



**School for CEOs**  
the alchemy of leadership

# Future-proofing the CEO

Why Chief Executives need to adapt in an unpredictable world

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# Foreword

The pace of business today is faster than ever and the role of the CEO continues to change.

How do we future-proof CEOs? What are the issues that surround their success and succession planning? These are just two of the questions that we put to almost 70 current CEOs, Chairs and HR Directors to find out what executives can do now that will prepare them to be a CEO for a dynamic and changing future. The results of our research, undertaken at the time of the Brexit referendum, proved both surprising and insightful.

Had these questions been asked, say, three years ago, against a backdrop of the winter floods, then without doubt, our environment and climate change would have been in the top two responses. However, as the role of technology continues to grow in our lives and the business world changes, then it is technology that has come out significantly ahead.

We interviewed 66 current CEOs, Chairs and HR Directors to find out what people can do now that will prepare them to be a CEO for a dynamic and changing future. We wanted

to know what kind of experiences will they require and what sort of skills and traits they will need to develop.

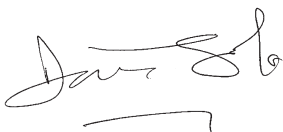
Our contributors spoke candidly about how the business world is changing and what is causing those changes. They revealed some of the changes needed to be a CEO in the future and how that relates to the changing business environment. Finally, they described how current and prospective Chief Executives could best prepare for that future.

Nearly three-quarters of the interviewees felt that technology and digital would be the biggest drivers of change over the next 5-10 years. These, combined with a demographic transformation, are creating an unprecedented rate and pace of change. This complex, changing landscape will impact upon the requirements of CEOs in many ways, affecting their role, the best leadership styles and approaches, and the personality traits which will be best suited to lead organisations.

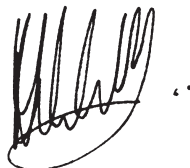
The role of the Chief Executive has always been demanding, but this research paints a picture of a job with exceptional, all-consuming demands on an individual. Although contributors described various ways in which the role can be made more manageable, unsurprisingly there was still wide consensus that being a CEO needed huge energy and resilience.

We hope that this research will be informative and useful for individuals and teams within public, private and family-owned businesses. Furthermore, we hope that aspiring CEOs can gain a clearer understanding of the learning profiles and initiatives undertaken by successful business leaders.

We are indebted to the Chief Executives, Chairs and HR Directors who contributed to this research. In addition, we'd like to thank Grant Murray for conducting this research with us.



David Sole OBE



Patrick Macdonald

# Executive Summary

We asked CEOs, Chairs and HR Directors of a number of the UK's leading companies about their views on the future business environment. 79% reported that the pace of change had increased.

- 71% of our contributors thought that technology and digital would be the biggest driver of change in their industry over the next 10 years, yet only 40% thought their businesses were currently well prepared for this change.
- Agility will be an essential characteristic for any future CEO tackling technological change. CEOs will require a different, more flexible and adaptable approach to succeed in the highly unpredictable and fast-paced environment which the technological revolution will bring.
- 32% of contributors thought that demographic change would be a major driver of change. This would principally be because Millennials would drive change, both as employees and customers. Consequently, the consensus was that CEOs would need to be much more open and transparent than in the past and spend even more time communicating with their people.
- The research described an evolution of leadership where excellence, as it is currently defined, will have to become more common-place. Amongst CEOs there will be a lower tolerance for mediocre practices that may have existed in the past.

# 71%

thought that technology and digital would be the biggest driver of change

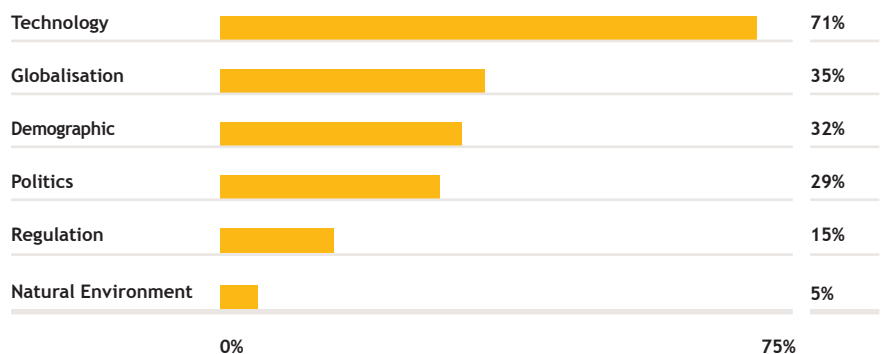


- The CEO of the future will need to spend an increasing proportion of their time speaking with, and listening to, customers, employees and shareholders. Additionally, there will be a greater requirement to engage with regulators and politicians. CEOs will also benefit greatly from learning from other industries and having a willingness to collaborate with other organisations. They will need to be increasingly transparent and more ethical than in the past.

**32%**

thought that demographic change would be a major driver of change

*Significant drivers of change in the next ten years*



# Contributors

We are very grateful to the 66 business leaders who contributed to this research. They are listed below together with their role title as used within their organisation\*:

## CEOs

Josephine (Jo) Allen  
*Chief Executive, Frogmore*

Mike Anderson  
*Chief Executive, Chelsea Apps Factory*

John Browett  
*Chief Executive, Dunelm Group plc*

Adrian Colman  
*Chief Executive, Wincanton plc*

Alistair Cox  
*Chief Executive, Hays plc*

Paul Forman  
*Group Chief Executive, Coats Group plc*

Martin Gilbert  
*Chief Executive, Aberdeen Asset Management plc*

Adrian Grace  
*Chief Executive Officer, Aegon UK*

Benny Higgins  
*CEO, Tesco Bank; Group Strategy Director, Tesco plc*

Karen Hubbard  
*Chief Executive, Card Factory plc*

Simon Hunt  
*Chief Executive, William Grant & Sons Limited*

Peter Kallos  
*Chief Executive Officer, Buried Hill Energy*

Patrick Macdonald  
*Chairman & Chief Executive, Inenco Group Ltd*

Dame Louise Makin DBE  
*Chief Executive Officer, BTG plc*

Baroness Ruby McGregor-Smith CBE  
*Chief Executive, Mitie Group plc*

Tim O'Toole CBE  
*Chief Executive, FirstGroup plc*

Steve Pateman  
*Chief Executive Officer and Director, Shawbrook Bank Ltd*

Alison Platt  
*Group Chief Executive Officer, Countrywide plc*

Anne Richards CVO, CBE  
*Chief Executive, M&G Investments*

David Sleath  
*Chief Executive Officer, Segro plc*

Angela Spindler  
*Chief Executive, N Brown Group plc*

Justin Stead  
*Chief Executive, Radley & Co*

Nigel Stein  
*Chief Executive, GKN plc*

Peter Truscott  
*Chief Executive Officer, Galliford Try plc*

Baroness Jo Valentine  
*Chief Executive, London First*

Rob Woodward  
*Chief Executive, STV plc*

## Chairs

John Allan  
*Chairman, Tesco plc*

Kevin Beeston  
*Chairman, Taylor Wimpey plc*

Donald Brydon CBE  
*Chairman, London Stock Exchange Group plc*

Dame Alison Carnwath DBE  
*Chairman, Land Securities Group plc*

Crawford Gillies  
*Chairman, Control Risks International Ltd*

Andrew Higginson  
*Chairman, Wm Morrison Supermarkets plc*

Susan Kilsby  
*Chairman, Shire plc*

Lesley Knox  
*Chairman, Grosvenor Group*

Peter Lederer CBE  
*Chairman, Applecrate*

John Maltby  
*Chairman, Good Energy Group plc*

Sir Terry Morgan CBE  
*Chairman, Crossrail*

Norman Murray  
*Chairman, The Edrington Group Limited*

Peter Norris  
*Chairman, Virgin Group*

Laurel Powers-Freeling  
*Chairman, Sumitomo Mitsui Banking Corporation Europe*

Sir David Reid  
*Chairman, Intertek Group plc*

David Shearer  
*Chairman, Liberty Living Group*

Lord Smith of Kelvin KT CH  
*Chairman, IMI plc*

John Tiner CBE  
*Chairman, Towergate Insurance*

Jonathan Warburton  
*Chairman, Warburtons Ltd*

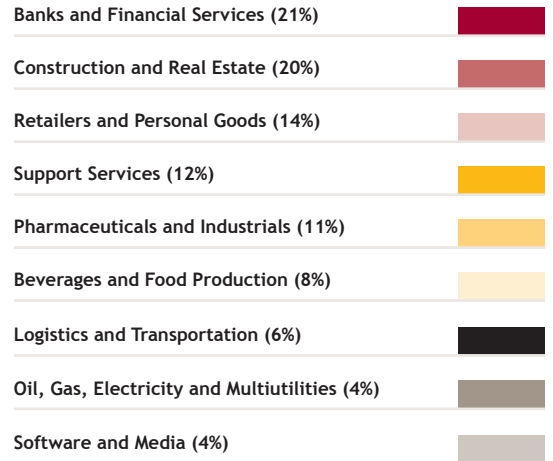
James Wates CBE  
*Chairman, Wates Group*

\* Some contributors hold leadership roles in more than one organisation.

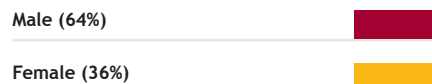
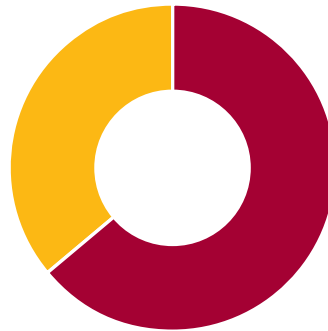
## HR Directors

- Sarah Andrews**  
HR and Retail Director, Harrods
- Sandy Begbie**  
Chief People Officer, Standard Life plc
- Sharon Black**  
People Director, Conviviality plc
- Diana Breeze**  
Group Human Resources Director, Land Securities Group plc
- Jane Brydon**  
UK Human Resources Director, Heineken UK Ltd
- Kerry Christie**  
Global Head of Human Resources, Aberdeen Asset Management plc
- Steven Davis**  
Colleague & Communications Director, Sainsbury's Bank plc
- Camilla Faith**  
Grosvenor Estate HR Director, Grosvenor Group
- Kathryn Graves**  
Global HR Director, Control Risks International Ltd
- John Greatrex**  
Group HR Director, Unipart Group
- Danielle Harmer**  
Chief People Officer, Metro Bank plc
- David May**  
Director, Learning & Development, Royal Bank of Scotland
- Geoff McDonald**  
Former Global VP of HR, Unilever plc
- Rosemary McGinness**  
Group HR Director, William Grant & Sons Limited
- Kathleen Reeves**  
Global Head of HR, Henderson Global Investors
- Liz Reilly**  
Group HR Director, Segro plc
- Nikki Rolfe**  
Former Group HR Director, Rexam plc
- Andy Speak**  
Chief Human Resources Officer, Coats Group plc
- John Stewart**  
Director of HR, SSE plc
- Julie Welch**  
Group HR Director, Bunzl plc

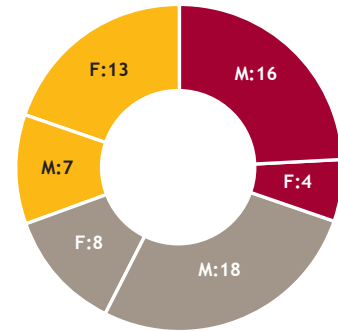
## Contributors' Sectors



## Gender of Contributors



## Role of Contributors



M: Male F: Female

# The Unpredictable World

Contributors said that the past was more predictable, with a greater focus on reducing costs in order to increase margin.

*At one time, the big driver was cost. So you hired a big consultancy to get costs down. They were very good at doing that, but they didn't really talk about business transformation.*

There was wide recognition that the world is changing rapidly and as a consequence the leadership that the next generation of CEOs needs to provide has to change with it. Additionally, most noted that although the business environment was always in a state of flux, the sheer pace of change today is creating a set of unique challenges.

*If you think what worked in the past will work in the future and if you surround yourself with people who are unwilling to look to the future, you will face some difficulties.*

*Alistair Cox, Chief Executive, Hays plc*

*Sticking to your knitting used to be a very strong formula for success and I don't think it is anymore.*

79% of contributors indicated that the pace of change in business was accelerating.

*A lot of people don't see change coming and completely underestimate the pace of change.*

*You've got competitors coming out of the woodwork all the time and you need to be super-vigilant because your business can be eliminated in a nano-second.*

There was also consensus that the nature of the change was different to that encountered in the past. The business landscape was both more complex and volatile which was creating greater unpredictability, which in itself was creating significant challenges. Customers' expectations are changing rapidly and CEOs will need to be attuned to these changes.

*We are well beyond the point where any decision is one dimensional because we live in a complex job.*

*Alison Platt, Group Chief Executive Officer, Countrywide plc*

*The only thing you know about the next 5-10 years is that it's going to be more uncertain, more volatile, more extreme, more complex.*

*Dealing with complexity and being comfortable with ambiguity; a CEO has always needed those skills, but probably more now than ever.*

There are a number of factors contributing to this fast-changing and unpredictable world and we asked contributors for their top two drivers of change over the next 5-10 years for their own industry.

**“If you think what worked in the past will work in the future, and if you surround yourself with people who are unwilling to look to the future, you will face some difficulties”**

*Alistair Cox, Chief Executive, Hays plc*



# Technology and Digital

Overwhelmingly, the majority of contributors (71%) thought that technology and digital would be the most significant driver of change over the next 5-10 years. This was double that of the next highest-rated category, globalisation at 35%. Most contributors felt that technology would be core to their business in the future, rather than just being the enabler that it is today. The type of technology cited depended on the specific company and industry, but digital, social media, Big Data, artificial intelligence, cyber security and 3-D printing were all mentioned.

*I think the CEOs of the future will see technology as the business, so that technology is a core skill and not something you delegate to some department.*

**Donald Brydon, Chairman, London Stock Exchange Group plc & The Sage Group plc**

*In the future, digitisation is going to have to be in the DNA of the business, led by the CEO who is not just aware that it is important, but has much greater affinity around technology and digital.*

*There's still not a common acceptance that so many of our businesses are now operating in a digital world and that that fundamentally changes how you run a business. Everything, whether it's external or internally focussed, is impacted in some way by the advent of technologies and the move into the digital space.*

*The challenge of a CEO is to balance traditional skills with an appreciation and knowledge of the opportunities and threats caused by this digital innovation.*

*The leader of a business needs to be setting the strategic agenda, but they also need to be embracing new technologies and being at the forefront of how best to leverage those technologies.*

*We use as much modern technology as we can to simplify and reduce costs and give a great offer to our customers. It's core to our business and we see it as a source of competitive advantage.*

Of those who thought that technology would be a driver of change, only 40% felt that their organisations were well prepared for this.

*It does concern me that we may not be maximising the potential of technology that is out there, quite simply because we don't know about it.*

56% described technology as a threat and 44% as an opportunity. Contributors considered the main threat was to their business model, while the opportunity was seen to be marginal improvements in efficiency. So while our contributors considered technology as an opportunity and threat in roughly equal measure, the potential impacts of the threats far outweigh the impacts of the opportunities.

*We use as much modern technology as we can to simplify and reduce costs and give a great offer to our customers. It's core to our business. Retail businesses are IT businesses and we see it as a source of competitive advantage.*

*Digital should allow for faster decision making and easier communication, particularly in a global business where that information can flow 24/7. So it should result in an increase in productivity, but it does mean that working practices themselves, certainly in senior management need to adapt accordingly.*

Many respondents were very concerned about how many small, agile start-ups with new ideas and a strong understanding of customer needs could be entering their markets 'under the radar'. They feared that there would be tipping points for these new entrants to their markets which they could neither predict nor see happening until it was too late.

The recent expansion of technology-based companies across the globe was of real concern to contributors for two reasons: Firstly, technology companies can enter entirely different sectors and disrupt them. Uber was the most cited example of a disruptive company while others mentioned Airbnb - a tech-driven business that has successfully disrupted the hotel industry.

*A scenario akin to the industrial revolution is going to happen in financial services over the next 5-10 years.*

**Adrian Grace, Chief Executive, Aegon UK**

Secondly, the transparency which technology allows means consumers' tastes can change very quickly.

# Technology and Digital (continued)

A significant barrier preventing organisations from adapting to technological change was a disproportionate focus on the short term. There was also the problem of hierarchies and structures in organisations creating 'silo' mentalities which are an inhibitor to collaboration.

When CEOs wanted to bring technology to the heart of the organisation, some departments resisted - even the tech-savvy were often resistant to technological transformation. It is likely therefore that CEOs will face significant challenges from many sources when undertaking the digital transformation that so many of them consider necessary.

*The UK economy is going to have to be much more fleet of foot, taking advantage of new technologies.*

**Sir Terry Morgan CBE, Chairman, Crossrail**

Many of those who thought technology would be significant in the immediate future also recognised that they faced personal challenges leading this change. 29% of them expressed discomfort when using technology themselves, with only 37% stating that they were entirely comfortable with technology and digital. Clearly this has implications for the technological 'literacy' of the CEOs of the future and how they develop this attribute.

*CEOs of the past did not have to spend too much of their time worrying about the impact of technology, but now it should be at the very top of their agenda.*

**“The UK economy is going to have to be much more fleet of foot, taking advantage of new technologies”**

Sir Terry Morgan CBE, Chairman, Crossrail

# Demographic and Social Change

32% of contributors thought demographics would be a significant driver of change including the ageing population and the rise of Millennials (people born between 1980 and 2000). The demographic picture varies considerably across the globe, which will increase complexity for international organisations. Contributors also linked the differing attitudes of Millennials to their use of technology, in particular social media.

When describing how CEOs can effectively motivate this changed workforce, many contributors commented that Millennials expect to be engaged by the CEO, work in teams and have their views respected. They want more feedback than previous generations and have a preference to be on informal terms with colleagues and stakeholders. They also seek employers with similar values to their own, those who have a very strong and ethical purpose.

*It's a social trend. The younger generation want their views heard. They want to be able to express a voice and they've always been used to it. As a CEO you can't just tell everyone what to do. I think future CEOs will be a bit more collaborative and more informal.*

Some contributors believe that Millennials do not expect more from employers than others, and that there have always been generational differences. They added that Millennials are more willing to express dissatisfaction or leave a job if they feel they are being led poorly. This was linked to increased transparency through social media channels.

*Future employees will look at websites such as 'Glassdoor' before they join a company to assess whether it's the sort of company they want to be a part of.*

# Globalisation, Politics and Regulation

The second highest driver of change, globalisation (35%), elicited mixed perspectives from contributors. Some felt that the impact of globalisation will increase while others believed that it is starting to break down. The latter group suggested that countries would attempt to put protectionist barriers in place to protect their businesses from the unpredictable and disruptive forces many are anticipating.

*I have a hunch that we're coming to the end of the globalisation boom. You could see the beginnings of a protectionist period in the world economy and if you did, many of the assumptions about your supply chains and market will turn out not to be appropriate. So clever CEOs will be the ones that study evolution of fast changes which can prepare them well for the future.*

Other sources of change were politics (29%) and regulation (15%) but many respondents touched on these subjects while also talking about globalisation. For instance, a regulation introduced in a foreign market for protectionist reasons would impact all three.

These drivers were considered to be more predictable sources of change than technology. While regulation and globalisation are changing, a CEO can engage with their Board and teams in order to develop strategies and plans to deal with different scenarios.

There was a concern that the pace of change in technology could outstrip the changes in regulation. A number of contributors proposed a shift towards more ethically-conscious CEOs and organisations, rather than increasing regulation.

Contributors also reported that shareholder pressure was growing. Shareholders wish to ensure that companies are run in an ethical manner and that their investment is being properly managed.

*The right way would be business standing up, and doing business well, because good business done well is good for society.*

One contributor pointed out that good CEOs have nothing to fear from well-designed regulation, because it just makes them do what they ought to be doing anyway.

*Shareholders are more interested in lifting the lid on a business and understanding the causes of future trends.*

Only 5% of contributors felt that the natural environment would be a material driver of change in businesses. The factors cited included climate change, access to water and raw materials. This relatively low priority did not mean that it was not important, just that it would be less urgent for businesses over the next 10 years compared to the other factors mentioned.

# The Need for Chief Executives to Adapt

Some contributors thought that this period of fast-paced and unpredictable change would be short-lived. They thought that once the economy transitioned to the digital age, the pace of change would settle back to a normal rate. However, others expected to operate in a highly unpredictable environment for the foreseeable future. For this latter group, simply learning about current technologies and setting strategies to cope with the change was not seen as a way to future-proof their organisation. They noted that even in the medium term, technologies and markets will change so unpredictably that no strictly-defined strategy and plan could remain relevant for a 5-year planning cycle.

**“The CEO of the future needs to think much shorter term, 6-9 months not 3-5 years, and it has to be a dynamic, constantly changing plan”**

**“You used to be able to say, ‘in 5 years’ time this is what I think we could look like.’ Now, you have to say, ‘how different do we want to look in a year’s time?’ All CEOs have got to be thinking in a much more dynamic way, it’s a plan that is constantly changing”**

# Agility

Those who expected that the business environment would continue to be fast-paced and unpredictable said that their organisations would have to adapt in order to meet the changing demands of their customers. Therefore, rather than adapt to a single vision of the future, these contributors proposed that CEOs and companies become more agile as a way of future-proofing themselves.

*Let's get ready to be the fastest to respond and quickest to see.*

*The uncertainty today is very different to the uncertainty tomorrow. So you need to try and get ahead of it and have a very agile and fast moving organisation that you completely trust.*

## Horizon Scanning

Contributors thought that future CEOs would need a strong ability to survey the landscape and understand which developments were important. This skill was variously described as 'having finely-tuned antennae', 'seeing ahead' and other such terms. It was seen as vital to understand developing trends, technologies and evolving business models across a wide range of industries and countries.

Chairs, CEOs and HR Directors all agreed that the CEO has a personal role in horizon scanning. CEOs of the future will increasingly need to ask the right questions of their team, who will then seek out the answers. This was contrasted with the previous expectation of CEOs being solution providers themselves.

*I don't think anyone can know all the answers anymore, they need to know how to ask the right questions.*

*John Stewart, Director of HR, SSE plc*

Contributors consider horizon scanning to be a priority for the whole organisation, as role-modelled by the CEO. They talked about the value of a really strong and diverse network in order to give CEOs access to the widest opportunities to learn. They emphasised the need to build a network of global and cross-sector relationships over the course of their whole career, so that their network was truly diverse by the time they became CEO.

Good CEOs are curious and always asking questions of themselves and the outside world.

## Strategy Setting

If the business environment is changing too quickly, then contributors indicated that this would affect the way strategies were developed. They warned that if an organisation were continually reacting to every change, then at an operational level plans would have to continually change, potentially leading to confusion and a lack of clear direction. It will be important to get the balance right.

*Strategy is less about long term, it's more about changing direction and transformation and that can happen in the short term.*

*The world is getting more ambiguous, so leaders need to move at pace rather than trying to plan everything perfectly. So there's something about being a little bit brave and trying things, and refining them if they don't quite work.*

Yet in the context of needing to be agile and responsive, the CEO must also ensure that activity today also considers the range of possibilities for tomorrow and beyond. Scenario planning was highlighted as an effective way to help think about the future and help ensure that strategies are future-proofed.

*You never know how it's going to play out, so you can't come up with something insightful and say this is the way it's going to be. This is where the word agility comes in. I call it being open minded and willing to change when change is needed.*

*Nigel Stein, Chief Executive, GKN plc*

**“CEOs need to be actively challenged by smarter people, or people smarter than them in specific areas”**

Sandy Begbie, Chief People Officer, Standard Life plc

### Purpose and Vision

While contributors said that continually changing and responsive plans were necessary to remain agile, there is a risk that their people feel directionless and that their leadership starts to break down. It was therefore considered extremely important that the CEO has a strong vision for the future. This vision and purpose for the organisation needs to be a consistent refrain from the CEO when communicating, right across their organisation.

*The only way that business will build financial capital will be by taking into account the social, environmental and human capital. As you bring those concentric circles together, right in the middle is purpose.*

To be compelling to a modern workforce, that vision needs to engage people on an emotional level. Many contributors described this as being the ‘purpose’ of the organisation: the point of the organisation to their people, their customers and the communities in which they operate.

*If it's a compelling long term vision then as long as you're heading north towards that, then it's a matter of communication.*

*People are aspiring to work for a company they believe in, with the same mission values and vision, rather than just turn up for a pay-check. It's the CEO's role to have a sales pitch not just to customers, but to current and future employees.*

### Technology Investment

It is crucial that an organisation invests in digital technologies if it is to grow in the digital world and it was recognised that these investments tend to have a longer term pay-off than other types of investment. This has implications for the mix on Boards which are likely to require more members with greater technological ‘nous’ in the future and an acknowledgement from shareholders that capital investment decisions may have a longer payback than previously. Many noted that a dividend-focussed shareholding was considered to be a significant barrier to digital investment and growth.

*The governance model is predicated on the belief that the shareholders are owners and behave like owners, and the problem is that they're not. They rent the shares for a period of time then turn them.*

**Andrew Higginson, Chairman, Wm Morrison Supermarkets plc**

Contributors felt that the CEO has personal responsibility to ensure that the shareholder base is aligned with the long term strategy of the business. Consequently, they were likely to need to spend more time engaging and communicating with shareholders, clearly setting out investment and return expectations.

*It's being strategic in your investor relations as well as being strategic in your business strategy, and aligning them.*

### The Mind-set

*It's incredibly important to be nimble, to be with it, to address the future and also to address a broad demographic.*

Contributors advised that CEOs need to be humble enough to understand that they do not know everything, to break free of current ways of thinking and accept that some other people have more knowledge or better ideas.

*CEOs need to be actively challenged by smarter people, or people smarter than them in specific areas.*

**Sandy Begbie, Chief People Officer, Standard Life plc**

CEOs are going to need to be much more fleet of foot, innovative and open to new ways of doing things. The era of the autonomous and autocratic leader is well and truly over.

**“The governance model is predicated on the belief that the shareholders are owners and behave like owners, and the problem is that they’re not. They rent the shares for a period of time then turn them”**

**Andrew Higginson, Chairman, Wm Morrison Supermarkets plc**

# Empowering Teams

Teams were considered important, not just to free up time for the CEO, but also to help with decision making in an increasingly complex and unpredictable world. The CEO as a team builder emerged as a major theme in this research. Increasingly, the effectiveness of leadership in an organisation is regarded as reflecting the whole C-Suite, rather than just the CEO alone.

*The model of what a good CEO looks like has changed. It's much more around a team leader, enabling other people, creating or co-creating a strategy and then putting in place the right people to deliver it. It's much less about the charismatic, ego-driven individual.*

**David Sleath, Chief Executive Officer, Segro plc**

It was considered to be the CEO's responsibility, in an agile organisation, to appoint the right people to teams so that the organisation can operate effectively.

*CEOs who have got it right, it's because they've got full trust in the people they have appointed.*

*CEOs need to be aware of the limits of their knowledge and surround themselves with appropriate sources of advice and counsel.*

**Crawford Gillies, Chairman, Control Risks International Ltd**

*When a CEO says 'my team drives me crazy, I've got all the wrong people', the mirror is the place to look.*

Contributors also emphasised their view that functional leads will need to become increasingly strategic in their perspective in order to support the CEO.

*As a leader, your team should be the hero, not you.*

*As a CEO, the days when I am happiest is when I've seen something really good happen in the organisation that I've had absolutely nothing to do with. Because that tells me there are really good people in the organisation that are doing the right thing.*

*Going forward, with the pace of change upon us, CEOs need to ensure they surround themselves with people who can make decisions and empower them to do so. Leading and 'enabling' teams to drive success in a disruptive and ever changing market place will be more important than ever before.*

HR Directors made a specific point of mentioning the need for diversity in teams. They described how diverse teams can bring in more information and analyse it from considerably more viewpoints than homogeneous teams. If the CEO has sufficient humility to accept others' perspectives, then this can open up possibilities which homogenous teams would never see.

*You can't turn weaknesses into strengths, but you can learn and understand your weaknesses better and build teams to compensate. What holds people back is feeling the need to be the smartest person in the room.*

**“CEOs need to be aware of the limits of their knowledge and surround themselves with appropriate sources of advice and counsel”**

**Crawford Gillies, Chairman, Control Risks International Ltd**



When building their teams, contributors spoke about diversity reflecting a blend of industry and of cultural backgrounds. Additionally, when describing the impact of demographic changes, contributors recommended that the CEO sought views from right across the organisation, especially younger people, to ensure that diversity embraced age as well as other aspects such as gender, culture and functional expertise.

*Find a way of listening to different generations and view-points. We talk a lot about having gender diversity, but actually the most difficult thing is having diversity of views.*

**Lesley Knox, Chairman, Grosvenor Group**

Within teams, the only specific relationship discussed in any detail was that between the CEO and the Chair. Contributors in all roles thought the Chair's role was to support and challenge the CEO in equal measure, and that the relationship had become too confrontational lately. A Chair's experience can provide a perspective that can help a CEO understand issues in a wider context.

*I cannot imagine doing this job without a great Chairman with great experience.*

This relationship also has an effect on resilience. Given the extreme stresses of the CEO role, contributors pointed out that the Chair can have a coaching function, providing emotional support and facilitating self-reflection.

*Being a Chief Executive can be very lonely so you need a Chairman to talk to. If you confide in your direct reports your concerns can get percolated throughout the organisation.*

**Lord Smith of Kelvin KT CH, Chairman, IMI plc**

At the heart of team-led, effective, strategic leadership is the ability to make timely, effective decisions. Although there was wide agreement that the 'Command and Control' model of decision making was rarely appropriate anymore, contributors described subtly different models of 'collaborative leadership'.

*The CEO needs to be the ultimate collaborator, but ultimately the decision maker, because at the end of the day someone needs to make a decision and that needs to be the CEO.*

**“Being a Chief Executive can be very lonely so you need a Chairman to talk to. If you confide in your direct reports your concerns can get percolated throughout the organisation”**

**Lord Smith of Kelvin KT CH, Chairman, IMI plc**

# Decision Making - Data and Intuition

Although there is much more data available to help CEOs make decisions than there has been in the past, contributors did not think that this necessarily made decision making easier.

*Companies and CEOs are good at using data to justify prior decisions, but they are not so good at using data to gain insight and make decisions for the future.*

*Data is so easy to get now, it's not the issue. It's working out what to do because it changes.*

A data-rich environment has not led to CEOs always having all of the pertinent information required for decision making. Contributors highlighted the increasing need for CEOs to make rapid decisions, even if full information is not available, when operating in fast-paced environments and competing against agile competitors.

*If you're waiting for 100% of the information, you'll never make a decision because the world is changing so quickly. If you've got 50%, you're probably quite lucky.*

**Danielle Harmer, Chief People Officer, Metro Bank plc**

However, in an increasingly transparent world, it was still seen as important for CEOs to make good decisions based on facts and data, rather than supposition and intuition. This was particularly linked to the trend for shareholders wanting more information and justification about the workings of companies.

*I think CEOs will have to defend the choices they make more than in the past, so that supports a more formal structure. If decisions are based on intuition, that's a really hard thing to explain to shareholders.*

One contributor summarised how intuition and data can both contribute to a logical and justifiable decision:

*Your instinct will help you ask the right questions and the validation will come through the data.*

## Three broad approaches to decision making emerged:

### 01

**Delegation** - the CEO delegates and holds people to account

Contributors valued delegation, especially of operational matters, because it released time for the CEO to focus on other matters. Some also pointed out that when delegated effectively, decisions can be made much more quickly by people who have first-hand knowledge of the issues.

*Learning how to delegate effectively is something that many never learn. And if you get to Chief Executive never having learnt to delegate, you end up trying to control everything and as your business grows, the Chief Executive becomes the biggest constraint to growth.*

### 02

**Consultation** - the CEO canvasses for a wide opinion but is the sole decision-maker

This model of collaboration supported the belief that a CEO was primarily a decision-maker and makes it easier to be seen as the leader.

*The CEO is the main decision maker, but they do it in a consultative way. It's very clear that it's their decision to make at the end of it, but they gather opinions and listen.*

Many drew parallels between preferring this style of decision making and the fact that the CEO is held ultimately accountable for all decisions made within organisations.

*If you are a CEO, the buck stops with you, it's you as the CEO who has to make the decision.*

**Dame Alison Carnwath DBE, Chairman, Land Securities Group plc**

### 03

**Participation** - the CEO considers himself/herself to be a team member

It is the team which makes the decision, although the CEO retains the power of veto.

*I think of it as the team and I have a role within that team, and the team leading the business so you've got the power of ten people and not the power of one person. When it's down to the power of one person forget it.*

*I think the key competence of the CEO is to act as a facilitator for decisions to be taken based on the input of the people who are actually doing the task on the ground. It is moderating debate and facilitating the eventual decision making, and then providing a really effective way of measuring progress against the objectives.*

**Peter Norris, Chairman, Virgin Group**

# Communication

Contributors predicted that employees will expect CEOs to work in teams, engage better with their own people and listen more to expertise from across the whole organisation.

*Learning to be comfortable to walk about the floors talking to people is something you can practice when you are younger, so that it is second nature when you are more experienced.*

*You need to get out and about. They know the answers. If you are sitting behind your computer and at board meetings and never meet people who know the customers, then you have no idea what you are leading.*

*A CEO genuinely needs to lead now. If you want to know what's going on, get out and talk, lead, and listen to people.*

While communication skills have always been important, these will become even more critical for CEOs in the future because of the increased need to engage personally with a wider set of stakeholders. There was a sense that communication will become more informal, more frequent and more emotionally engaging, rather than just informative. Without great communication, even the best strategy will never be successfully implemented; it is now an integral part of establishing the right to lead.

*The CEOs who are not strong communicators but who are only good doers, will struggle.*

*You have to connect with your management team and you have to be able to connect with your people. You can't do everything through your management team.*

*You need inspirational story-telling in a way that emotionally connects with people.*

*Most people are surprised when they become a CEO that there is no power in the sense that in the old days they could use Command and Control. People just won't come and work for you if you do that.*

Emotional intelligence (EQ), whilst always desirable in a CEO, was becoming increasingly important. If a CEO is to be more visible and open with all stakeholders and if they are to understand people better, then they will need to have strong EQ.

*The reason why EQ is important now is that colleagues' requirements and expectations have changed. The most successful organisations understand their customers in an individual way and colleagues are now expecting the same from their employer.*

The changing expectations of employees and shareholders mean that CEOs need to be authentic. Being transparent and open to all stakeholders, really believing in the message, and maintaining consistency between communication and action are all integral to authenticity.

*People are smart, they can see what you're really like so you just need to be you.*

Half of the contributors who talked about the importance of communication, also pointed out that listening is an essential component. Listening was not always considered a strength for CEOs and as a consequence they were missing out on valuable knowledge and insights held throughout the organisation.

*Chief Executives need to listen more. Very few Chief Executives get out and talk to their people and when they do, they are on send mode.*

# The CEO as a Public Figure

The social and technological factors changing employees' expectations are also changing customers' expectations.

*You've got two types of people: your team and your customers and if you understand both of those, you've got a pretty good chance of being successful.*

Just as CEOs need to speak directly to their own employees and listen to their views, so they must meet customers as well. Contributors described how customers expect to have a much more personal relationship with CEOs. These same social changes, enabled by social media, also mean that the CEO will need to be more open and available to customers, who expect greater transparency than ever before.

*One thing CEOs have to do is to force themselves out of their bubble and interact with their company as their customers do.*

*I think most CEOs don't see much of customers, so they tend to form these anodyne views about what the customer really wants without ever actually finding out.*

Getting to know your customers really well has become even more important now that technology and social change has brought this relationship much closer together. This is because customers are more demanding and will switch brands much more quickly, so organisations need to offer exactly what they need even when those needs have changed. CEOs may have been able to survive up until now, and even do very well, whilst only vaguely understanding customers through internal reports. This will be much harder in future.

*Historically, you might have had CEOs who were not as customer focussed as they should be, I don't think you'll be able to get away with that in the future.*

The increasing transparency and availability of the CEO was seen as an increased demand of the role. Contributors described how CEOs are now expected to be the public face of the company, both during scheduled appearances but also to be instantly available to react to any public story which may appear. Employees and the public will begin to recognise CEOs wherever they go, whether on work duties or during family time.

*Sometimes when I look at the Prime Minister, I think it's a tough job and CEOs are exactly the same. You've always got to look fresh with a smile. Or if you are required to be serious then you have to look serious, but if you're seen with your head in your hands then it does not inspire confidence. The way you project yourself and the situation sends important signals to everyone.*

*Social Media has made it all far more unforgiving. I think you are always on, always open, always outward facing and I think that has changed the role of the CEO.*

This growing aspect of the CEO's role may be difficult to reconcile with more traditional aspects of good leadership.

*Some of the skills that high business office and high external scrutiny demand, which is to be quite extrovert and good on your feet, are actually not necessarily compatible with thoughtful, good judgement.*

**“Public interest in these roles has grown significantly... It is a factor to consider with the role”**

Baroness McGregor-Smith CBE,  
Chief Executive, Mitie Group plc

# An Enduring Ethical Dimension

The Global Financial Crisis resulted in a call for CEOs to become more honest and ethical. Contributors report that this is still an important concern of shareholders and is likely to remain so for the foreseeable future. Millennials, whether employees or customers, were also thought to want companies to be ethical and be led by an ethical, authentic CEO.

If there was a feeling that 'ethics' may just be a post-2008 fad, then the attitudes of Millennials should turn it into an enduring trend.

**“The importance of values is going to continue to increase. If your values are wrong, your business model isn't going to work”**

Sir David Reid, Chairman, Intertek Group plc

# The 'Tech Savvy' CEO

Undoubtedly, it is very important for CEOs to develop an appropriate understanding of relevant technologies; yet, a number of people intimated that they were less than comfortable with their own depth of knowledge in this area. Many contributors said that CEOs just had to acquire a high level insight into technologies in order to operate effectively; they did not know exactly how the technology worked, but had to appreciate the position it had within operations, finance and the strategic positioning of their organisation. Other contributors added that whilst this was true, if a CEO had a more detailed knowledge of the technology then they could make better-informed strategic decisions. They would also better understand the impacts that those decisions would have.

*The CEO's requirement is to understand that technology is certainly more strategic, but the more they understand technology, the easier it is to get to the strategic answers.*

# Do More of What They Are Already Doing

The majority of our contributors suggested that much of what the CEOs of the future will do day-to-day will probably not be dramatically different from what is required of today's CEOs. CEOs will need to adapt in an unpredictable world, but this was not thought to mean that the fundamentals of good leadership had changed. The overarching theme was that CEOs will always be leaders, first and foremost.

All of the practices of good leadership will remain important, but only the best of today's leaders will be able to navigate their organisations through these changes. There was general agreement that mediocre leadership would just not be sustainable in the future. One contributor pointed out that this could make it difficult for a prospective CEO to learn about the role if they stay in one company and have a limited exposure to different types of CEO.

*The qualities of leadership don't change; but their application depends on the environment.*

*I think you've got to take the very best of what's there at the moment and make it more widespread. In 10 years' time, the very best will have evolved to something else and you need to develop for that. You don't know what that's going to be.*

# An Increasingly Strategic Role

The positioning of the role of CEO is changing. CEOs will need to spend more time with almost every type of stakeholder and spend more time looking into the future, whilst at the same time driving significant change within their organisations. This means that CEOs in the future will not have the same time to focus on operations as they do now, so this will need to be delegated more effectively. Additionally, it was noted that the threats and opportunities of a changing world means that it is even more important to develop the right strategy. The CEO must become less operational and more strategic.

*There are still some CEOs around who got there by dint of being great operators, rather than by being true leaders. Unless they delegate the day to day operations, they are never going to have the time to focus on the really important things.*

*The CEO's role in most organisations is to understand and support the operational decisions, but the real priority is to drive and lead the strategic decisions.*

# An Increasingly Demanding Role

The role of the CEO has always been demanding, but this research paints a picture of a role with exceptional, all-consuming demands on an individual. Although contributors described various ways in which the role can be made manageable, there was still wide recognition that being a CEO needs huge energy and resilience.

*You kind of have to take a deep breath and accept that it's going to be all consuming for the period of time you are going to do it and everything else will take a back seat.*

*It's an all-consuming seven-day a week job. It's very difficult to be an effective CEO if you don't have the energy.*

*As businesses become more global, this becomes more demanding and that's a kind of watch-out because there's a risk that the CEO could burn out. You could spend 80% of your time on a plane going to various markets around the world and if people have a home and a family and other things in their life they could lose balance there.*

*You need to find the space to lead and not get tied up in the weeds.*

*CEOs need to be aware earlier in their career about the importance of resilience and energy management. So there's the physical fitness of the travel and mental resilience. They will still work the ten-hour day, but they need to prioritise what they give their energy to.*

The world is changing and the role of the CEO is changing with it. Not only is the CEO's role more challenging than in the past, but incumbents will need to have developed a much wider skill set than has been seen in the past. It is increasingly unlikely that individuals would arrive into the role having naturally developed the required mix of skills, abilities, experience and personality traits that will be required during their tenure - greater preparation and support will be critical to ensure the next generation of CEOs is successful.

# The Well Rounded Career

83% of contributors highlighted the importance of a well-rounded career. A diversity of experiences in different companies was thought to be an important component of an executive's career, giving them an awareness of different business models and ways of operating. This may also give future CEOs a greater breadth of insight and foresight into potential disruptors.

*The leaders who get the bigger picture are those who have been in more than one industry.*

International experience was considered to be increasingly important for aspiring CEOs - more so than in the past to the point that this was becoming a 'must have' on a CV. That international experience was important in understanding both global operating environments as well as cultural nuances when dealing directly with people.

*It will be unlikely to get to the top of a global organisation without having a serious amount of experience overseas, in order to become global citizens.*

Our contributors encouraged prospective CEOs to focus on gaining the broadest experiences they can during the course of their careers, even if that meant taking lateral job moves. It was also considered important to have had prior experience of leading teams through crises. Crises provide a really good test of the leader's judgement, decision making and leadership, and were considered to be invaluable learning opportunities. Prospective CEOs should therefore seek out opportunities to work in companies during periods of high disruption and instability.

*The foundation of becoming a successful CEO is gaining a broad range of experience across the factors that affect a business. Investing in your own career development in terms of broadening your experiences is a very important thing, albeit that may appear to come at a cost of interrupting progress in a conventional sense.*

# Education and Development

In the context of a fast changing business environment, the preparation for potential CEOs should start much earlier than has previously been the norm.

*The early years training is very important, so if young professionals are trained to work in teams then they will end up wanting to work in teams in 30 years' time. So entry-level training can have an enormous impact on the culture of CEOs which we end up with.*

It was noted that current CEOs and future Chairs are at risk of becoming increasingly distant from the technologies which are disrupting their businesses. However, the technologies and challenges of the future could be very different from today, so younger generations will also need to keep up with new developments.

*The model for the future is much more training for people to understand technology. Because technology capabilities are evolving fairly quickly, it needs to happen frequently. They also need to be fairly hands on with technology at least once in their career.*



# Mentoring and Coaching

While experiential learning is vital for prospective CEOs, many contributors recommended coaching as a means of helping identify gaps and crafting well thought-through personal development plans. Mentoring was also recommended as an opportunity to pass on knowledge and insights where direct experience was not possible.

*The Chief Executive is a lonely job. If you have access to mentors who can help you and maybe introduce you to others who have had those experiences, it can be a really important part of the development of future CEOs.*

*Any training you do needs to be combined with experience. Experience without training is misinformed, training without experience is theoretical.*

Non-Executive Directorships was also considered to be a good way of gaining broad experience. Boards need Non-Executive Directors from diverse industries to bring broader experiences to the table, and that sharing is a two-way relationship.

**“Being a NED is just the most phenomenal opportunity, not just to contribute but to learn another sector, to learn from another Chief Executive. I think it’s probably one of the most important things to do”**

Alison Platt, Group Chief Executive Officer, Countrywide plc

# Concluding Remarks

Research amongst leading CEOs, Chairs and HR Directors reveals a strong belief that technology is by far the most significant driver of business change today. In order to thrive in the future, company leaders will need to become more agile while simultaneously broadening and deepening their self-awareness and personal development.

**Change is accelerating; leaders must adapt, and fast.**

Although many of the aspects of strategic leadership will not change, agility and adaptability will become increasingly important.

Agile strategies are not new, but they have not always been necessary for all companies. That may now change. CEOs will need to dedicate more resources to scanning the horizon. Planning cycles will shorten. Balancing short term and long term interests will be more difficult in a fast-changing environment. Setting a long term vision and purpose for the organisation will be even more important now than in the past. Without a guiding 'north star', plans can seem unguided and unfocussed to employees and shareholders.

While most CEOs will have team building experience by the time they are in post, contributors felt that not all CEOs are necessarily excellent team builders, nor

have the self-awareness and confidence to move people in and out of their team as soon as necessary. Diverse team building is a critical part of being a future CEO and they should be gaining this experience right through their careers.

Currently, the concept of 'collaborative leadership' means different things to different people. There is also an indication that different roles may favour different models. What seems clear in the immediate future is that CEOs will need to be explicit with their teams about how they define 'collaboration' and where decision making authority and accountability sits.

An increasing emphasis on the development of soft skills, particularly emotional intelligence, will also be essential if a CEO is to be the transparent, informal and accessible leader that their stakeholders now expect. In many ways, the CEOs of

the future will be more like politicians in that they will be a more scrutinised, public figure. They will be expected to exemplify high standards of ethics and behaviour, even during their down-time. This may provide challenges for business people who have not had public exposure throughout their careers. Future CEOs will need to gain experience via expansive and comprehensive career structures rather than rapid and linear ones.

The role of the CEO is set to become even more challenging and require a much wider skill set than ever before. A track record of execution in a functional area may not be sufficient to lead the organisations of the future. Prospective CEOs will need to think far more broadly about their ongoing development and learning to ensure they - and their organisations - are ultimately successful.

# About the School for CEOs

The School for CEOs is an innovative concept in executive education, helping organisations prepare individuals for senior leadership positions and strengthen their succession pipeline. Pragmatic and effective, the School was founded on one premise: delivering results.

The School offers intensive residential and non-residential programmes, workshops, coaching and mentoring for senior business people from a wide range of organisations. These include listed companies, private equity portfolio businesses, private firms and family businesses.

The School's programmes provide practical lessons for immediate use:

- **Vital Few** is a two-day residential programme that helps executives develop the knowledge and skills required to tackle the challenges of the top role.

Delegates benefit from the combination of practical and theoretical learning delivered by real-world practitioners who currently sit, or have sat, in the hot seat themselves.

- **Runway** is a one-day workshop designed for individuals with the potential to become senior leaders. It helps them realise that potential and position themselves for success.

Delegates receive extensive feedback on their readiness to step up to the next level and identification of areas of strength and development. They create and refine a personal development plan, specifically geared to support aspiring business leaders over 3-5 years.

The School has assembled a strong Faculty of accomplished business leaders including CEOs, Chairs and expert practitioners (corporate finance, PR etc.). The Faculty delivers carefully-designed training and education modules, based upon our proprietary research, with an aim to fulfil the 'alchemy of leadership'.

The School is aimed at:

- High-potential senior executives with the runway and ambition to become CEOs of quoted, private or family businesses (eg. Finance Directors, Divisional Managing Directors, functional leaders), or Senior Partners of professional services firms.
- Existing CEOs of quoted, private or family businesses, or Senior Partners of professional services firms, who wish to deepen and broaden their leadership.



The Advisory Board, Faculty, and programme delegates together form a growing and vibrant network of experienced business leaders. A regular series of alumni events helps to cement this network.

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