today's complex new world, CEOs cannot have perfect answers to all of the questions and situations they will face. This openness comes through in the survey and conveys a humility that we did not see in years past. This shift also means that we must create a more dynamic way to define the role requirements of a CEO and to evaluate fit for the role. The deeper aspects of personality, growth mindset, and adaptability become significantly more important determinants in an era of collaboration and volatility.

Being appointed CEO is only the beginning.

We believe that the CEO is on a dual journey, one that requires both personal and organizational growth in order to succeed in today's uncertain world. We also believe—and the study confirms that many CEOs agree—that an organization is only as evolved as the mindset of its leader. Our leaders must be able to continually learn and grow, or they cannot succeed.

And yet while everyone actively discusses and builds strategies for organizational transformation, CEOs are telling us that they are not being supported on how to make this parallel personal transformation. We must develop the tools to help them do this.

It's more about "being" than "doing."

We believe that the preparation efforts and programs available today focus on "doing" rather than "being." Especially in unpredictable times, the best way to prepare leaders for the top role is to help them adopt a mindset of constant personal growth. They must embrace curiosity, learning, adaptability, and the ability to influence



culture and build strong teams. New conditions and opportunities demand that they leave their comfort zone—and that they understand that no one, not even the Chief Executive, has all the answers. This shift will take time, but CEOs are already telling us that they understand just how important this "being" element is to their success. In times of change, people need to feel the presence of a leader; there's no going back to the "command and control" CEO. Today's Chief Executives must embark on a journey, disrupting and transforming themselves in order to achieve organizational transformation.

Boards must support the CEO through the leader's entire tenure.

One clear conclusion of the study is that there is much room for improvement in the relationship between Boards and CEOs. Boards think deeply about the choice of the CEO, but after that, they often step back. Only when there is a disruptive event—such as continued poor performance, ethical issues, or health—do Boards become active again. Today's world demands that Boards support the growth and development of CEOs,

which they must focus on in tandem with the transformational needs of the business. This relationship only *begins* with the appointment decision. It needs to be a dynamic process, matching the upcoming transformation of the organization with the transformative mindset and capabilities of the CEO candidates. Indeed, this mindset is critical to *all* senior leaders—some of whom will be the next generation of CEOs.

Internally Selected Candidates Need More

Consistently in this project, internally selected candidates expressed more concerns about both the level of their preparation and the ability to build a group of both inside and outside supporters. Ironically, although they are much more familiar with the organization that they work in—having been there longer than any external candidate—some of them are struggling with the shift from Senior Executive to Chief Executive more than they expected to. There is an opportunity to make sure that insiders are not only prepared from a resume or P&L basis but also from a personal development standpoint. The fact that this is not happening may explain why so many chief executives do not succeed.

Thank you

for your attention to this project. What we have discussed here is only a small portion of the data and insights collected; if you would like to explore the entire survey in further detail, we urge you to visit www.egonzehnder.com/CEO-study-2018 for more.

For more information, please contact:
Kati Najipoor-Schuetz or Dick Patton, Global Practice Group
Leaders, Egon Zehnder CEO Practice

Kati.Najipoor-Schuetz@egonzehnder.com
Dick.Patton@egonzehnder.com

About Egon Zehnder

Egon Zehnder is the world's leadership advisory firm, sharing one goal: to transform people, organizations, and the world through great leadership. We know what great leaders can do and are passionate about delivering the best leadership solutions for our clients. As One Firm, our more than 450 Consultants in 68 offices and 40 countries bring our individual strengths to form one powerful collaborative team. We partner closely with public and private corporations, family-owned enterprises, and nonprofit and government agencies to provide Board advisory services, CEO search and succession, executive search, executive assessment, leadership development, and organizational transformation. We share a commitment to and pride in doing work that contributes to successful careers, stronger companies, and a better world. For more information, visit www.egonzehnder.com and follow us on LinkedIn and Twitter.

About Egon Zehnder's CEO Practice

Over the past five years, we have applied our own future-oriented, proprietary approach to more than 1,800 CEO mandates. We understand that the Chief Executive role is unique, particularly in the current atmosphere of complexity and volatility. These uncertainties require a future-oriented and aligned view on the business and leadership requirements of the CEO, one that must be reviewed regularly over the course of a transition.

We aim to partner with our clients in all aspects of the CEO leadership journey. That journey begins by aligning with your Board regarding the company's future transformational needs and CEO requirements. We then help you build a compelling internal pipeline of senior leaders with CEO potential by identifying, assessing, and advising them on their development journey. The CEO transition process also means working hand-in-hand with your Board of Directors to develop a clear, workable succession plan—one that helps internal executives accelerate their personal development through our heralded Executive Breakthrough Program, designed and facilitated in partnership with Mobius Executive Leadership. Once you've selected your CEO, we can apply our "Accelerated CEO Impact" program to assist in onboarding. This bespoke option begins before the CEO's first day and helps make their first 100 days and beyond a success.

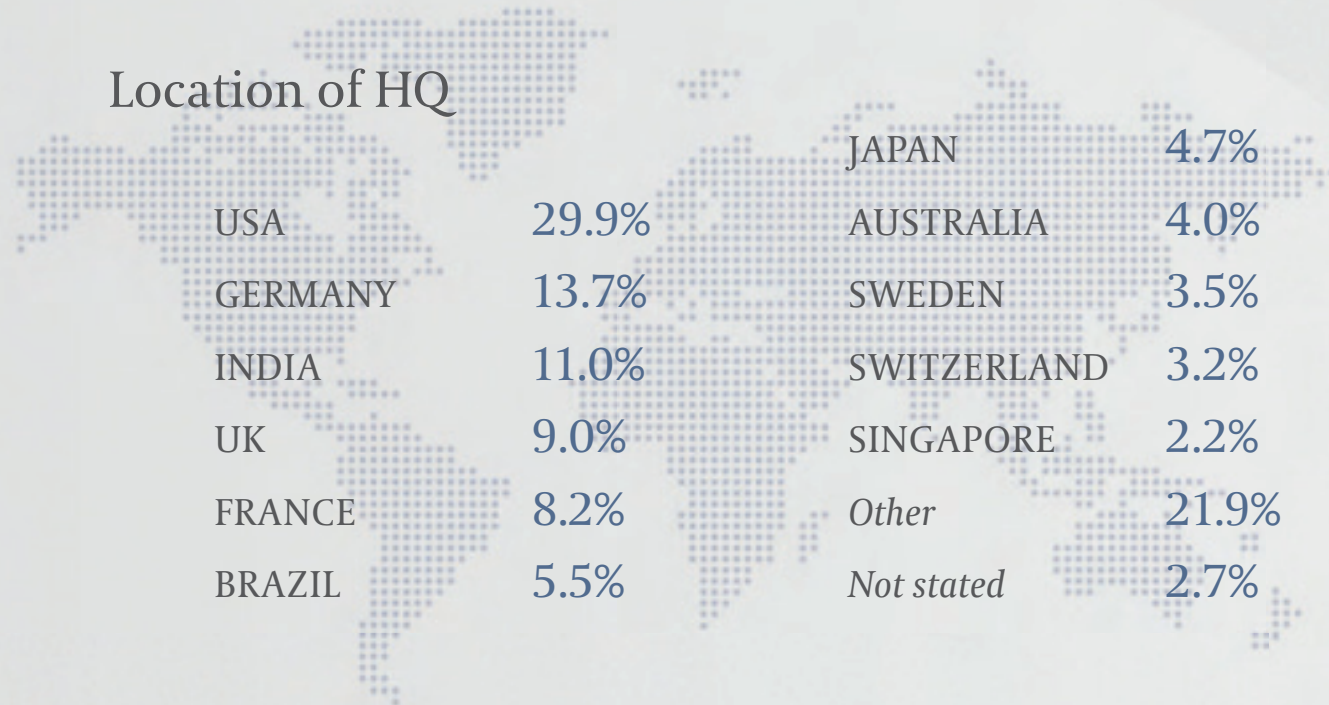
© 2018 Egon Zehnder International, Inc.

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording or otherwise—without the prior permission of Egon Zehnder.

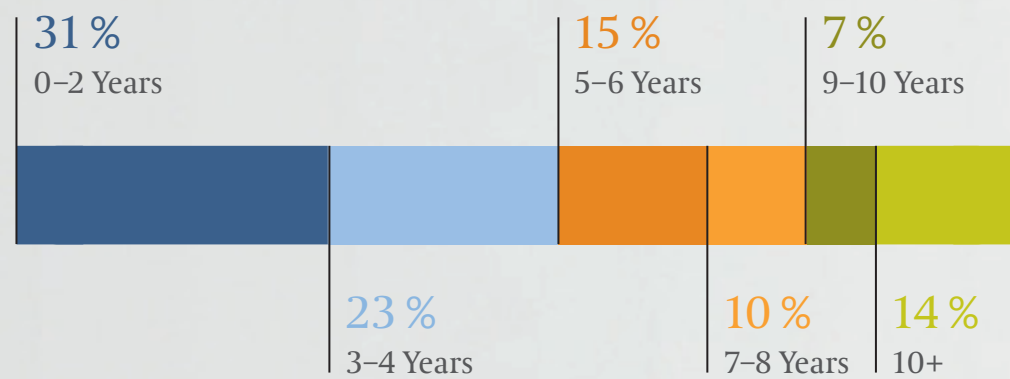
Appendix Data

Location of HQ



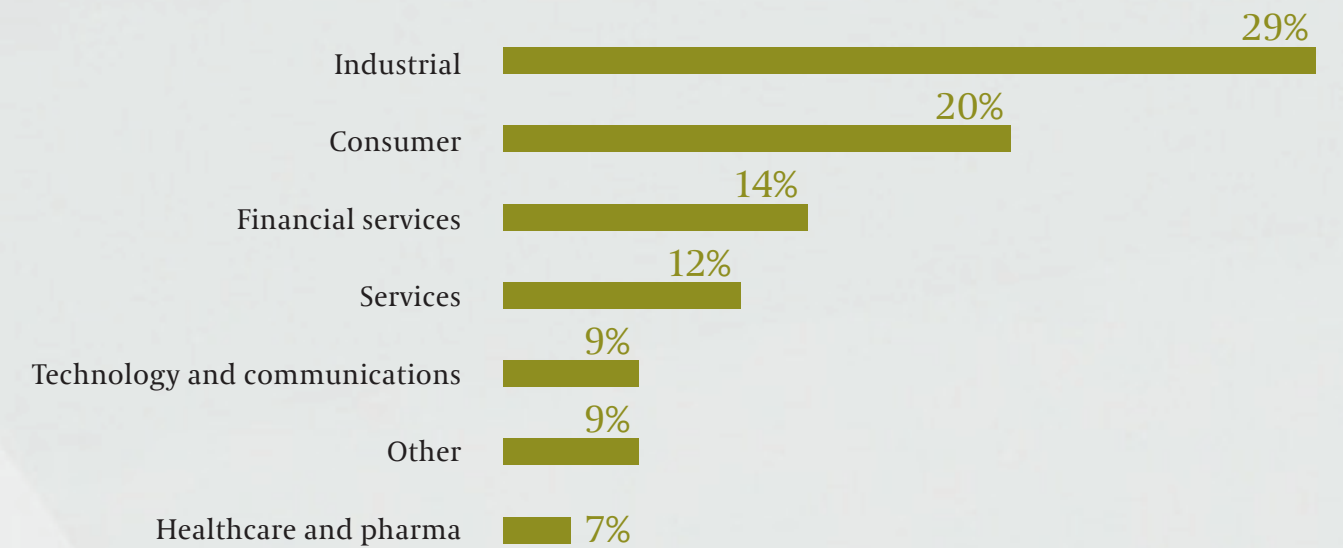
Length of time in CEO role

How long have you been in your current CEO role?



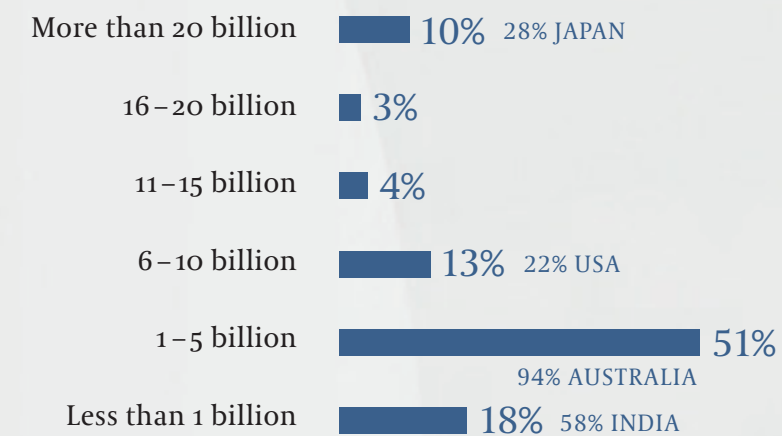
Main activity of organization

Which of the following represents the main activity of your organization?

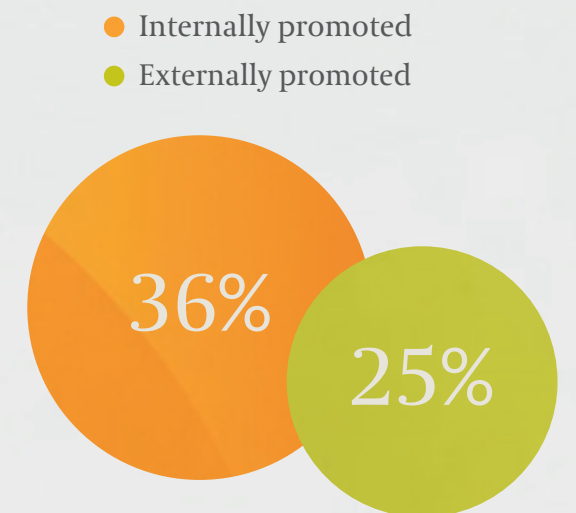


Revenue (USD)

What is your company's revenue in USD?



Percentage running \$5bn+ businesses



Ownership structure

What is the ownership structure?

60%

Public

23%

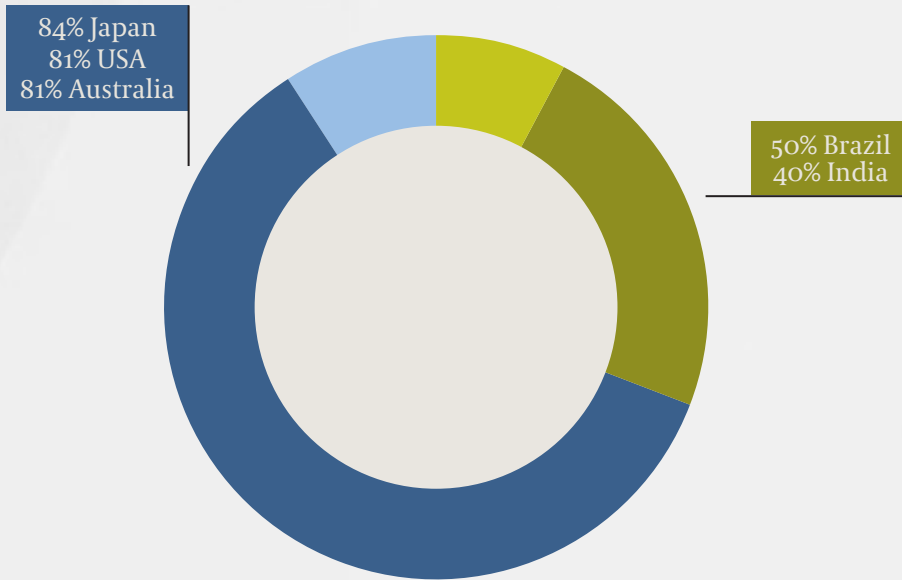
Private

9%

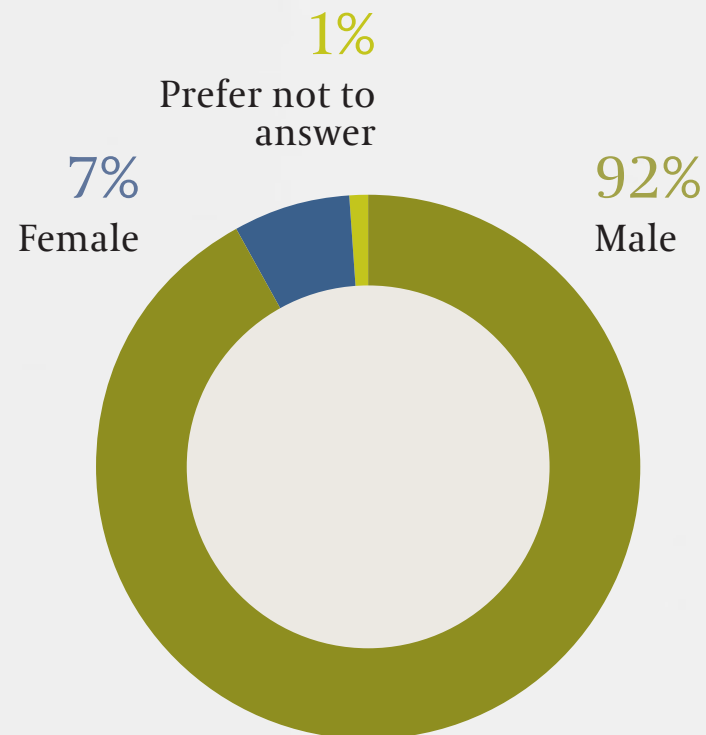
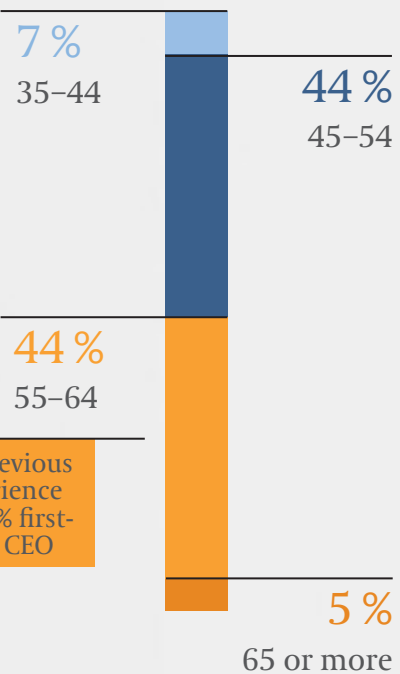
Other

8%

Family-owned



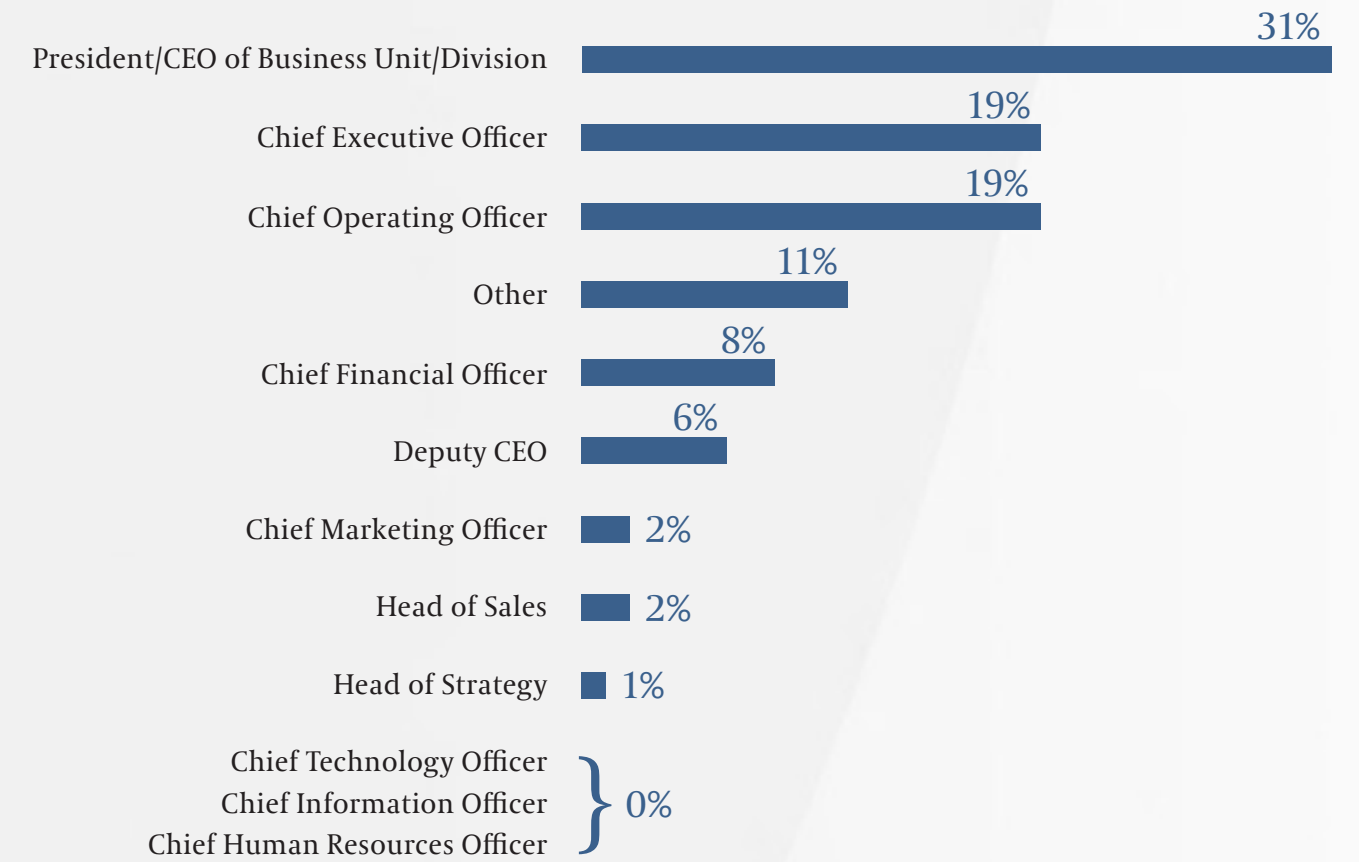
Age and gender



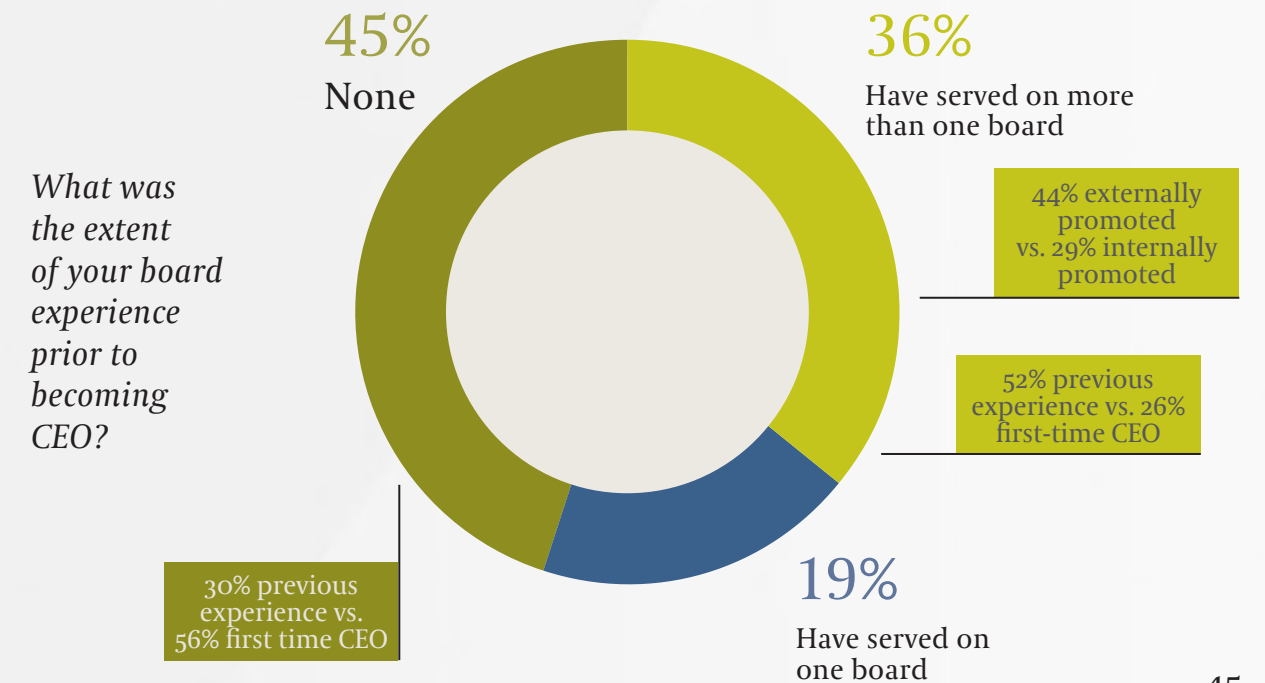
51% previous experience vs. 40% first-time CEO

Last role

What was your last role prior to your current role?



Previous board experience



What was the extent of your board experience prior to becoming CEO?