



Why Liking Your CEO Is Not Important

By Justin Menkes

I recently worked with a company whose CEO had led them on a 14-year run of unprecedented prosperity. Under that CEO's leadership, the company had returned from the brink of bankruptcy to become number one or two in virtually all of its markets. But the time had come for their CEO to retire, and the board asked me to help them choose a successor who could sustain the company's success.

Before I began my evaluation of the candidates, I wanted to get a sense of the previous CEO and find out what distinguishing characteristics made him so successful. As I watched him work with the board, I was struck by the frequency and intensity of disagreements that occurred between them. It seemed apparent that the CEO and many of the board members had very little personal affinity for one another—yet the relationship between them remained extremely productive for over a decade. The question struck me: How much does likeability matter to a CEO's success?

Across industries and even continents board members identify the same challenge: finding a CEO who can consistently arrive at the right answers and deliver the financial results required by shareholders. With such a huge demand and limited supply of talent, complaints about the scarcity of such people are a familiar refrain. Yet all too often, directors are unclear about what qualities a new CEO must possess.

Although *what* a CEO must deliver is universally understood, how to identify the right person to do the job is not. What results is often

a beauty contest of sorts—one where potential candidates are judged on their personality, charisma, and likeability. Yet research has proven time and again that none of these criteria are qualities central to business success. Why do companies use a hit-or-miss process to select their most important officer? The answer in large part has to do with the seductiveness of personality.

Why Boards Miss the Mark

Human beings are clannish by nature and tend to find comfort with those to whom they can easily relate. Too often, CEOs are selected because of their likeability, presence, or charisma. While these characteristics are likely to tell us whether we would enjoy having dinner or playing golf with an individual, they tell us nothing about the individual's professional capabilities.

Skills such as the ability to communicate with clarity, ask good questions, and be self-reflective are crucial to a leader's success. These qualities can be found across a broad range of personality types—some very outgoing and warm in style, and others more understated. Directors who select a CEO based on "likeability" are missing the mark. They risk overlooking critical skills, and as a result, may do long-term damage to their company.

Effective board-CEO relationships require a healthy, constructive tension. Boards must offer oversight and serve as a check on the decisions of the chief executive. The board's value is largely a function of its objectivity and ability to view strategy from the highest level. Occasional disagreement between the CEO and board is inevitable, and in fact should be welcomed as sign that a necessary creative tension is being maintained.

When the relationship between the board and CEO becomes overly personal, however, much of that healthy tension is lost. Historically, directors who maintain a very close personal relationship with their company's CEO often have allowed that bond to color their

Director Summary: Finding a CEO is a challenge, and all too often directors are unclear about what qualities a new CEO must possess. The author suggests that boards can improve CEO selection by avoiding decisions based solely on "likeability" and structuring the interview process to focus on essential, measurable skills.



Occasional disagreement between the CEO and board is inevitable, and it should be welcomed as sign that a necessary creative tension is being maintained.

objectivity when it comes to job performance. In these cases, a board member's personal loyalty may become damaging to the company and could, for example, lead to a delay in replacing an underperforming executive or in taking other corrective actions.

In order for boards to select individuals who can help them maintain the healthy, constructive tension required for a high-performance company, they must identify individuals with the right skills and attributes. Though it goes against our human nature, the ultimate goal is to look past the superficial and delve into the substance of a potential CEO candidate. Doing so requires a much more rigorous process than the dog-and-pony show that is still commonplace in many of today's board rooms.

Looking for What Matters

How do we improve our CEO selection process? The first step is to more clearly define the qualities we are looking for in a candidate. This must not be a list of characteristics that would be "nice to have," such as a pleasant personality or likeable nature, but rather a list of essential capabilities. The more we allow secondary characteristics to distract us, the more often we will choose the wrong successor.

We must avoid clouding our judgments of CEO candidates with considerations that have little to do with their actual skill. In order to do so, we must introduce more rigorous questioning into the interviewing process. This can be accomplished by raising one of the more complex or contentious challenges the company faces and asking each candidate how they would go about solving it. Board members should watch how well each individual identifies the key issues, probes assumptions, and asks sharp questions. The differences in candidate aptitudes for these essential skills can be startling, and by ensuring up front that a candidate can demonstrate clarity of thought, a board is much more likely to find the leader of substance that they seek.

It is through this type of interview that a candidate's level of executive intelligence is evaluated. Just as academic ability can be broken down into subjects, such as math,

verbal, and science; so too can leadership acumen be divided into distinct categories: accomplishing tasks, working with and through other people, and evaluating/adapting oneself. What is more, within each of these three categories are specific skills that can be measured.

For instance, while we frequently hear how essential it is for someone to "think outside the box," what actually determines one's facility for doing so? What skills make someone a creative thinker? Typically, creative thinkers can view the same issue from multiple perspectives. They are able to define a particular problem in several different ways, anticipate likely obstacles, and identify sensible options for overcoming those obstacles. Someone's aptitude for these skills determines how well he or she will perform as a "creative thinker."

We often say that someone has exceptional political or social savvy. What exactly does that mean? Typically, socially skilled people are exceptional at recognizing underlying agendas, gauging how these agendas may conflict with one another, and anticipating the probable effects and likely unintended consequences of a chosen course of action. These specific capabilities determine one's "people smarts."

Nearly everyone acknowledges that executives must be able to recognize their own mistakes and minimize the costs of their missteps. But what allows someone to be self-aware and adaptive? Generally such people are highly sensitive to the cues that suggest that they are making a mistake. They seek out and encourage this constructive criticism and use it to make appropriate adjustments to their plans of action. When they blunder, they are quick to see their mistake and change course to correct the problem. People who do these things well are smart about themselves.

Leadership skills exist and can be measured, and it is essential that boards begin including these criteria in their selection process. By focusing on those attributes that determine success, boards will be able to benchmark candidates and choose the individual who is most talented and likely to achieve results. Hiring a CEO should, to some extent, be an exercise that goes against human nature. The goal is not to select a person you like, but rather an individual who will consistently get to the right answer. ■

Justin Menkes, author of the book *Executive Intelligence* (Collins, 2005), is managing director of the Executive Intelligence Group, which is partnered with Spencer Stuart to help identify, hire, and promote leaders and managers throughout the world.