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Into the driving seat

Navigating the CEO journey



“

**... a CEO
is only as
good as
the people
around
that CEO.”**



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Introduction

Becoming CEO represents the pinnacle in an executive's career.

Yet the journey to CEO and the role itself is not always what people expect. Through discussions with new and experienced CEOs we have learned about a number of surprises and regrets, but also about clear recipes for success.

If you are an aspiring CEO, this report might deepen your understanding of how to steer your path to your first CEO role.

If you are a new CEO, we hope that you find *Into the driving seat* helpful in managing your transition more effectively.

Over the last five years, we have helped over 170 new CEOs to set themselves up for success and navigate their first year as CEO in one of our Transition Labs. We also interviewed over 50 experienced CEOs who shared with us their key learnings. *Into the Driving seat* brings together their personal insights.

Typically, the CEO position is unique in each company. It has relentless demands and expectations. Only a select few will arrive at this highest of executive offices. The individuals who are appointed to CEO would have had an exemplary career record and succeeding as CEO presents them with their ultimate career test. Beyond the personal ambition to do well for themselves and their companies, a cadre of highly skilled and successful CEOs is critical for wider stakeholder groups and a healthy economy overall. This is why we were amazed to hear from many CEOs that they did not go through a specifically targeted CEO readiness programme.

Many attended various executive development courses but felt that they could have been better prepared for some of the specific challenges that the CEO role brings. These several challenges were frequently experienced by first-time CEOs, and some came as a surprise. *"The most difficult to prepare for is the feeling that comes with being the CEO."* Some had the experience of *"being alone"*, some described it as *"loneliness"*. This might be caused by the change in behaviour of long-standing colleagues towards the CEO.

It might be the responsibility of being the final decisionmaker, or as one CEO said: *"For the first time I did not have peers or a boss."*

Although most CEOs develop mechanisms to look after their physical and mental health, many admit that there are times when their resilience is tested to the limit.

"If you are not careful, you look around after 12 months in the job and wonder what you have actually achieved."

Even in relatively benign macro-environments one of the realities that hit many new CEOs is the wave of issues that end up with them, the sheer number of stakeholders to deal with, and the breadth of knowledge required on a wide range of topics. One of these areas might be decisions around investment and adoption of emerging technologies such as Generative AI. The success of a company's adoption often rests on how well the CEO sets the tone and casts the vision for the enterprise.

We are grateful to all CEOs who spent time with us in a Transition Lab or in an interview. They have been open and honest, and their insights are informative and thought-provoking. Their experience and advice will help others who find themselves in similar situations.



THE CEO ROLE

THE FIVE DIMENSIONS OF A CEO

A framework for CEOs



Even the most experienced and skilled leaders can find the CEO role daunting and at times overwhelming.

To help CEOs with compartmentalising the key aspects of their role, we have developed a specific framework that we call ***The Five Dimensions of a CEO***. The dimensions are Ambassador, Strategist, Architect, Performance Driver and Steward. Each of these dimensions represents a discrete aspect of a CEO's responsibilities, but all are connected, and none can be fulfilled in isolation.

We have tested this framework with dozens of CEOs who find it helpful when articulating where to spend their time and focus. The framework has also triggered many conversations, particularly with first-time and aspiring CEOs, around potential experience gaps and development needs.

The Five Dimensions of a CEO

AMBASSADOR

Ensure external and internal followership. Represent the organisation with customers, investors, regulators, trade bodies and wider society.

STRATEGIST

Create a vision and clear strategy for the organisation. Demonstrate the courage to place strategic bets and decide on the right pace to implement these.

ARCHITECT

Create the organisational model and leadership team to execute the organisation's strategy.

PERFORMANCE DRIVER

Keep the organisation focused on its key priorities. Drive business performance as set out in the strategy and business plans.

STEWARD

Enable a culture that ensures the longevity of the business. Protect the reputation and assets of the organisation.

Ambassador

The CEO needs to establish external and internal followership. Internally this means engaging and inspiring employees.

Externally, the CEO represents the company with investors, customers, regulatory and trade bodies and wider society.

Taking on the mantle of their company's Ambassador or "Chief Cheerleader" as some CEOs colloquially called it, is often one of the most striking aspects of the role. For most new CEOs, none of their previous roles would have exposed them to the whole breadth of Ambassador responsibilities. Never before would they have had such a spotlight shone on them so publicly and so constantly.

Beyond delivering their financial goal, companies are expected by many to have a purpose that goes beyond profit and products. As Ambassador, the focus is firmly on the CEO, who is expected to articulate this purpose across a wide range of environmental, social and governance (ESG) priorities and to instil this sense of purpose into the organisation. This requires engagement with shareholders and a broad set of stakeholders.

The 'what', 'why' and 'how' are equally important, which is why those new in role deliberate on their communication approach and how they 'show up'. ***Many new CEOs we worked with identified being the Ambassador as the aspect of their role they were least comfortable with, and so they increased their time and focus here.***



Strategist

As the Strategist, the CEO must create the vision and strategy, and propose strategic moves with confidence.

Our CEOs agreed that six months was the length of time they had to articulate their strategy for the business. For some this might have entailed an evolution of the previous strategy, while others had to achieve a dramatic change in strategic direction. A key judgement that CEOs need to make is on the pace of change that the organisation is ready and able to embrace. Many said this was as important as the actual strategy itself.

For many CEOs, the time they spend as Strategist reduced after they articulated their strategy. The heavy lifting was replaced by the 'business as usual' annual strategic planning process.

Architect

As Architect, the CEO shapes the operating model, organisational structures and leadership team to ensure the company can successfully execute the strategy.

As company strategies evolve, so too must the operating model, the leadership team's capability and the shape of the wider workforce. The COVID pandemic has placed an even greater focus on reimagining the organisation for the future. As Architect, the CEO ensures that their business attracts diverse talent and remains an attractive place to work.

Against this backdrop, most CEOs are faced with tough and uncomfortable people decisions. By far the most consistent regret we have heard from CEOs was that they didn't move decisively and early enough on some of these difficult decisions. One CEO said: ***"The impact of not making a decision within the first six months still had a negative impact on the business some two years after my appointment."***

Performance Driver

As the Performance Driver, the CEO steers the organisation to stay focused on its priorities, decides which levers to pull to enable execution, and ensures that the right incentives and behaviours are in place.

This is the area where the CEO has to ensure that the business delivers. However, this is also where CEOs empower and rely on their teams. ***Almost 50 per cent of the CEOs with whom we worked wanted to reduce their personal involvement with driving the day-to-day business after their initial 12 months.***

A number of incoming CEOs have found themselves having to respond to crises. In those instances, their initial tenure was almost exclusively consumed with trying to turn around business performance and consequently the majority of their time was taken up as the Performance Driver.

“CEOs must foster a company culture that actively promotes the desired ethical and behavioural standards.”

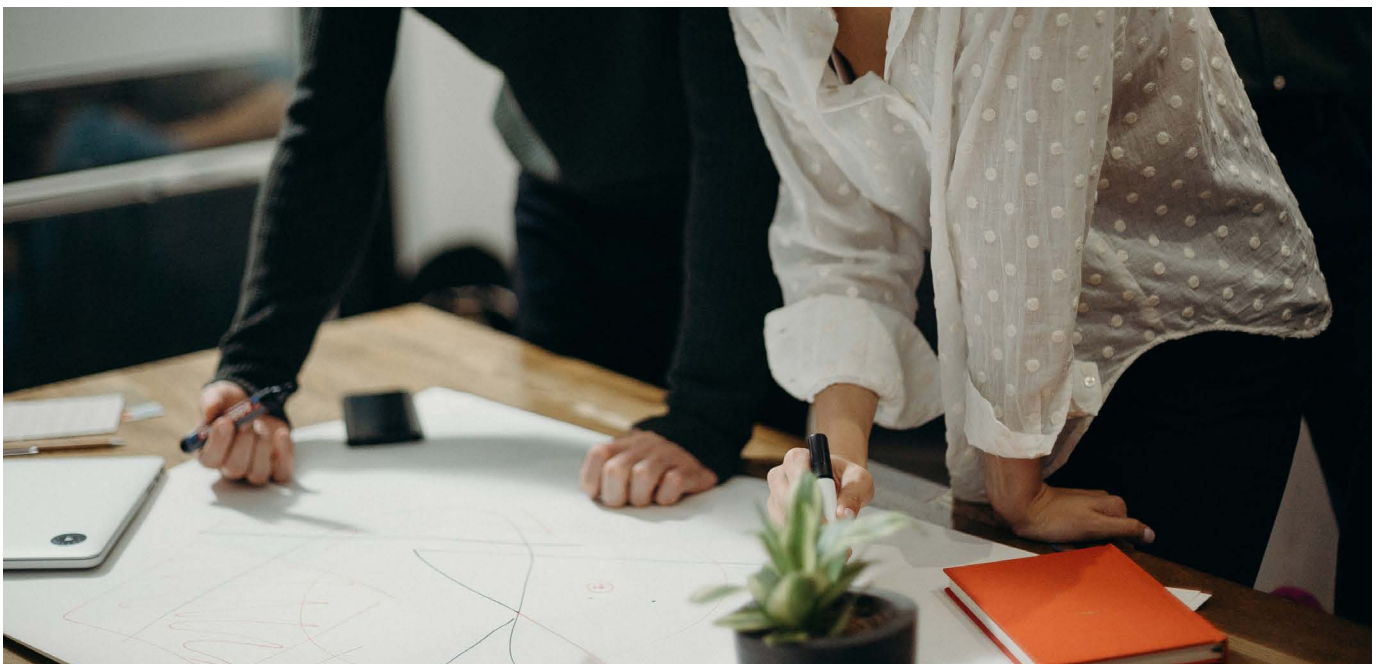
Steward

The CEO is ultimately accountable for protecting the assets and reputation of the company. CEOs see themselves as the fundamental guardian of the company's values and culture. They have an acute sense of responsibility to leave a company in better shape than the one they inherited.

CEOs must foster a company culture that actively promotes the desired ethical and behavioural standards. Our CEOs had to make sure that the organisational design contained the right checks and balances in the governance framework, and that key risks were being managed effectively. Especially in times of crisis, values and culture of the business act as guiding beacon or, if found wanting, exacerbate the problem.

Many CEOs have a transformation mandate and are often frustrated by their organisation's response to change. This can be due to the embedded culture and ways of working that inhibit fresh ideas and stagnate innovation.

Nearly 80 per cent of the CEOs with whom we worked in shaping their roadmap created action plans to drive a company culture that was more aligned and more capable of underpinning the future direction of the organisation.





The Five Dimensions Framework has helped many CEOs to think about their role holistically and to translate their vision and ambition into actionable priorities. Here is a summary of the most frequent priorities of CEOs with whom we worked.

AMBASSADOR

- Articulate a compelling vision for the business
- Develop a communications strategy for internal and external stakeholders
- Develop CEO leadership style and narrative

STRATEGIST

- Articulate the strategy and performance expectation
- Ensure capital allocation decisions are driven by strategy
- Create strategic alignment and roadmap

ARCHITECT

- Build, develop and empower the leadership team
- Evolve the organisation and operating model
- Articulate and embed desired leadership behaviours

PERFORMANCE DRIVER

- Deliver business priorities (organisation specific)
- Deliver transformation
- Establish clearly defined KPIs and drive disciplined performance reviews

STEWARD

- Protect and evolve the organisation culture
- Ensure adequate controls and governance
- Work with the Board in their oversight of the organisation

Set yourself up

FOR SUCCESS

Do I have what it takes? Can I build the right relationships?
Have I inherited an organisation that can succeed? Will external factors
derail the organisation (and me)?

These are the types of concerns we heard from CEOs when they stepped into
their first CEO role.

The choices that CEOs make in their first 12 months can set them up for
success or for failure. New CEOs are very aware of this and in honest
conversations they have shared their hopes and fears about their role with us.
It is not easy for CEOs to share their concerns. After all, they have just been
entrusted with the keys to the company, and the whole organisation is looking
to them for answers. To help, we solicited advice from experienced CEOs,
asking them how they navigated their CEO journey, and what they learned from
their first CEO role.

Prioritise, prioritise, prioritise

“I realised that I did not actually have a lot of time in my first year and I did not have long to make an impact because the average CEO tenure is three to five years.”

The need to prioritise may sound like common sense, but it is not common practice. Every CEO emphasised the imperative to decide on what to do and, equally important, what not to do. CEOs have to understand what will ‘move the needle’ and what is just perceived as urgent – the urgent can crowd out the important.

As one CEO said: **“A busy diary is not a forward indicator of being successful, in fact, quite the opposite.”** In reality, deciding on your top five priorities requires clarity and a strong team to support your vision and ambition, which brings us to the second key success factor that CEOs emphasised.

It is all about the team

“When I took over, I thought about giving some individuals a chance who did not have the appropriate previous leadership experience. In hindsight I should have made more changes because I ended up doing things myself that I should not have had to.”

Be clear on the roles you need to deliver your priorities. Assess your current leadership team against these roles, not just in terms of competencies but also the passion and values they bring to their roles. Some CEOs benefited from the support of a strategic and trusted CHRO, while others had to rely on outside help.

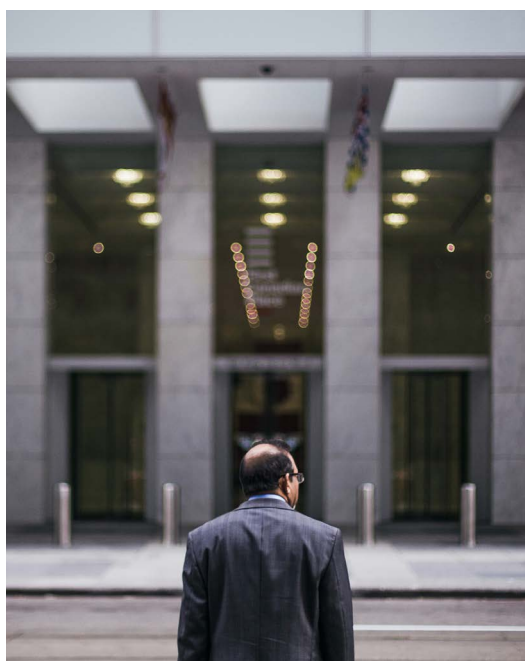
Setting up the right team has been consistently in the top five priorities of the CEOs with whom we worked. In the words of one CEO: **“I’ve really learned that a CEO is only as good as the people around that CEO.”**

Relationships: Who, what, how

When I became the CEO, a lot of people wanted to be my friend. I had so many people reaching out to me “including politicians, suppliers, big customers and others. I had to learn how to navigate this and be quite careful how I built these relationships.”

When you are announced as CEO it might feel **“like winning a talent show, you are a celebrity overnight”** and **“everyone wants a piece of you”**. One CEO advised **“remember the psychology of the role: people love the office, not necessarily you, and they will love the next person in the role”**. Identify who your key relationships are as CEO, find out what they expect from you and establish how you want to work with them.

Your Company Board, and particularly the Chair of the Board will always be one of your most critical set of relationships. As one CEO reflected: **“The two-way relationship with the Chair is critical and has significant influence on your success and enjoyment of the job. Whether you develop a close mentor relationship or a more formal agreement, make sure you understand each other’s style and expectations, not just the job description. In my first year, I over-indexed on this most critical relationship.”**





Resilience

“Start by asking yourself: Why do you want to become a CEO? After speaking with other CEOs, I don’t think many of us realised how personally resilient you really have to be.”

“Resilience is what you develop, not what you have, and that is why I constantly needed to create my own resilience strategies.” The most important piece of advice that CEOs gave us is to **“look after yourself”**. This includes both your personal wellbeing as well as the infrastructure that you need around you.

Another recommendation is to nurture the network of people you can rely on, from the closest relationships with family and friends to the broader group of internal and external individuals. For CEOs it was the relationships they had built over many years, well before they became CEO. As one CEO advised aspiring CEOs: **“Nurture your trusted relationships. When the chips are down you want to just talk things through. This really has helped me in the most difficult situations.”**

Your strategy, your story

“Everyone formed an opinion on me from the start and tried to assess how I would lead the organisation and provide motivation. I tried to develop my story early to articulate how I intended to add value and have an impact.”

As you are shaping your strategy, make time to understand what you inherited – the business and its people. All eyes will be on you but use your **‘honeymoon period’** to shape your thinking. As an internal candidate you might have a head start, but as one internal appointee advised: **“As incumbent you need to maintain an insurgent mind set.”** Be deliberate about your messages because **“people are trying to find out what kind of a person you are and what you stand for”**.

If you are an internal candidate don’t get ‘stuck in’ too quickly and de-prioritise articulating and engaging people with your narrative. As one CEO admitted **“I did a few symbolic things to create recognition of my change in role, but, with hindsight, I should have made this much more thoughtful and deliberate.”**

Keep on learning

“There are really big subjects regardless of your business that you, as CEO, need a view on. You need to grab every opportunity to develop breadth and perspective.”

“As a member of the Executive Committee I had been involved in debates about diversity policies etc, however when I stepped up to CEO, I realised my knowledge of the topic was too fuzzy; I should have had a more focused learning plan.”

Under the spotlight, your position on a wide range of topics needs to be crisp and well-developed. Don’t get caught out. Stay intellectually curious and establish links to individuals and organisations that allow you to learn and stay current.

Contact Us

The role of CEO is complex, challenging and stimulating. Unfortunately, there is no manual that can take you from your current role and turn you into a successful CEO. We hope you find the combined wisdom of the CEOs who contributed to this report helpful.

If you are an aspiring CEO, or if you have been appointed CEO and would like to discuss how we can support you, don't hesitate to get in touch, either through your usual Deloitte contact or our Programme Leaders below.



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