

## BEST PRACTICES ON EXECUTIVE TALENT – CEO, COO & CFO

### What separates the world's top CEOs from the rest?

- **Creates a Culture of Learning and Innovation** (e.g., Jack Welch and Jeff Immelt, GE; Brad Anderson, Best Buy) – Invests in learning, innovation, research and constantly becoming smarter about the business, industry, global markets, threats, opportunities and ways to execute better
- **Leverages the Culture to Drive Change and Growth** (e.g., Herb Kelleher, Southwest Airlines) – Capitalizes on the core culture to drive business growth
- **Creates a Customer-Centric Sales Model That Focuses on What Your Customers Actually Want, Not What You Think They Should Want** (e.g., Michael Dell, Dell Computers; Lou Gerstner, IBM) – Your customer can fire everyone in the organization, from the Board and CEO down, simply by spending their money elsewhere; **top CEOs spend around 50% of their time with the customer**
- **Learns from the Competition** (e.g., Sam Walton, Wal-Mart) – Do what they do, only better
- **Identifies Future Market Needs** (e.g., Bill Gates, Microsoft; Jeff Bezos, Amazon.com; Steve Jobs, Apple and Pixar; Larry Page, Google) – Identifies *the next big thing* and capitalizes! Is a strategic chess player – always 2 steps ahead of the game
- **If it Isn't Working, Get Out and Identify What Your Business *Should* be Doing to Establish Competitive Advantage** (e.g., Andy Grove, Intel) – Don't fight a losing battle; know when to get out and cut losses or invest in more lucrative opportunities
- **Maintains an "Outside-In" Perspective** – Attuned to customer needs and the marketplace; is focused on the external environment – for example, can manage the Board, legislature, regulatory bodies and Congress; can build strategic alliances (e.g., Bob Iger, Disney with Steve Jobs, Pixar); has only the best interests of the business and its shareholders in mind when operating
- **Possesses an Evangelical Leadership Quality that Inspires Others Toward Their Vision** (not to be confused with charisma) – Builds followership for the vision via genuine passion and enthusiasm about the business and a sincere belief that the organization is doing good work and adding value to customers
- **Creates Next Generation Products and a Succession Strategy for the Business** (e.g., Level 5 Leadership, Jim Collins) – Prepares successors and a deep leadership pipeline; creates products and services that have longevity and an infrastructure for learning and innovation to position the organization for long-term growth and stability
- **Implements the Best Ideas, Regardless of Origin** – Never wins an argument when he or she is wrong; creates a platform to draw out the best ideas of everyone in the organization

- **Advances Leadership Discipline with Their Perspectives on Management and Leading an Organization** – Innovates the science of leadership and contributes thought leadership; case studies may be written about this individual’s leadership style
- **Makes the Shareholders Money Over the Long-Term** (e.g., Michael Dell, Herb Kelleher) – Financials can be deceptive and manipulated; positions the organization for stability, profitability and growth over the long haul
- **Maintains a Humble, Grounded Perspective** (e.g., Dale Neeleman, JetBlue Airlines) – Does not possess a sense of greed or entitlement; does not lose touch with his or her employees or customers; self aware; stays on the *rested* edge, not the *ragged* edge; politically savvy without being “political”
- **Deadly Smart in Relevant Ways for the Enterprise; Willing to Identify and Learn What They Don’t Know** (e.g., John Rowe, Exelon; Warren Buffett, Berkshire Hathaway)
- **Shows Contextual Intelligence** – Understands the influence of the times and how to best steer the business (e.g., government intervention, global affairs, demography, social mores, technology, labor issues); reads the terrain effectively and understands how outside forces can make or break a strategic vision

## What separates the world's top COOs from the rest?

*Our research has indicated that the position of COO varies widely from one organization to the next. It is important to note that the COO can wear more than one "hat" simultaneously, although he/she is rarely able to assume more than two roles. Despite this variability, research has identified 7 common types of COO roles.*

### Seven Types of COO Roles:

1. **The Executor** (e.g., David Wickersham, Seagate Technology) – Drives execution of strategies outlined by top management; delivers results on a day-to-day basis; maintains business performance; allows the CEO to focus on long-term strategy while the COO manages the tactical and operational side of the business
2. **The Change Agent** (e.g., Kevin Turner, Microsoft) – Leads a specific strategic initiative (e.g., a turnaround), a major organizational change or a rapid expansion
3. **The Mentor** (e.g., Mort Topfer, Dell Computers) – A rapidly growing entrepreneurial venture might desire an industry veteran to develop a young or inexperienced CEO
4. **The Other Half** (e.g., Jon Shirley, Michael Hallman, Microsoft) – Serves as a foil to complement the CEO's experience, style or knowledge base
5. **The Partner** (e.g., Kevin Rollins, Dell Computers) – "Two in a box" model, representing a form of "co-leadership": only some executives work well in this role, as it requires collaboration, humility and the release of authority and power
6. **The Heir Apparent** (e.g., Larry Kellner, Continental Airlines; Rex Tillerson, Exxon Mobil) – Purpose is to groom a CEO-elect; allows the heir apparent to learn the whole company (business, environment, people); should not represent a guarantee of any kind
7. **The MVP** (e.g., Peter Chernin, Fox Entertainment Group) – Serves as a promotion to an executive considered too valuable to lose; some organizations use this strategy to hedge their bets by stopping short of identifying a specific heir or leadership successor in an effort to keep high potentials excited about future prospects

### What the COO Owes the CEO:

- **True Respect** – The COO must wholeheartedly believe in the CEO's strategic leadership; COOs are powerful and visible and can cause real disruption if not aligned with the CEO
- **An Ego in Check** – The COO must remain confident without being seen as arrogant; must be patient, resilient and optimistic, as results come slowly and may not be obvious
- **An Eye on Execution** – The COO must oversee implementation, freeing up the CEO to focus on strategy and the external environment; must be action-oriented
- **Coaching and Coordination** – The COO must direct and coach others throughout the business

### *What the CEO Owes the COO:*

- **Communication** – The CEO must keep the COO “in the loop”: no one can execute a plan that is not clearly and directly articulated
- **Clear Decision Rights** – At the onset of the relationship, the CEO must identify explicit and reasonable boundaries between the CEO and COO responsibilities
- **A “Lock on the Back Door”** – The CEO must discourage any efforts to seek “back door” access to the CEO through the COO
- **A Shared Spotlight** – The CEO must be invested in developing the COO and helping to broaden his or her network

### *The Success of the COO is Largely Impacted by a Few Key CEO Behaviors:*

- Does the CEO give the COO real authority, operating responsibility and power in the eyes of the rest of the company?
- Does the CEO actually encourage and let the COO have a voice in Board meetings and operating reviews?
- Does the CEO provide coaching and counseling to the COO? Does the CEO see the success of the COO as part of the company’s success?

## What separates the world's top CFOs from the rest?

- **Technical Thought Leader** – Protects the organization's finances; grows cash flow and earnings; finances assets at the optimum cost of capital; provides sound financial counsel; develops strategic financial objectives
- **Master Strategist and Operations Leader** – Drives the vision and direction of the organization; influences the CEO, senior team and Board of Directors; conceptualizes and implements strategy to maximize shareholder value
- **Entrepreneurial Spirit** – Focuses on growth and profitability; adapts the business to win in the global marketplace; reinvests cash flows; prevents hostile takeovers
- **Integrated View of the Business** – Maintains visibility within other parts of the business; meets regularly with Board members, customers, analysts and competitors; invests in performance management systems, business processes and technologies
- **Inspirational Role Model** – Is highly aware of issues concerning compliance, ethics, integrity and corporate governance; never takes short cuts
- **Financially Innovative** – Thinks outside of the box while considering long-range growth and profitability; leverages assets creatively
- **"Right Hand" of the CEO** – Collaborates with the CEO, allowing the CEO to focus on strategy and long-term growth of the company
- **Delivers Results and Executes** – Is highly analytical, disciplined, focused, calculating and action-oriented; delivers returns well above industry norms
- **Coaches and Mentors** – Accelerates the development of executives; mentors operations executives; makes others better and smarter in meaningful ways
- **Global Perspective** – Is well-informed about emerging trends in outsourcing and moving activities offshore, global sourcing, foreign markets and currency; maintains a wealth of strategic ideas for driving the global strategy
- **Focuses on Intellectual Capital** – Manages and accounts for investments in human capital and other intangibles; selects, develops and maintains intellectual capital in innovative ways