

Leadership Challenges Facing the Next Generation of CEOs

20 CEOs from *Fortune's* list of America's Most Admired Companies share what it will take to be an inspiring and influential leader in the 21st century



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Inspiring Influential Leaders

Executive Coaching and Leadership Development

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EXECUTIVE SUMMARY

WHAT CONSTITUTES EFFECTIVE SENIOR EXECUTIVE LEADERSHIP IS CHANGING. Current and future CEOs will have to demonstrate significantly different leadership qualities and capabilities than their predecessors.

What are the forces driving these leadership changes? The communication process for leaders has fundamentally changed. The speed at which we work, our interconnectedness, and the ability to access and share information quickly and globally are testing current leaders' capabilities.

At the same time, corporations must be more transparent—CEOs today live in a giant fish bowl. Their behavior is simultaneously under a microscope and a magnifying glass. Employees, customers, boards of directors—in fact, all stakeholders—have escalating expectations for involvement. These stakeholders have moved from wanting to be informed to expecting to *participate and influence*. We have moved from the *Information Age* to the *Influence Age*.

Current CEOs have a unique line of sight to next generation CEO leadership trends. From their vantage point they see the emerging leadership challenges and the qualities and capabilities senior executives will need to be successful.

Dr. Vicky Gordon interviewed 20 CEOs from *Fortune magazine's* 2007-2008 lists of America's Most Admired Companies. These interviews revealed the challenges emerging for CEOs in today's marketplace and the qualities they believe are critical for future CEOs.

(continued on next page)

Insights and Advice from 20 Top CEOs

Accenture

William D. Green
Chairman & CEO
Information Technology Services

Allstate

Thomas J. Wilson
Chairman, President & CEO
Property Casualty Insurance

Archer Daniels Midland Company

Patricia A. Woertz
Chairman, President & CEO
Food Production

The Coca-Cola Company

Neville Isdell
Chairman, Board of Directors
Beverages

Constellation Energy

Mayo A. Shattuck III
Chairman, President & CEO
Energy

Costco Wholesale Corporation

James D. Sinegal
Co-founder, President,
Director & CEO
Specialty Retailer

Deere & Company

Robert W. Lane
Chairman & CEO
Industrial & Farm Equipment

The Dow Chemical Company

Andrew N. Liveris
Chairman & CEO
Chemicals

Exelon Corporation

John W. Rowe
Chairman & CEO
Electric & Gas Utilities

FedEx

Frederick W. Smith
Chairman, President & CEO
Delivery & Logistics

Illinois Tool Works

David B. Speer
Chairman & CEO
Industrial & Farm Equipment

Martin Marietta Materials

Stephen P. Zelnak, Jr.
Chairman & CEO
Building Materials, Glass

McDonald's Corporation

Jim A. Skinner
Vice Chairman & CEO
Food Services

Motorola

Gregory Q. Brown
President & Co-CEO, CEO,
Broadband Mobility Solutions
Network Communications

Nationwide

Jerry Jurgensen
CEO
Property & Casualty Insurance

Northern Trust Corporation

Frederick H. Waddell
President, Director & CEO
Superregional Banks

Sara Lee Corporation

Brenda C. Barnes
Chairman & CEO
Consumer Food Products

Southwest Airlines

Gary C. Kelly
Chairman, President & CEO
Airline

Verizon Communications

Ivan G. Seidenberg
Chairman & CEO
Telecommunications

Whirlpool Corporation

Jeff M. Fettig
Chairman & CEO
Electronics

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Although these accomplished CEOs are from vastly different industry sectors, they see three common leadership challenges emerging. How can CEOs do all of the following:

- Build and maintain credibility in a high-velocity, complex, and unpredictable world
- Create a truly global company
- Field the best team

Credibility emerged as one of the most fundamental challenges. It isn't difficult to see why. Interviews were conducted from March to August 2008, when the tip of the financial crisis iceberg was visible. Clearly, the United States mortgage meltdown, the disappearance of investment banks, the worldwide credit crisis, and a U.S. taxpayer-funded bailout of nearly a trillion dollars make credibility an issue that all CEOs and business leaders will be dealing with for many years, not just in the United States but globally.

In addition to the challenges that the next generation faces, CEOs identified the unique qualities that will define the next generation of successful corporate leaders:

- Global IQ: experience and adaptivity
- Owner vision with the muscles to execute
- High-velocity problem-solving prowess
- Ability to be inspiring and influential
- 21st century communication skills

Those qualities are necessary to achieve and maintain the one thing that distinguishes an exceptional CEO from a good CEO: results. CEOs said their primary responsibility is generating results now and ensuring that the organization can sustain results for future generations.

The most talented team wins. Unprecedented levels of collaboration will be needed. So attracting and developing the best talent and creating global teamwork among high powered players are essential. But the top advice current CEOs have for their successors is to listen—but remember that they lead. In the end, the CEO makes the final call. What follows is wisdom gleaned from some of the best in the business on what it takes to successfully lead in an increasingly complex, interdependent, and unpredictable world. ■

EXCEPTIONAL NEXT GENERATION CEO PROFILE

Integrity is essential for every generation of leaders. A CEO must be:

“The Real Deal”

- Leads from the “right” values: puts employees, customers, shareholders, the community above his/her own personal gain; wants to make the world a better place; is in it for the “right” reasons.
- Builds an organizational culture of absolute integrity starting with themselves and their senior team.
- Is trusted and trusts others.
- Has the personal and professional integrity to live in “a fishbowl” with intense scrutiny all the time.

The Exceptional Next Generation CEO must be:

A Master of Communication

- Understands and uses digital and social networking media strategically to achieve business goals and build corporate reputation worldwide.
- Is able to quickly adopt new forms of communication capabilities personally and in the business.
- Listens differently; scans and selects the right things to pay attention to; is able to separate fad and fiction from real information and insight; takes vast amounts of complex information and quickly boils it down to simple truths.
- Engages others in all kinds of situations through all types of media.

A Global Citizen

- Has cultural “antennae and adaptivity.”
- Thinks globally; does not just see the world through U.S. lenses—has a worldview.
- Able to lead a values-based global horizontal organization versus a vertical organization that is policy-based because of their cultural sensitivity and collaboration skills.

Ambidextrous and Clairvoyant

- Is intuitive and nimble in thought process versus linear.
- “Proactively anticipates”; “sees around two corners, not just one.”
- Is able to “juggle bombs” with multiple “black swan” (unpredictable) events happening quickly, while maintaining a steady hand.
- Is broad and deep with multiple specialties; has “hands on” knowledge to build and create new sources of value for the business.

Inspiring and Influential

- Is purpose-driven, not metrics-driven.
- Is passionate and able to inspire passion for the business’s purpose in others.
- Leads by example with boundless energy fueled by passion for the business.
- Creates followership using sophisticated political networking and influence skills.
- Loves interacting with people, truly cares about people regardless of role or status; is admired by others.
- Is high on the humility scale, low on the ego scale.
- Is a teacher and coach who wins the talent war and is able to develop other leaders.