

THE FRAGILITY OF THE CEO

At Strategy Explorers we have worked with CEOs and Senior Directors to help them make it through the natural pitfalls that the journey to the very top of organisations presents.

The top job, the aspirational role, the career move you want to be your next: or is it ? Making it into the executive suite as a CEO brings with it up and downsides and more latterly, it has been the downsides that have gained both academic and business interest. The questions being, just how fragile are our CEOs and what can we do about it ? And it's a question worth asking as there is after all, a certain unavoid-ability about CEO fragility;
it's a tough job and someone's got to do it.

Being the chief executive of the organization is in fact about being the lead steward of the organization's resources the guardian of the culture and standing centre spotlight on the organisation's stage. Responsibilities and expectations spread across a broad and very interested community of stakeholders. This brings with it an inevitable tension. There will, in the stewarding and leading of an organization, always be tensions between the interests of different stakeholder and shareholder groupings. The role of the CEO is often to negotiate, act and decide within this space of tension: some times the villain, sometimes the hero but usually behind most things.

Almost twenty years ago, two American writers¹ highlighted the extent to which we have a *romance* with the CEO role and love to attribute organizational successes and failures to the actions of the CEO more so than

¹ Meindl.J., Ehrlich.S. & Dukerich.J. (1985) The Romance of Leadership. *Administrative Science Quarterly*. Vol 30. Pp78-102.

any other explanatory element of organizational performance. World and corporate events see the pendulum of CEO romance swing continually from heroes to villains and back again: sub-prime lending becoming the new-Enron in terms of today's stick to beat corporate power. Whether the phase is one of CEO trust or mistrust – each with their own and very real pressures – tension at the top remains for a couple of important reasons.

Quite apart from the tension created by being in the lead stewardship role (balancing the wants needs and aspirations of multiple stakeholder groups), just simply being 'the' holder of power in the organization brings difficulties with it. A very well regarded Organisational Psychologist² based at INSEAD (Manfred Kets de Vries) has consistently talked about the role of the CEO as one that involves being on a stage and under constant observation. Others talk about employees' favourite habit of 'boss watching'. Nice to be in the limelight and have everyone's attention - it's fine when you need it - but being in the limelight all the time becomes problematic. And continued and close observation brings with it yet more inevitable potential fragility for the CEO; that is, the more you are observed and watched and talked about, the higher the chance of being misread and misunderstood.

The paradox for the CEO is often that they are so *psychologically accessible* to others and yet very rarely fully *psychologically known* in their roles. They are accessible in terms of being on stage, they are accessible as the source of organizational success or failure and they are supposed to be accessible to simultaneous and often-competing stakeholder needs. Yet, according to a piece of research carried out by US and UK psychologists³, in the midst of all this accessibility, one of the biggest sources of stress, tension and fragility for CEOs is their sense of isolation.

² Kets de Vries, M.F.R. (1994) The Leadership Mystique, *Academy of Management Executive*, vol. 8 no 3.

³ Campbell Quick, J., Gavin, J., Cooper, C. & Quick, J. (2000) Executive Health: Building Strength and Managing Risks *Academy of Management Executive* vol 14 No 12.

They are isolated from their employees for obvious reasons: e.g. confidential knowledge, difficult and sensitive decisions, and the natural distance that power creates. They are often isolated from their senior executives for whom they too perform a role rather than appear in person as themselves. Their long hours keep them isolated even from their own private lives.

Especially for a newly appointed CEO, the palpable sense of psychological and physical (no one wants to look like a suck-up or too much of a political animal and sit next to the CEO in meetings) is something of shock that requires not only initial adjustment, but also continued management. It has been argued by some organisational psychologists that in the void of this isolation lies the risk of CEO self destruction. Manfred Kets de Vries asks us to think of the central character in a Shakespearian tragedy and try to see why psychologically isolated CEOs can end up making decisions and life choices that contribute to their own downfall.

The current trend in terms of the fragility of CEOs, and the extent to which they are able to cope and adapt in today's business climate, is not all that promising. Various research studies speak of 'executive ill health' as a syndrome that ranges from long hour fatigue, impacted family life (marital separation and /or difficult parenting relationships) various physical manifestations of stress and mood disorders. It is vital to point out that this is clearly exacerbated by the fact that too few CEOs seem to take the full allocation of 'time-out' that could help them recover from their highly demanding role. In a recent survey, it was uncovered that as many as 85% of CEOs don't take their full annual leave allocation.

The climate we have been describing here is highly likely to be connected to the 21st century corporate phenomenon described by two American Professors⁴ as 'CEO churn'. This label describes the brevity of CEO tenure and the realisation that an incoming CEO usually has a two year period to get

⁴ Bennis. W & O'Toole. J. (2000) Don't Hire the Wrong CEO. *Harvard Business Review* May.

it right before they themselves decide they either can't *hack it* or they *get hacked*.

This 'churn-time' is markedly less than was afforded to incoming CEOs 10 to 15 years ago. And, according to one of the leading writers in strategic management (Donald Hambrick)⁵, this CEO churn factor is part of the dangerous hubris that leads CEOs toward dramatic and high profile strategic changes (mergers, take-overs, acquisitions and revolutionary change) rather than opting for a slower pace of incremental change and growth.

In the face of the unavoidable threat to the success of 'UK Plc' that comes from the inevitable fragility of CEOs, the key question becomes; what can be done about it ?

There are some recommendations that we can make to organizations and their CEOs. Generally these are simple to state, difficult to carry out and in all probability won't solve but rather in some sense help to *resolve* the more damaging aspects CEO tension and vulnerability.

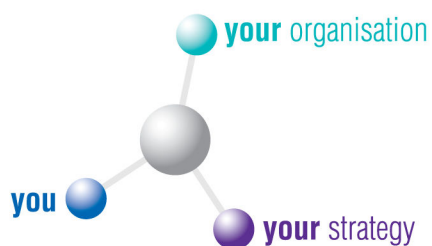
- 1) Ensure that the hire is right in the first place.
 - a. Succession and succession planning is key to organizations and yet is very rarely engaged in or engaged in well.
 - b. Try not to buy into the myth of salvation before hiring a new CEO. It is rare that a single hire (even if it is CEO) is going to turn an organization round overnight.
 - c. Set appropriate expectations for both an incoming CEO and the stakeholders of the organization.

- 2) Ensure that the newly appointed CEO is strongly supported both in the early days of their appointment and in a continuing sense by their natural support resource which is the company chairman:

⁵ Hayward. M & Hambrick. D.C. (1997) Explaining the premiums paid for large acquisitions: evidence of CEO hubris. *Administrative Science Quarterly* March

someone within the organization to who they can and actually *ought* speak in confidence.

- a. Nurturing the CEO / Chair relationship is central to keeping the CEO as well as the governance of the firm on track.
- 3) Ensure that the CEO learns to support them self by fully using time away from the organization.
- a. It's healthy for both for the firm and the CEO to psychologically break away from the dependency of a messiah complex: i.e. the CEO has to be there or it won't work out right.
- 4) Think about out sourcing CEO support: external coaching and mentoring. The relief of being able to voice the unvoicable, to own and then let go of *fears, irrationalities, frustrations and disappointments*, does not just emerge in a CEO or Executive Director's world. A deliberate attempt to build it into life at the top usually means either episodic or ongoing coaching and one-to-one development.



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