



The Three Foundations of Effective CEOs

CEOs agree that there are some essential traits and competencies fundamental to success.

In our **last post**, we explained how an interesting notion had recently been put to us by an executive in the classroom: whether there should be a CEO school to train high performing executives for the top job. Intrigued, we conducted a study that sought an answer from the leaders of industry.

After interviewing CEOs, such as Jeff Immelt of General Electric, Bob Dudley of BP and Mario Moretti Polegato of Geox among many others, we determined that the development of CEOs requires a competency-focused cross functional approach. But our respondents also considered three main qualities indispensable for making it to the top of the corporate ladder: naturally-born qualities, a passion for acquiring knowledge through formal and informal education and an eagerness to gather multiple competencies on the job.

‘Naturally-born’ traits

Among the naturally-born qualities, curiosity, ambition and passion (CAP) stood out. Curiosity makes people try new things, experiment, challenge the status quo and move out of their comfort zones. As Jeff Immelt said, “The CEOs I know are unbelievably curious, and they have that constant thirst for information, for knowledge, for learning. I think this is a number one attribute of every successful person I’ve ever met from Mark Zuckerberg, to Steve Jobs and Warren Buffet”.

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Ambition makes people excel at what they do, become goals-oriented and competitive. “There is a set of intensely personal traits, and those are hard to train for, and hard to build in the career, but a person has to have them to be a good CEO. And those are things like you have to be ultra-competitive, you just have to be over the top competitive”, Immelt continued.

Passion gives energy, commitment and concentration. It makes people work hard and enjoy it. “In many ways it’s my entire life, it really is. It really is a part of everything that I’ve been and am, and it’s more of a passion, it’s more of a calling than a profession,” Immelt added.

All practitioners spoke about social intelligence – the ability to converse, build and maintain productive relations with various people as an indispensable trait for becoming a CEO. They also demonstrated it in practice – no matter how busy they were all our interviewees fully concentrated on the topic, were very kind and cordial in their conversations. But they disagreed on how one becomes a socially intelligent person. Immelt said, “[You] can’t train for that, you can’t build that.” Rashevsky of SUEK Russia said, “You need to practice it and pay attention to it – the earlier you start the better you become.”

CAP and social intelligence serve aspiring CEOs in

multiple ways, making them highly motivated and competitive innovators ready to embrace new realities, but also puts them high onto a corporate career track where they are spotted and promoted by the key decision makers.

The intuitive insights of the CEOs correspond to research findings which have established a positive correlation between effective leadership and such personal traits as ambition and passion (Drake, 1944; Bass, 1990) However, most of these studies had been conducted a long time ago and did not specifically examine CEO positions.

Academics are more optimistic than CEOs about the sources of curiosity, passion and ambition – recent studies demonstrate that these traits could be developed, especially at the early stages of a human life. (Gibbons, 1986; Goleman, 1995)

Formal education

The CEOs we had interviewed believe in a power of formal education and have a hunger for learning. Abdel F. Badwi of Canada-based Bankers Petroleum Ltd said, “I believe things start at the education level, so I think leadership begins to develop at the school level and then progresses into university level.”

But business leaders praise universities not for narrow professional skills, but for developing general intelligence and such competences as analytics, logic, and, especially systemic thinking. Polegato of Geox said, “School means ‘training to understand’”.

Speaking about specific useful knowledge acquired at university our CEOs mostly mentioned economics, finance, and law. They also emphasised the critical importance of the capacity to learn which was developed at the schools they had attended.

On the job learning

Good industry knowledge – of the company itself, its products, technologies, markets, procedures, employees and customers – enables CEOs to lead effectively. Diego Bolzonello, formerly of Geox mentioned, “You have to know the company well. A good CEO in one company can really be a bad CEO in another company. I think that the main task is to understand very deeply what the core business of the company is”. Rashevski added, “They [the CEOs] have to know markets where a company operates well and they have to know technological process – in other words, they have to have deep understanding of the production and operational processes, a lack of which can give them hard time at running a business.”

The best way that our leaders developed this knowledge was to work in different parts of their organisations, rotating divisions, functions, and geographies. Many CEOs underlined the importance of both geographical and functional rotations as each of these allow them to develop different types of knowledge and skills that could not be gained otherwise. Immelt calls it “acquiring depth and breadth”, which also gives managers self-confidence. In academic literature it is called “inside-outsider” CEO, which, according to this concept, the best leaders are those who grow from inside the company but were detached from the core of the organisation for a significant period of time. (Bower, 2007).

In addition to developing industry and company knowledge future CEOs need to learn how to lead. Our interviewees had done it through what they called “the CEO-type jobs” – managing a region, a product line, a joint-venture.

We have learned that becoming a CEO entails having CAP, good formal education which develops critical, analytical and systemic thinking, the ability to learn on your own, and competencies such as deep industry knowledge, social skills, and a proven-capacity to lead people and deliver results. These traits are indispensable for being an effective CEO, but they should be complemented with higher level abilities.

There are, however, “some things you can only learn when you are a CEO,” according to Dudley of BP. “For example, I was around John Browne (former BP chief) for quite some time, but I couldn’t understand the board-CEO dynamics, how important succession and compensation issues are and how they are dealt with. You have to know how the corporate machinery works.” The passion for learning must clearly be alive and well throughout a CEOs career progression.



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