

Less lonely at the top

Supporting the CEO



ODGERS BERNDTSON

It is a well-worn cliché of leadership that it's lonely at the top.

Prime ministers, presidents, generals and the stars of sport and entertainment – not to mention chief executives – have all observed that the higher they climb, the more isolated they become.

But need it be so?

Today's chief executive should be well supported by executive and non-executive colleagues from whom advice and counsel can be sought.

Externally, there is no shortage of professional mentors or coaches who can ease the loneliness of command.

Based on our ongoing conversations with numerous chief executives, chairs and others, we examine the various constituencies to which a chief executive can turn and how those relationships can support the individual in the top job.

Equally, we test why each of these relationships may be compromised in ways that impede true candour.

Finally, we ask, in a world where the existential threat to a business seems omnipresent, is loneliness just part of the job?

TOUGH, AND GETTING TOUGHER

The chief executive's role is tough, and getting tougher. The COVID-19 crisis has surely brought that into sharp and painful relief.

Even before the pandemic, a business environment, characterised by globalisation, technological acceleration, and the watchful presence of investors, the media, regulators and government, ensures that scrutiny, accountability and responsibility are ever-present companions.

The decisions get bigger; the consequences of failure become more profound. As one chief executive says: "You know a lot of things that are secret and the number of people you can confide in is very few. Not to be lonely in the role is almost impossible."

Worryingly for businesses, however, there is increasing evidence that loneliness has a negative impact on executive performance.

Feelings of isolation can hinder a chief executive's ability to do their job, with first-time chief executives particularly at risk of underperformance.

For many chief executives, the isolation inherent in the top job can come as a shock.

In the words of one chair: "The people who make it to the top are typically hugely talented, highly motivated and incredibly hard working. They are used to having most, if not all the answers. It can be difficult therefore to admit they need a helping hand."

Who can chief executives turn to?

The first port of call is likely to be the chair, a role where providing counsel and mentoring to the chief executive is enshrined in the job description. Other non-executive directors on the board may also be a useful channel of advice, particularly those who have current or recent executive responsibilities elsewhere.

Many chief executives will have developed a strong and trusting relationship with their finance director so that tough business issues can be tackled and worked through.

Other executive colleagues can serve a similar purpose. In particular, the HR Director,

not usually a candidate for chief executive succession, can be a source of tough, constructive advice, free from any other agenda.

Historically, many chief executives may have opened their hearts and souls to a senior denizen of the financial community—perhaps a banker, broker or lawyer who has seen multiple corporate successes and failures and can offer high-level, independent advice based on wide experience.

We found, however, that sensitivities over sharing non-public information means that this channel of communication is often viewed as highly constrained.

If seeking an external view, most chief executives will instead turn to a mentor or coach.

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INSIDE THE COMPANY

TOGETHER AT THE TOP – TALKING TO THE CHAIRMAN

Few relationships at the top of a company are as important as that between the chief executive and the chairman.

As well as holding the chief executive to account, inherent in the chairman's role is a requirement to be a counsellor, confidant and coach, and to provide an additional channel of support and guidance as appropriate.

One chair says: "It's the chair's job to facilitate discussion and show leadership, but they also have to listen and sometimes advise the chief executive."

A second chair added: "A chair's reputation is linked, at least in part, to how the chief executive performs. The greater the level of support, the greater chance the chief executive has to succeed."

But the partnership is inevitably constrained. At the heart of the chair's role is to keep the chief executive's performance under review and make a change if necessary. Another chair adds: "My role is to support the chief executive absolutely to the hilt... until the day comes when I have to take him outside and shoot him!"

The chief executives we spoke to for the most part enjoyed a

close working relationship with their boss. Equally, no chief executive will open up to their chair in a way that could make them seem indecisive, out of touch or lacking strategic and operational grip. Chief executives are careful about what they say, and how they say it.

"If I bring a particular problem or concern to my chair, I have to be confident he is invested in helping me to solve the problem, rather than apportion blame," says one chief executive.

Another adds: "It's essential that chairs do not seek to say 'I told you so' or use candid discussion as an excuse to score points or be critical."



NON-EXECUTIVE DIRECTORS

Chief executives typically seek out individual non-executive directors for specific rather than general advice.

One said: “If I’m looking for specialist advice on a business issue I’m not an expert in – be it M&A or some other niche area – I’ll try to lean on a non-executive who can provide that.”

Beyond that, the relationship with non-executive directors can suffer from the same constraints that apply to the relationship between the chair and chief executive, namely that one has the authority to hire and fire the other.

“They can help advise on strategy, but they are also there to assess and investigate whether I’m adopting the right strategy. This tension prevents a close professional relationship from ever developing,” says one chief executive.

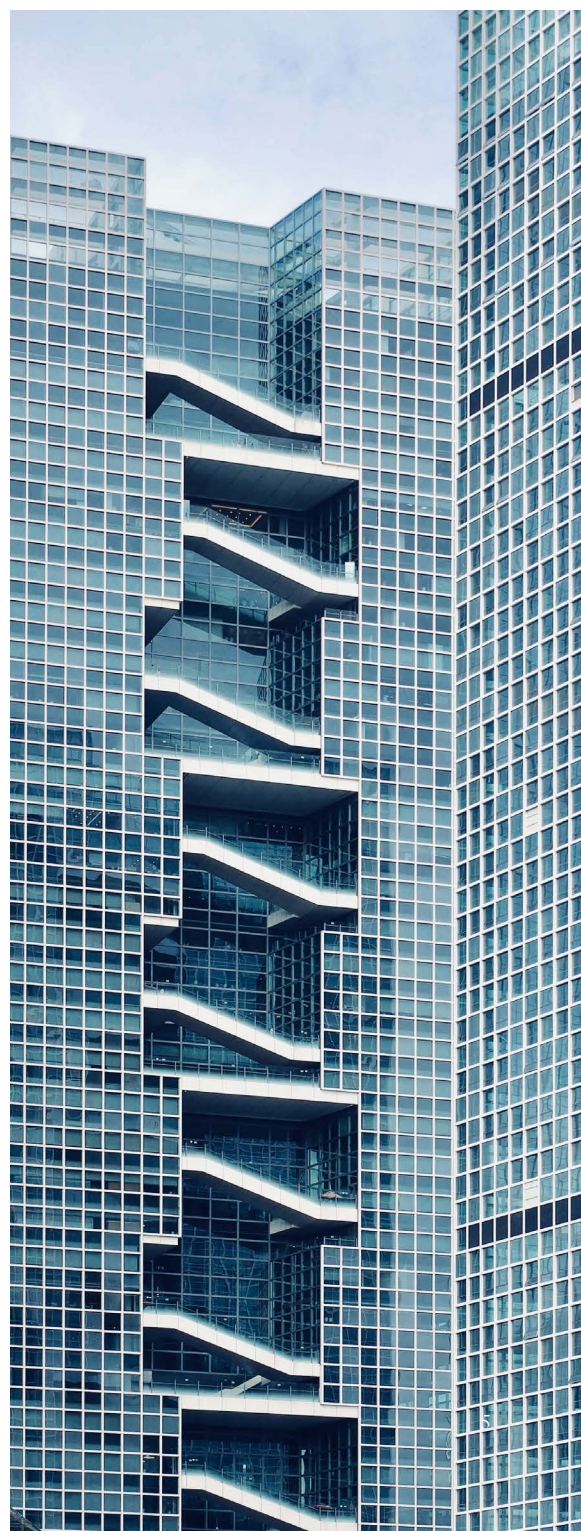
Another adds: “It is very easy for non-executives to come across as threatening when they are probing the executive team. If it’s not done right, it can create a wall between the chief executive and the non-executives.”

In order to strengthen the relationship and build trust, many chief executives make a point of meeting each of the non-executives individually and informally throughout the year.

Non-executives are not a monolithic bunch, of course, and chief executives will develop a clear idea about whose advice they prefer to seek first.

In particular, chief executives may be drawn to a non-executive on their board who happens to be a chief executive elsewhere, and so brings current market insights. It’s a further powerful argument in favour of ensuring there is always a serving executive among the cadre of non-executive directors.

As one chief executive makes clear: “A fellow serving chief executive has a perspective that is unique and understands some of the complexities and the balancing act that we are constantly treading that non-executives who have never done the role cannot.”



EXECUTIVE DIRECTORS

The first person most of us turn to for help with a work-related problem is a trusted colleague. And why should chief executives be any different?

A self-confident chief executive who is open to debate and challenge will seek the input of their senior team, most notably the finance director. One chief executive pointed to a strong relationship with his finance director, adding: “I can reconcile that with sacking him if I have to.”

A second says: “My most significant and closest working relationship is with my finance director. Only he knows what it’s like at the coalface and understands the intricacies of the challenges we are facing.”

But as with the relationship between the chair and chief executive, the dynamic between the chief executive and the finance director can be circumscribed by the simple fact that one is the subordinate of the other.

“It’s highly unlikely someone who you can and may have to fire will provide you with open, candid criticism of your actions,” says one chief

executive. “They are certainly not in a position to hold you accountable, or most times, even question the wisdom of your strategy.”

The fact that finance directors are regularly viewed as a potential successor to the chief executive only adds to the tension.

“There comes a point when many finance directors want the top job,” says one chair. “This can be mitigated by open communication, but it can also create tension if the chief executive is not quite ready to go.”

The HR director can be a useful sounding-board. As one chair told us: “They are probably the only person on the executive committee who doesn’t want the CEO’s job – they can sit there, be observant and give the chief executive the lie of the land and tell them when they’re being obnoxious.”

One FTSE 100 HR Director described his role as being: “The CEO’s confidant and the conscience of the company.” This individual adds: “The HRD must have the skill of listening – the more senior people become, the more they feel the need to speak.”

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OUTSIDE THE COMPANY

Good advice and honest feedback isn't only available inside the chief executive's own corporate fold. And looking outside the company does have certain advantages.

"Only a certain level of honesty is possible with people who work with and for you," says one chief executive. "With someone from outside the business, there are fewer barriers to disclosure and openness. It's a much more secure environment in which you can reveal your thoughts."

But while the benefits of external advice are plentiful, it is not always apparent to chief executives that formal avenues of support exist outside the business.

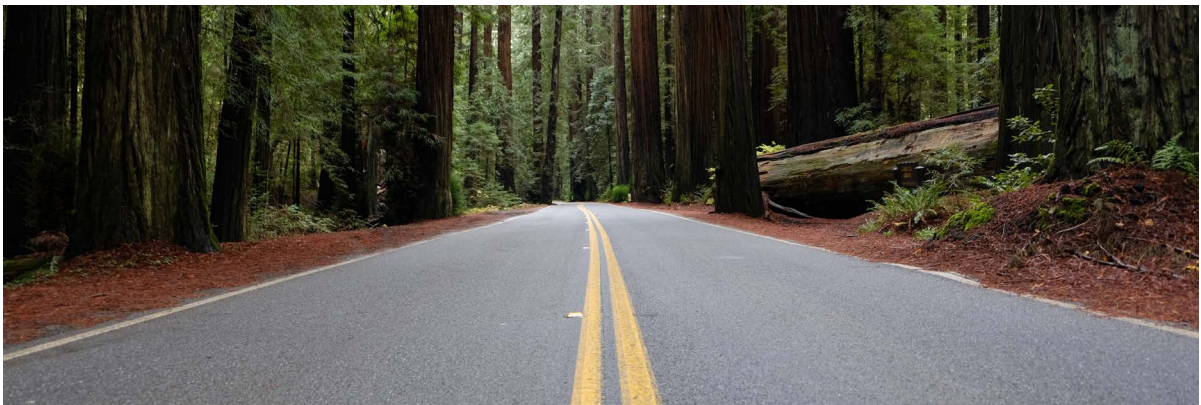
One chair says: "The modern CEO is under enormous pressure. It is important they don't feel the board is the only place they turn. External advisers not only provide a safe outlet for a chief executive to express concerns, but are capable of providing unvarnished feedback in a way fellow directors cannot. There are situations when it is absolutely necessary, but there are alternative support networks out there and this needs to be communicated."

In years gone by, a senior banker, broker or other so-called 'grey panther' of the financial community could serve as an outlet for a frustrated or anxious executive.

Sensitivities over sharing non-public information have put a chokehold on this line of communication, however, so that conversation is often limited to generalities.

"The fact they are far removed from the business means they can truly bring a fresh perspective. It also means you are restricted to talking about scenarios, behaviours and concepts as opposed to specific business challenges," says one chief executive.

The vast majority of CEOs highlighted the benefit of two specific external relationships: mentors and executive coaches.



MENTORS AND COACHES

For some business leaders, being mentored has become a critical part of their executive development.

Chief executives speak positively of having a range of informal mentors and promoters throughout their career – typically a senior figure in the business who spotted their potential and encouraged their development and promotion. This is particularly true amongst female senior executives and minority groups.

Several admitted to remaining in touch with mentors who had sponsored them in their early career, while others highlighted the benefits of seeking out a more formal mentoring arrangement upon taking the top job.

Mentoring has emerged as a successful industry in its own right, with the best mentors providing a resource for chief executives and other senior managers.

Several chief executives speak highly of having the opportunity to solicit a confidential second opinion from someone who has succeeded in the role they are currently doing.

“It’s incredibly reassuring to be able to tap the thoughts

of someone you hugely admire and who has been through many of the same challenges you have faced and come out the other side,” says one chief executive.

A chair adds: “When you’ve had a long career at the top and have experienced all the highs and lows that come with it, you’ve got plenty of cautionary advice you can give.”

One former chief executive and current mentor said: “There is a whole new generation that treats mentoring in a completely different way. It used to be seen as a sign of weakness, while now it’s a sign of strength. As mentors, we have sat in the chief executive’s seat, and we know there are big gaps in their knowledge, just like there was in ours. You’ve got there because you’re good at something, now you’re expected to be good at everything.”

There is a fine line between the roles of a mentor and executive coach. Typically, a mentor will be a proven leader in the role that the mentee currently holds – in other words, a successful former chief executive. Mentoring also tends to be a longer-term and more informal relationship.

A coach may not have direct commercial management experience to bring to bear, but will focus on a few specific performance or development issues, often from the perspective of a business psychologist or organisational specialist.

One chief executive told us: “With a coach, you know you are getting someone who is truly non-judgemental.”

Another adds: “Although they are there primarily to provide behavioural feedback, they’ve seen first-hand the stress that can come with the job and are good at helping you focus your thoughts.”

In the final analysis, using a mentor or coach is a personal choice. We spoke to chief executives who swore by the value that this kind of relationship can add; others who saw it as an unnecessary addition to an already crowded schedule.

Mentoring can never be a substitute for the chief executive’s own business judgement and the requirement to develop their own authentic leadership style. “Mentoring can be valuable, but it’s not a life support system.”

FRIENDS AND FAMILY

Chief executives are divided about bringing work home with them. Although in this age of Zoom calls and working from the kitchen table, it can be practically unavoidable.

One says: “So long as they are not commercially sensitive, doubts or concerns about the business are best ironed out with trusted friends. They are the only ones who will give you the truth.”

Others highlighted the fact that few people know you better than your friends: “They have an unfiltered insight into your personality, your behaviour, and your

worldview. This makes their advice all the more meaningful as a result.”

It's not for everyone, however. “I couldn't think of anything worse than talking business with my mates,” says one chief executive.

“I spend all week debating tough decisions – the last thing I want to do is dig them up again at the weekend with my friends.”

“ They have an unfiltered insight into your personality, your behaviour, and your worldview. This makes their advice all the more meaningful as a result. ”



CARRYING ON REGARDLESS

We have tried to set out a number of relationships which chief executives may draw on for counsel, comfort or advice.

The crucial point is that chief executives need to develop the relationships both inside and outside the organisation that works best for them.

A chair says: “The chief executive needs to be big enough to work out what support they need and go and get it. They should find their own sounding board.”

Ultimately, however, the central message from most chief executives was ‘grin and bear it’. One says: “Leadership is lonely. It’s impossible to be responsible for so many important decisions and not feel a sense of isolation. The buck stops with you and to a certain extent you just have to deal with it.”

“The chief executive needs to be big enough to work out what support they need and go and get it. They should find their own sounding board.”

Others argue that loneliness comes with the territory.

“When I got the top job, I knew my days of going out drinking with my colleagues on a Friday night were over. I knew what I was getting into when I signed up.”

For most, the isolation that comes with the top job is simply a fact of life.

As one chief executive says: “Is the CEO role a lonely one? Yes. Do I care? Not in the slightest. If you do, you’re in the wrong job.”

Spotlight shines on the CEO as disruption accelerates

Just about everyone looks to the CEO when disruptive forces batter a business, but what kind of CEO will inspire confidence?

Our Leadership Confidence Index has a clear message for CEOs and the organisations they lead. According to the nearly 2000 senior executives (including a number of CEOs) we surveyed globally, the person at the top is the one everyone turns to when it comes to leading through the disruptive forces that have become all too commonplace.

Whether its technological advances or pandemics, fast-moving market needs or macro-economic volatility, 85% of respondents look to the CEO to lead organisations to succeed whatever disruption brings.

In contrast, only 27% of respondents saw the board as having ultimate responsibility to do this. But, and it’s a big but, only 60% regard their current CEO as being the right one for the times. This is a very telling deficit if you consider that 95% of our respondents agree that handling disruption well is a key competitive advantage. So, what do today’s CEOs need to do and be, to lead an organisation during this period of unprecedented change? For the answer, search Leadership Confidence Index on odgersberndtson.com

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So, we always take time to thoroughly understand your leadership needs first and foremost. Then, we match that intelligence with our depth of knowledge of the sector, the role, and, of course, the potential talent pool.

Plus, our global network offers a further diversity of experience, knowledge and access at the highest levels across the world.



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Kit Bingham is a Partner in the Board Practice at Odgers Berndtson, and Head of the Chair & Non-Executive Director Practice. Kit joined after a career in financial journalism and financial public relations. He was Senior Writer at Financial News, a Dow Jones publication, covering both corporates

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