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.
Contents

Executive summary .................................................................................................................. 3
Our framework and methodology .......................................................................................... 4
What is the unique psychology of a CEO? ............................................................................. 5
CEOs: a breed apart ............................................................................................................... 6
Do CEOs conform to common “CEO stereotypes”? ............................................................... 7
Best-performing CEOs: purposeful, substantive, down-to-earth .......................................... 8
CEOs of public companies: deliberately understated ............................................................ 9
CEOs who were internally promoted: quietly digging in ....................................................... 10
What’s next for CEOs? ........................................................................................................ 11
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

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

**Team builders**
High EQ; read, engage, and organize others

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

**Original thinkers**
Curious, develop a unique point of view

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

**Send clear messages**
Communicative and open

Forthright • Outgoing
Socially confident
Enjoy selling • Expressive

**Visualize the future**
Forward-thinking, forward action

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

**Catalyze others**
Set the agenda

Thick-skinned • Express opinions
Utilitarian • Take the lead
Assertive
## Do CEOs conform to common “CEO stereotypes”?

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

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold?</td>
<td>No</td>
<td>CEOs actually outscore other executives on both warmth and desire to be around others.</td>
</tr>
<tr>
<td>Aggressive?</td>
<td>Yes</td>
<td>CEOs score higher than other executives on assertiveness and taking the lead.</td>
</tr>
<tr>
<td>Persuasive?</td>
<td>Yes</td>
<td>CEOs report enjoying selling to a greater degree than other executives.</td>
</tr>
<tr>
<td>Outgoing?</td>
<td>Sometimes</td>
<td>CEOs show a fascinating mix of both introverted and extroverted traits.</td>
</tr>
<tr>
<td>Braggarts?</td>
<td>No</td>
<td>CEOs exhibit more modesty than their executive peers.</td>
</tr>
<tr>
<td>Future Thinkers?</td>
<td>Yes</td>
<td>CEOs outscore their executive peers for innovation, forward thinking, and even optimism.</td>
</tr>
<tr>
<td>Competitive?</td>
<td>Yes</td>
<td>CEOs outscore other executives for both competitiveness and achievement orientation.</td>
</tr>
<tr>
<td>Risk Takers?</td>
<td>Yes</td>
<td>CEOs meaningfully outscore other executives in embracing risk, while still scoring within an optimal range.</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>ON A MISSION</th>
<th>STRAIGHT TO THE CORE</th>
<th>UNPRETENTIOUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passionate</strong></td>
<td><strong>Focus on substance</strong></td>
<td><strong>Not arrogant</strong></td>
</tr>
<tr>
<td>Sense of urgency</td>
<td>Keep problems in perspective</td>
<td>Dislike self-promotion</td>
</tr>
<tr>
<td></td>
<td>Read situations efficiently and actively</td>
<td></td>
</tr>
</tbody>
</table>

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.
CEOs of public companies: deliberately understated

Statistically significant characteristics of public company CEOs

“Well-deployed reserve”

Dislike self-promotion  Maintain poker face

4.4  5.0  4.9  5.7

Public Company CEO Average (1–10 scale)
Private Company CEO Average (1–10 scale)

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.

PLUSSS AND MINUSES OF THESE ATTRIBUTES

+ Seen as deliberate and sincere
+ Able to build relationships without a potentially off-putting sales tone

- 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 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

“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.

PLUSSSES 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.

GLOBAL OFFICES

Americas
- Atlanta
- Boston
- Buenos Aires
- Calgary
- Chicago
- Dallas
- Houston
- Los Angeles
- Mexico City
- Minneapolis/St. Paul

Montréal
- New York
- Palo Alto
- San Francisco
- São Paulo
- Stamford
- Toronto
- Washington, D.C.

EMEA
- Amsterdam
- Barcelona
- Brussels
- Copenhagen
- Dubai
- Frankfurt
- Hamburg
- Helsinki
- Istanbul
- London

Madrid
- Milan
- Munich
- Oslo
- Paris
- Stockholm
- Warsaw
- Zürich

Asia/Pacific
- Beijing
- Hong Kong
- Melbourne
- Mumbai
- New Delhi
- Seoul
- Shanghai
- Singapore
- Sydney
- Tokyo
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.