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# The Importance of Leadership “Vision”



By Stanislav Shekshnia , INSEAD Affiliate Professor of Entrepreneurship and Family Enterprise, Kirill Kravchenko, CEO of NIS, and Nadezda Kokotovic, Head of Staff at NIS

## **Vision is an intangible but critical asset for a CEO to drive high performance.**

In two recent articles, we have examined whether there is [a need for a CEO school](#) and what the [foundations of effective CEOs](#) are to try and understand whether the top job is one that can be learned or whether it's even a profession one can be schooled in. In a series of interviews with chief executives from Jeff Immelt to Bob Dudley among many others, we found that a deep understanding of personal values mixed with traits such as curiosity, ambition and passion often lay the groundwork for CEOs to formulate effective "visions."

But how important is this quality in the top job? Vision is a popular term these days, but the CEOs we interviewed shared a very specific notion of a good business vision. For them vision is a continuous work-in-progress, one of the major tasks of any CEO, which requires time, effort, investment, experimentation and reflection. The company vision should evolve as its business environment evolves, but it has to be crystal clear at every given

moment in time. This vision provides the rest of the organisation with direction, meaning and a benchmark for decision making. In academia Julio Rotemberg of Harvard Business School and Garth Saloner of Stanford University, **claimed in a paper** that leaders who have “a bias in favour of projects that are consistent with the CEO’s view of the likely evolution of the industry”, can achieve greater performance.

Former Geox CEO, Diego Bolzonello, believes that vision is “really the main role of the CEO - to understand which will be the future, what will happen in the market, which could be the space that you could get in the market, etc. That’s a very important point, to select where you have to go, and to transfer it to the management.”

## **Always learning**

To keep a company’s vision current every CEO needs to continue learning. Our experts agree that this learning should go beyond the industry and beyond business and take on global dimensions. Jeff Immelt of General Electric told us, “You become a CEO not because of what you know, but because of how fast you can learn, and that’s something that people don’t always understand. There is a projection of what the world will be like in 5, 10, 15 or 20 years, and can a person continue to meet that change as time goes on?”

Bolzonello adds, “After you become a CEO, keep an open mind. Read books, watch news, listen to the music, and speak to young people. Pay attention to what is happening. Keep track of the times.” Our experts also confirmed that they continue to learn from their parents and pick up interesting ideas and tools from their children, including young ones.

## **Vision as people enabler**

Vision is the piece of the CEO’s job that cannot be delegated, but most other organisational tasks cannot be performed by the CEO alone, which leads to another critical competency identified by our experts – selecting people. Experience-based intuition, genuine interest in people, time invested in understanding them and courage make the trick. “When selecting new people, they have to be better than the CEO in a particular skill”, says Diego Bolzonello.

When right people put into the right positions they can create miracles provided they operate in the right working environment which the CEO has to create and maintain. Our experts did not use the catchy phrases such as “empowering people” but spoke of “enabling” them. Enabling CEOs try to keep it as simple as possible and continuously fight organisational complexity in all forms, make as few decisions as possible, do not meddle with office politics and power struggles, challenge the followers by setting high standards and asking tough questions and support them by providing resources, attention and mentoring.

They also energise the whole company, as Stefan Messer, CEO of the Messer Group put it. An effective CEO, he says, makes ‘Christmas for everyone’ in the organisation. Social intelligence plays a role, but our experts also referred to a variety of contemporary communication tools such as videos, twitter messages, work-out sessions, town halls, walk-about, e-mails and traditional memos.

### **Visionary but visible**

But in playing visionary and architectural roles, good CEOs also keep their feet on the ground and are ready to roll up their sleeves at every moment. Our experts stressed that the ability to manage through tough times is indispensable for an effective business leader. While in good times ‘the biggest mistake of a CEO is to try to put his hands deep down the organisation’ at the times of crisis she should act.

Since crises are inevitable, each CEO should prepare for them, regularly mentally rehearse a different behaviour pattern and quickly switch the mode when the unexpected happens.

Immelt said that “Over the last 15 years I became better at risk management. I understand a little bit more about what could happen in the world...I didn’t have that when I first became CEO. I knew what I wanted to do, but I didn’t have 2-3 contingencies in case it didn’t work. I became smarter about what they might be... and I have learned that through experience”.

### **Foundations for vision**

During our interviews, we also observed a number of characteristics that we believe have a direct impact the effectiveness of their visions.

**Champions:** All our experts found appropriate moments to speak about their companies, able to articulate their visions and achievements. Not only did we feel the sheer passion of these individuals, but saw that their personal ambition is merged into the goals of their organisations. They appeared to be on a self-defined mission, rather than on a job.

**Self-discipline and efficacy:** Even our super-busy CEOs were prompt to react to our requests for a meeting and efficient in organising and conducting it. All interviews except one started and finished on time, yet we managed to discuss all prepared questions and even touched upon other subjects. Our counterparts were fully concentrated, not disturbed by phone calls or e-mails and delivered a lot of valuable insights in a short period of time, but the minute our interviews were over they switched onto a new task.

**Health:** Business leaders we interviewed did not speak about good health as an attribute of an effective CEO, but they all were in a good physical shape. From other interactions we know that they use very different methods of staying healthy from early morning work-outs to special diets, but these activities work.

**Great image:** Most of our experts passed fifty, but they all look great. Well-tailored suits and carefully-selected ties play a role, but most importantly we felt that they care about positive personal image and make efforts to project it. Each CEO we spoke with had his own style, but they all left an impression of energetic, elegant and attractive people whom one wants to meet again. Studies show that more attractive CEOs not only **receive higher compensation** but also exceed in negotiations. There is also evidence of a positive correlation between **CEO appearance and corporate profits**.

Curious people, always learning and putting image in high regard, executives aspiring to the top job should select an industry early on and make a deep dive to learn it. Hard skills are indispensable for CEOs, but so are inner clarity and a high regard for physical condition.

**Stanislav Shekshnia** is an Affiliate Professor of Entrepreneurship and Family Enterprise at INSEAD. He is also the Co-Programme Director of **Leading from the Chair**, one of INSEAD's Board Development Programmes and a contributing faculty member at the **INSEAD Corporate Governance Initiative**.

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**About the author(s)**

**Stanislav Shekshnia** is a Senior Affiliate Professor of Entrepreneurship and Family Enterprise at INSEAD.