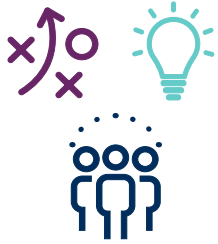

Inside the Mind of the Chief Executive Officer

Russell Reynolds Associates' *Inside the Mind of ...* series addresses the leadership and behavioral attributes of various groups of executives.

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Executive summary



Leaders at the very top of organizations are distinguished by three key traits: initiative (taking first-mover action), inference (coming to understanding on limited information), and influence (persuasively moving others to action).



Our psychometric study of more than 900 CEOs reveals that CEOs manifest a markedly different psychological profile from the average executive, characterized by a courageous, fast-paced nature as well as original thinking and active engagement of others.



Some common CEO stereotypes (persuasiveness, aggressiveness) are borne out by this psychometric data, while others (lack of warmth, self-promotion) are not.



Best-in-class CEOs show greater humility, sense of purpose, and focus on substance than their peers.

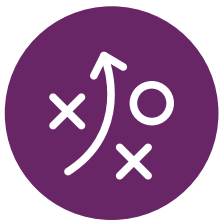


Public company CEOs and CEOs who were internally promoted both show surprising *introverted* traits when compared to their CEO peers.

Our framework and methodology

The Center for Leadership Insight's **"Eyes on the I's"** framework characterizes what's needed for leaders at the top of organizations. Great leaders in the coming decades will embody the following traits, which we highlight throughout this paper as they manifest themselves in our results.

INITIATIVE



Using first-mover advantage to shape unpredictable situations into positive results

INFERENCE



Using the power of deduction to assemble understanding from voluminous, incomplete, or divergent data

INFLUENCE



Using the power of persuasion to stir diverse stakeholders to motivated action

METHODOLOGY

The Russell Reynolds Associates database—unique in that it contains 6,000 psychometric profiles of executives from the top ranks of corporations worldwide—allows us to make statistically driven observations about the characteristics possessed by leaders in a particular field.

Our methodology was straightforward: Using results on three well-validated psychometric instruments (the 16pf, the OPQ-32, and the Hogan Development Survey), we compared over 200 CEOs whom we have assessed around the world to our broader database of senior executives, and we conducted comparisons within this group as well to better understand what statistically significant differences emerged across our 60-attribute psychometric model. We validated the data from our CEOs with a sample of over 700 CEOs whose psychometric data had been collected by our partner, Hogan Assessment Systems, to ensure that the results were robust and generalizable.

“Listening and asking questions creates engagement. True engagement with subsequent action and empowerment creates inspiration. That's influencing.”

— Stephen Smith, president and chief executive officer of L.L. Bean.

What is the unique psychology of a CEO?

We began this study with a simple question:

Psychologically, are CEOs that different from the average executive?

Our findings are clear:

YES, they indeed are.

CEOs differ from other executives across **MANY** traits and on some traits to a **LARGE** degree.

This paper thus has three goals:

1

Illuminate the *genuinely unique psychology of the CEO* – including to what degree common CEO stereotypes are borne out.

2

Unpack the *hallmark traits of “best in class” CEOs*.

3

Provide a “field guide” to the *psychology of CEOs with differing backgrounds and experience*.

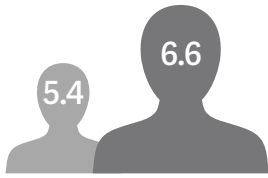
CEOs: a breed apart

On a psychometric basis, CEOs differ meaningfully—across many personality attributes—from the overall executive population. Two traits in particular stand out because of the magnitude of the difference from population averages—**embracing the right risks** and **capitalizing on opportunities**. These traits, which make CEOs courageous and fast-paced, can be considered the essence of the CEO personality. The ability to mindfully take action without hesitation truly separates them from others.

CEO essence (statistically significant differences of highest magnitude)

Courageous and fast-paced

Seek challenge, not intimidated



Embrace the right risks
Capitalize on opportunities

INITIATIVE



Six other groups of traits also distinguish CEOs from their executive peers on a statistically significant basis:

Driven and resilient

Ambitious, intrepid, resilient



Competitive • Self-assured
Achievement-oriented
Emotionally stable • Calm
Strong in their convictions

INITIATIVE



Team builders

High EQ; read, engage, and organize others



Inclusive • Read others effectively
Team-oriented • Rely on others
Warm • Trusting
Enjoy others' company

INFLUENCE



Original thinkers

Curious, develop a unique point of view



Independent-thinking
Open to change • Imaginative
Innovative • Conceptual thinker

INFERENCE



Send clear messages

Communicative and open



Forthright • Outgoing
Socially confident
Enjoy selling • Expressive

INFLUENCE



Visualize the future

Forward-thinking, forward action



Forward-thinking
Free from worry • Optimistic
Lively • Seek varied activities

INFERENCE



Catalyze others

Set the agenda



Thick-skinned • Express opinions
Utilitarian • Take the lead
Assertive

INFLUENCE



Senior Executive Average (1–10 scale)

CEO Average (1–10 scale)

Do CEOs conform to common “CEO stereotypes”?

On a statistically significant basis, are CEOs actually...

COLD?		NO	CEOs actually outscore other executives on both warmth and desire to be around others.
AGGRESSIVE?		YES	CEOs score higher than other executives on assertiveness and taking the lead.
PERSUASIVE?		YES	CEOs report enjoying selling to a greater degree than other executives.
OUTGOING?		SOMETIMES	CEOs show a fascinating mix of both introverted and extroverted traits.
BRAGGARTS?		NO	CEOs exhibit more modesty than their executive peers.
FUTURE THINKERS?		YES	CEOs outscore their executive peers for innovation, forward thinking, and even optimism.
COMPETITIVE?		YES	CEOs outscore other executives for both competitiveness and achievement orientation.
RISK TAKERS?		YES	CEOs meaningfully outscore other executives in embracing risk, while still scoring within an optimal range.

Best-performing CEOs: purposeful, substantive, down-to-earth

When we compared the best-performing CEOs to other CEOs, striking results emerged. Underlying the statistically significant differentiating traits of the best-performing CEOs (passionate urgency, a lack of pretension, and an ability to rise far above the details) are two key concepts: **values** and **efficiency**.

The **values** of these executives are manifest in their passion and their humility—they have a strong belief in what they are doing that lacks narcissistic elements. The **efficiency** of their approach comes through in their need to constantly make progress, as well as their ability to jettison minor elements that obfuscate the big-picture strategic view.

Statistically significant characteristics of the best-performing CEOs

ON A MISSION

Passionate



Sense of urgency



STRAIGHT TO THE CORE

Focus on substance



Keep problems in perspective



Read situations efficiently and actively



UNPRETENTIOUS

Not arrogant



Dislike self-promotion



Best-performing CEOs were selected here by applying both a qualitative screen of performance assessment by stakeholders and a quantitative hurdle of 5% per year revenue CAGR during their tenure, which exceeds average GDP growth.

 CEO Average (1–10 scale)

 Best-Performing CEO Average (1–10 scale)

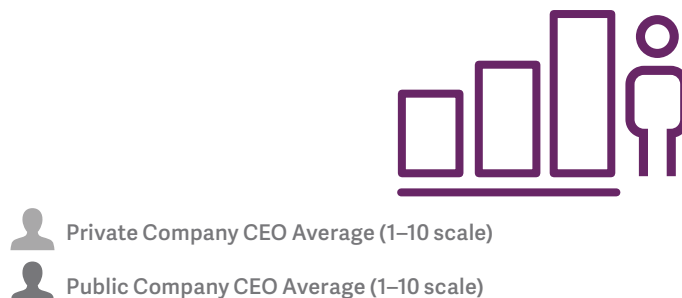
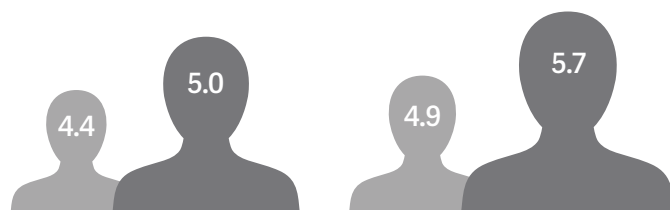
CEOs of public companies: deliberately understated

Statistically significant characteristics of public company CEOs

“Well-deployed reserve”

Dislike self-promotion

Maintain poker face



WHAT THIS MEANS

- Less overtly sales-oriented than private company peers, perhaps due to greater watchfulness of stakeholder communications
- Maintain collected demeanor to avoid spooking the markets

“As CEO of the largest US electric utility, I communicate with a diverse set of stakeholders. It’s important to listen with an open mind, work to find common ground, and be clear and focused in expressing my point of view. It’s not about ego. It’s about credibility and trust.”

— Lynn Good, chairman, president, and chief executive officer of Duke Energy

DEFINITIONS

- Public company CEOs are defined here as CEOs who have led a publically traded company.
- Statistical comparisons were conducted against private company CEOs.

PLUSES AND MINUSES OF THESE ATTRIBUTES

- | | |
|--|---|
| | |
| <ul style="list-style-type: none"> • Seen as deliberate and sincere • Able to build relationships without a potentially off-putting sales tone | <ul style="list-style-type: none"> • Reserved demeanor can be seen as withdrawn • Enigmatic demeanor can be seen as withholding |

CEOs who were internally promoted: quietly digging in

Statistically significant characteristics of CEOs who were internal candidates

Come in “with their sleeves rolled up”

Reserved



Focus effort on priorities



 Former External Candidate CEO Average (1–10 scale)

 Former Internal Candidate CEO Average (1–10 scale)



WHAT THIS MEANS

- Build on ideas of others rather than pushing own ideas
- Can be reserved when first meeting others
- Prepared to leave unimportant tasks unfinished
- Do not trumpet personal achievements



Plays a strong role

“In my experience, many internal CEO candidates have an advantage in terms of building on existing relationships to quickly create collaborative teams. It’s important that these candidates also have the ability to take a fresh look at the company’s key priorities and challenges.”

— Ron Sargent, chairman and chief executive officer of Staples, Inc.

DEFINITIONS

- CEOs who had been internal candidates are defined here as those who were promoted to the CEO role immediately from another role within the organization.
- Statistical comparisons were conducted against CEOs who were external candidates.

PLUSSES AND MINUSES OF THESE ATTRIBUTES



- Low-key collaborative approach can be increasingly relevant to today’s “open organizations”—and builds well upon preexisting relationships with senior management team.
- Focus on key priorities allows emphasis on strategically critical areas, especially those where continuity is vital.



- Interpersonal reticence can be wrongly interpreted as a lack of caring or even arrogance.
- Unwillingness to broadcast successes can lead others to perceive a lack of progress.

What's next for CEOs?

The preceding data tells a clear story about today's CEOs. In the future, we believe CEOs will display certain traits even more strongly:



Influence: "Open organizations" erode traditional command and control. We see CEOs increasingly deploying traits such as persuasion, engagement of others, and empathy to motivate others effectively. Particularly as organizations seek to grow more diverse, we may see a distinct rise in especially perceptive CEOs who can readily engage with employees with a wide range of needs and motivations.



Inference: Swamped by Big Data, inundated by social media, and at the same time often more isolated from their customers than ever, CEOs are ever more challenged to draw nonlinear conclusions at astonishing speed. Those who deploy disciplined mental efficiency to derive answers will be in demand by organizations. Our psychometric study of more than 900 CEOs reveals that CEOs manifest a markedly different psychological profile from the average executive, characterized by a courageous, fast-paced nature as well as fluid thinking and high interpersonal engagement.



Initiative: Disruption is the order of the day, and seems likely to pick up pace in the coming years. Accordingly, organizations will seek out CEOs whose fast pace (combined with the aforementioned intellectual efficiency) and deep confidence allow them to take advantage of the gains that often accrue to first movers. Best-in-class CEOs show greater humility, passion, and ability to rise above the details than their peers.



Introversion/extroversion mix: As electronic communications technology continues to evolve, CEOs will be called upon less and less to be "larger than life" on an in-person basis and more to express themselves thoughtfully across a wide variety of channels. The introverted traits we already see in public company CEOs and internal candidates will become more prominent in this environment.

AUTHORS

DEAN STAMOULIS leads the RRA Center for Leadership Insight. He provides guidance to boards and chief executive officers on how to build excellent leadership teams. This advisory work includes optimizing hiring, promotion, and succession decisions, and contributing to the development of promising senior executives. He is based in Atlanta.

MELISSA SWIFT is the Thought Leadership Architect for the RRA Center for Leadership Insight. She is charged with shaping and bringing to market the Center's intellectual property. She is based in New York City.

ERIN MARIE CONKLIN is a member of the RRA Leadership & Succession practice. She supports assessment programs that lead to effective hiring decisions, leadership development, and cultural integration. She is based in Atlanta.

MOLLY FORGANG is a Knowledge Analyst in the RRA Center for Leadership Insight as well as the firm's Leadership & Succession practice. She is based in New York City.



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Russell Reynolds Associates is a global leader in assessment, recruitment and succession planning for boards of directors, chief executive officers and key roles within the C-suite. With more than 370 consultants in 46 offices around the world, we work closely with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, environmental and political trends that are reshaping the global business environment. Find out more at www.russellreynolds.com. Follow us on Twitter: @RRAonLeadership.

AMERICAS

Atlanta

1180 Peachtree St., NE
Suite 2250
Atlanta, GA 30309-3521
United States of America
Tel: +1-404-577-3000

Boston

One Federal Street, 26th Fl.
Boston, MA 02110-1007
United States of America
Tel: +1-617-523-1111

Buenos Aires

Manuela Sáenz 323
7th Floor, Suites 14 & 15
C1107BPA, Buenos Aires
Argentina
Tel: +54-11-4118-8900

Calgary

Suite 750, Ernst & Young Tower
440-2nd Avenue SW
Calgary, Alberta T2P 5E9
Canada
Tel: +1-403-776-4175

Chicago

155 North Wacker Drive
Suite 4100
Chicago, IL 60606-1732
United States of America
Tel: +1-312-993-9696

Dallas

200 Crescent Court, Suite 1000
Dallas, TX 75201-1834
United States of America
Tel: +1-214-220-2033

Houston

600 Travis Street, Suite 2200
Houston, TX 77002-2910
United States of America
Tel: +1-713-754-5995

Los Angeles

11100 Santa Monica Blvd.
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-310-775-8940

Mexico City

Torre Reforma 115
Paseo de la Reforma 115-1502
Lomas de Chapultepec
11000 México, D.F.
México
Tel: +52-55-5249-5130

Minneapolis/St. Paul

IDS Center
80 South 8th St, Suite 1425
Minneapolis, MN 55402-2100
United States of America
Tel: +1-612-332-6966

Montréal

2000, avenue McGill College
6e étage
Montréal (Québec)
H3A 3H3
Canada
Tel: +1-514-416-3300

New York

200 Park Avenue
Suite 2300
New York, NY 10166-0002
United States of America
Tel: +1-212-351-2000

Palo Alto

260 Homer Avenue, Suite 202
Palo Alto, CA 94301-2777
United States of America
Tel: +1-650-233-2400

San Francisco

101 California Street
Suite 2900
San Francisco, CA 94111-5829
United States of America
Tel: +1-415-352-3300

São Paulo

Edifício Eldorado Business Tower
Av. Nações Unidas, 8.501 11°
05425-070 São Paulo
Brazil
Tel: +55-11-3566-2400

Stamford

301 Tresser Boulevard
Suite 1210
Stamford, CT 06901-3250
United States of America
Tel: +1-203-905-3341

Toronto

40 King Street West
Scotia Plaza, Suite 3410
Toronto, ON
M5H 3Y2
Canada
Tel: +1-416-364-3355

Washington, D.C.

1700 New York Avenue, NW
Suite 400
Washington, D.C. 20006-5208
United States of America
Tel: +1-202-654-7800

ASIA/PACIFIC

Beijing

Unit 3422 China World Office 1
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6535-1188

Hong Kong

Room 1801, Alexandra House
18 Chater Road Central
Hong Kong, China
Tel: +852-2523-9123

Melbourne

Level 51, Rialto Towers
525 Collins Street
Melbourne, VIC 3000
Australia
Tel: +61-3-9603-1300

Mumbai

63, 3 North Avenue,
Maker Maxity
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
India
Tel: +91-22-6733-2222

New Delhi

One Horizon Center, 14th floor
Golf Course Road, Sector 43
DLF Phase-V, Gurgaon 122 002,
Haryana
India
Tel: +91-124-467-4600

Seoul

16F West Tower
Mirae Asset Centre 1 Building
26 Eulji-ro 5-gil, Jung-gu
Seoul 100-210
Korea
Tel: +82-2-6030-3200

Shanghai

Room 4504, Jin Mao Tower
88 Century Avenue
Shanghai 200121
China
Tel: +86-21-6163-0888

Singapore

12 Marina View
#18-01 Asia Square Tower 2
Singapore 018961
Tel: +65-6225-1811

Sydney

Level 25
1 Bligh Street
Sydney NSW 2000
Australia
Tel: +61-2-9258-3100

Tokyo

Akasaka Biz Tower 37F
5-3-1 Akasaka
Minato-ku, Tokyo 107-6337
Japan
Tel: +81-3-5114-3700

EMEA

Amsterdam

World Trade Center,
Tower H, 18th Floor
Zuidplein 148
1077 XV Amsterdam
The Netherlands
Tel: +31-20-305-7630

Barcelona

Avda. Diagonal, 613 2° A
08028 Barcelona
Spain
Tel: +34-93-494-9400

Brussels

Boulevard Saint-Michel 27
B-1040 Brussels
Belgium
Tel: +32-2-743-12-20

Copenhagen

Kongens Nytorv 3
1050 Copenhagen K
Denmark
Tel: +45-33-69-23-20

Dubai

Burj Daman Offices Tower
Office C610, 6th floor
DIFC, PO Box 507008
Dubai
United Arab Emirates
Tel: +971 50 6574346

Frankfurt

Operturm,
60306 Frankfurt am Main
Germany
Tel: +49-69-75-60-90-0

Hamburg

Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-48-06-61-0

Helsinki

Unioninkatu 22
00130 Helsinki
Finland
Tel: +358-9-6226-7000

Istanbul

Cumhuriyet Cad. No 48
Kat: 4/B Pegasus Evi
Elmadag 34367 Şişli
Istanbul / Türkiye
Tel: +90-212-705-3550

London

Almack House
28 King Street
London SW1Y 6QW
United Kingdom
Tel: +44-20-7839-7788

Madrid

Miguel Angel, 11, 7°
28010 Madrid
Spain
Tel: +34-91-319-7100

Milan

Corso Giacomo Matteotti, 3
20121 Milan
Italy
Tel: +39-02-430-015-1

Munich

Maximilianstraße 12-14
80539 München
Germany
Tel: +49-89-24-89-81-3

Oslo

Haakon VII's Gata 1
NO-0161 Oslo
Norway
Tel: +47-2203-8010

Paris

20 rue de la Paix
75002 Paris
France
Tel: +33-1-49-26-13-00

Stockholm

Hamngatan 27
SE-111 47 Stockholm
Sweden
Tel: +46-8-545-074-40

Warsaw

Belvedere Plaza
ul. Belwederska 23
00-761 Warsaw
Poland
Tel: +48-22-851-68-38

Zürich

Stampfenbachstrasse 5
8001 Zurich
Switzerland
Tel: +41-44-447-30-30



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