

Research Summary

BROADENING THE CEO SELECTION POOL WHERE WILL OUR FUTURE LEADERS COME FROM?



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The CEO's role is changing and with it, our understanding of the skills and experience needed to fill the role. The skills that selection committees looked for in the past may not be enough to run tomorrow's organisations successfully, as research by Mullwood Partnership makes clear.

As the external business environment changes, so, too, must the role and priorities of the CEO. In order to succeed, organisations need to re-think their idea of the 'typical' CEO and look beyond the usual suspects for future leaders.

Globalisation has brought with it increasingly diverse teams, a dispersed workforce, '24/7' working and more widespread competition. Technological developments have introduced a range of new workplace-related words to us - digital natives; crowdsourcing; consumerisation; virtual offices.

The upsides have been plentiful – new business models have emerged; barriers to entry are lower – but a downside is added complexity.

Economic volatility, meanwhile, has been the backdrop against which most organisations have had to work over the past five years.

All of these have combined to change the way we work – and the way we run organisations.

The role of chief executive has evolved far beyond its clubby roots. Arguably, it has changed more in the past five years than in the previous decade.

Expectations of today's leaders are higher, and their exposure to public scrutiny greater, than at any other time in history.

They are judged not simply on performance measures, but on personal propriety and their ability to inspire people. Tenure is short and competition fierce.

It is against this background that Jo Sellwood-Taylor and Sharon Mullen of Mullwood Partnership began researching the career path and the role of the CEO. How have they changed, and what are today's leadership challenges? Does the traditional route to the role still offer enough breadth and depth to meet these challenges, or should the selection criteria be broadened?

The research also sought to address a specific question: why do so few HR professionals progress to CEO roles?

The findings paint a picture of a role in transition. A background in finance, operations or marketing is still the most prevalent route to the role for 50% of respondents, with only 5% coming from HR.

However, functional background is becoming less important to selection than specific experience.

The pre-requisites for today's CEOs appear to be proven capability as an MD, followed by sector-specific experience and a multi-functional background.

"Intellectual horsepower" is essential, with a master's or MBA degree increasingly expected for CEOs wanting to compete for roles globally.

Changes in the external environment have significantly altered the way a CEO allocates his or her time: external issues make greater demands on the CEO's time and changes to the business environment are re-shaping what, and how, senior leaders operate.

The result is a shift in priorities: with external focus the greatest challenge, people leadership and the ability to build a strong internal team has become a priority. In fact, people leadership was cited as the most important capability by the group containing chairmen, CEOs and additional nomination committee members, with some now seeing their role as "chief talent officer."

This, say respondents, is the differentiating factor for successful senior leaders and encompasses team building, delegation, insight, the ability to inspire and communicate long-term vision, while also having the drive and strategic abilities considered standard in the role.

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With talent management, organisational development and people leadership coming to the fore, it is perhaps surprising that more HR professionals don't move into CEO roles.

The reasons for this appear to be a mix of individual and organisational reticence. The majority of HR leaders have aspirations beyond their function, and 40% had been offered the opportunity to broaden their role. Yet 89% of the organisations in which respondents worked had never appointed an HR professional to CEO. Participants were however able to name over 25 individuals from a HR background who had held the role of CEO or who were currently en route in other organisations.

The key barriers – a perceived lack of ambition and a negative perception of HR from other parts of the organisation – suggest more work needs to be done to raise awareness of just how HR can contribute to wider organisational success.

HR practitioners have the edge over other functions in several essential areas – setting people strategy, developing a talent pipeline to sustain and retain knowledge, supporting organisational change and fostering a culture of employee engagement.

HR professionals can do their part to improve their chances of progressing. Gathering the advice of current CEOs, the report recommends first and foremost that aspiring CEOs from HR make their ambitions known. There are steps they can take to broaden their experience, building strength beyond HR and filling in any gaps in knowledge, behaviour and capability.

They can use their natural abilities to plot their own talent development. But this only goes so far: external perceptions of the contribution HR can make to the wider business need to be recognised. More needs to be done to broaden the CEO selection pool.

The findings of this report demonstrate clearly a shift in the CEO's role and challenges. Selection committees should include these in their specifications.

Additional Note:

This research was conducted by Jo Sellwood-Taylor and Sharon Mullen, Co-Founding Directors of Mullwood Partnership, who provide international board level executive and non-executive search services and industry leading research. This was in collaboration with Dr Sukanyana Sen Gupta, Associate Professor at Warwick Business School, Andrea Adams, Managing Director of strategic leadership and organisation consulting firm Triumph and supported by Criticaleye (Network of Leaders).

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The full white paper, 'Broadening the CEO Selection Pool - Where Will Our Future Leaders Come From?' is available on request from Mullwood Partnership by emailing contact@mullwood.com or contacting Paula Llewellyn, Executive Assistant, on +44 (0) 207 118 0608.