Phil Hodgson recently led a team to research top leaders. The team’s report was published by Ashridge in February 2004 and continues to attract a great deal of interest. It tells us not only what the team’s main findings were, but also how they went about discovering new insights in one of the most pressured areas of organisational leadership.

Not very long ago, I found myself taking part in a major conference on leadership organised by Cornell’s Johnson Graduate School of Management. One of the days was aimed at top leaders and a large group of captains of commerce gathered to listen to the thoughts of a distinguished collection of keynote speakers.

Of the several CEOs who spoke, one particularly wowed the audience to bits. His speech was received in raptures. It seemed that every executive present wanted to be like him and for their organisations to be more like his. That was March 2001, and the speaker was Ken Lay, then chairman of Enron.

In less than four years a darling of the case-study writers has become a source of embarrassment for anyone who cited Enron as a role model for effective organisational behaviour and Ken Lay as a role model for effective top leadership. And of course Enron was not an isolated example - there have been so many other examples of apparently brilliant role models who turned out to be a disappointment in some way or other. Even the ubiquitous Jack Welch and Percy Barnevik have turned out to be not quite the ideal human beings they were once made out to be.

It was against this background of continual and rapid re-evaluation of what is meant by good leadership, that we decided to launch a research programme to explore the world of the newly appointed top leader. We particularly wanted to get underneath the surface of the new top leaders’ world so that we could understand more about what the constituents of effectiveness might be in an environment where so many admired icons had fallen from grace.
We wanted to know what, in the early 21st century, is important in successfully taking on and sustaining a top leadership role. In particular, do top leaders do the same things they did before and for the same reasons that they did in the past?

We didn’t expect to abandon all previous assumptions about how leaders operate at the top of organisations. But on the other hand, much of the conventional wisdom about that rarefied strata of organisational life was based on research done more than half a decade ago; not only before Enron, but before the Internet bubble, fat cat rewards for failure, and the collapse of equity markets. We wanted to know whether the basic assumptions made by top leaders had changed very much during this turbulent business period and what they did to be effective.

In setting up this work we wanted to take into account several aspects of the top leaders’ world:

- Top leaders frequently don’t stay very long in the job
- Competencies aren’t enough. Although any contender for a top leadership role had better have a wide range of skills and abilities at their fingertips, our expectation from early interviews was that there was more to success than just stringing some skills together. We wanted to find out what our interviewees felt was most useful
- There is no formula for being a top leader. But nonetheless we wanted to identify practicalities that could be useful to people aspiring to top leader roles
- In particular, we wanted to identify eight key areas to which new top leaders should pay most attention.

Here today, wrong tomorrow - They don’t stay long in the job

Leading an organisation from the top has never been easy. The average estimated duration of tenure in the chief executive’s role varies from five years to six and a half years for European CEOs and nine and a half years for CEOs from the USA. Informal conversations with executive search consultants in Europe and the USA suggest that the average for externally appointed CEOs may be just two to three years.

The CEO can find themselves bearing a heavy burden:

“If you’re not performing well, or the business isn’t performing well, that’s where the pressure comes in and I think that’s something you expect but it’s not until you come into the role that you realise the level of the pressure.”

In a recent report, 50% of the company’s reputation is seen as attributable to the CEO. That same report also suggested that the average time to turn around a company averaged out at 22 months. The data overload, the external demands to perform, the emotional pressures, the need to achieve and build on past performance all add up to a significant challenge and form a powerful opportunity. New chief executives can develop faster than they have ever done before, or they can sink faster into oblivion than they ever thought was possible.

It’s not just what you do, it’s the way that you do it - Competencies aren’t enough

Apart from raising some questions about the operational assumptions on which mid 90s leadership was based, we wanted to know what top leadership was like now. So we asked a range of people how they prepared themselves for the move into a top level job and how they learned once they were in that job. The results suggest a process that is fluid and
depends heavily on the individual’s ability to adapt, learn, grow and change. This process builds from the classic competency descriptions that have been discovered by previous research methods, but we believe goes further. Competencies seem static in comparison to the more flexible learning-orientated approach that we found. The new top leader is neither static, nor in most cases, headed towards a single place. She or he is on a perpetual journey that never ends, frequently re-routes and has no final destination.

The effective CEO travels intellectually and emotionally for as long as they are in the role: continually learning, continually developing, continually stretching themselves and their organisations in order to achieve not simply a concrete set of goals, but a process of continuous improvement and development; few aims are ever fully realised, because in this world before an aim can be completely achieved a new aim will have emerged.

Getting under the surface. How we did the research – Digging beneath the executive sand

Imagine a sandy beach that represents top leader effectiveness. The surface of this beach has been swept many times by researchers using metal detectors capable of detecting something a few centimetres beneath the surface of the sand. The metal detectors are structured questionnaires with standard probing questions. The outcomes have mainly been competency statements and lists of skills. But what if there were more treasure lying deeper beneath the surface, beyond the range of standard methods, how would we reach it? To answer that question we created an extension of an existing research method in order to try to dig deeper. We decided to create a semi-structured questionnaire as the starting point for a deeper conversation. We chose experienced executive coaches as researchers. We wanted people who would feel very much at ease in asking probing questions. We gave them permission to explore and dig much more deeply whenever they heard interesting or unusual answers to the structured questions. We were mindful that each of our subjects presented a different story, in a different context, with a different personality and that no fixed set of questions would come anywhere close to probing the richness of what we suspected lay beneath the sand. By using this mixture of structured questions, punctuated by perceptive probing, we believe we combined both the rigour of the structured questionnaire together with the opportunity to dig far more deeply than most structured methods offer.

How did we make sense of what we heard? – There is no formula – only the story

It has been argued that stories make and mould societies and civilisations.7 Certainly our experience from previous research voyages into the territory of the business and organisational leader strongly suggests that leadership is known, understood and transmitted through stories. The story is the package in which leadership understanding is most frequently conveyed.11 We therefore collected stories avidly from everyone we talked with.
Of course analysing results is easier if you ask quantitative questions; and there seems to be a minimum amount of data and structure for any story to still be recognised as a story and not just a list of facts. Try this for yourself. Take a story and continually reduce it. Once you get below a certain threshold, the story stops being a story and doesn’t feel real to the listener. The story loses internal life and energy. Our conclusion was that this occurred because we were not capturing the importance of the context, the emotion, the individual’s expectations and perspective. In research on children’s and adults’ expectations of stories, this might have been described as a loss of the ‘story grammar’ or canonical form. Whatever it was, it changed the meaning of what our research had recorded from being a description of human endeavour with all its attendant hopes and fears and instead became a list of actions that could have equally applied to robots and machines.

We are now very clear that leadership stories can have enormous depth and richness and that development methods for people who aspire to operate at the top of organisations must include understanding the stories that senior executives and their colleagues tell. A report of the facts is not enough. Psychologist Jerome Bruner has argued that people understand the world in two different ways:

- by the use of facts, logic and empirical observation
- by the use of narrative related to human wants, needs and goals – ie stories.

In our admittedly biased view, it seems that the study of management and especially leadership has put far greater emphasis on the logical and factual. What this research has stressed is that the narrative can be just as significant in the effectiveness of senior executives. People who wish to operate at this level in full possession of all the available information, must be prepared to learn the skill of telling and listening to stories with the fullest understanding.

“What is it exactly that you do?” - Key areas for today’s top leaders

In this research we wanted to explore what were the current areas of greatest significance and value to people who were in roles where the buck really stopped. We have identified eight areas that seemed to be of importance to the people we interviewed. In the main body of the report they are presented in an order that was approximately governed by the timing of when those skills and behaviours are used. In this section we are going to deal with them in the order in which we estimate to be their greatest value and importance to the new top leader.

1. Credibility

Although credibility has long been known as an important part of a leader’s competence, we were intrigued to discover how much significance is now given to credibility by most of the leaders that we interviewed. We defined it as:

Credibility is like a kind of currency; it’s based on others’ beliefs or perceptions that you can perform and deliver. It can be increased, lost, spent, loaned and stolen.
The leaders we studied found many ways to establish or enhance their credibility, without naming it as such. Often we anticipate that credibility may take over from influencing and power as the means by which leaders get things done. Imagine this thought experience: two leaders of equal skills, one has credibility with the target group but the other doesn’t. Who would you back?

Credibility is also important for further research because of the link we believe we have seen to confidence and courage. Confidence and courage are two of the timeless aspects of leadership and yet they are still difficult to pin down. Followers want their leaders to have confidence (and so do the leaders, by the way), but it is hard to say how it is acquired. Our conclusion was that whereas credibility was defined in the perception of others, confidence was a self-perception. Our working definition of it is:

Confidence combines your own perception of your capability to do something, plus your assessment of other people’s credibility in you.

This means that the two concepts would always be interrelated. We hope that this approach will offer a new way of thinking about this most fundamental of leadership qualities. To the same extent, we believe that the understanding of courage can be enhanced by linking it to confidence and credibility. We define courage as:

Courage is to knowingly risk the loss of credibility or a personally damaging outcome, in order to achieve a desired goal, often in the face of adversity.

We suggest that credibility, confidence and courage are linked in some kind of cycle of perceptions. The appropriate use of courage and confidence can enhance credibility. The growth of a person’s credibility links to a growth in their confidence, and so on. These are hypotheses and assumptions at the moment and need much more research and debate before they can be suggested as serious theories of leadership development, but we believe they offer a promising lead.

2. Top team
Everybody knows that a leader frequently demonstrates their competence and effectiveness by working with teams. What was highlighted by this research is the importance of getting the top team right; and in many cases doing that quickly. Often a new chief executive will want to reorganise the structure of the organisation and carries the load of that restructuring on their own shoulders, expecting to include the creation of a new top team as part of the restructure. Our evidence suggests that, for many situations, the chief executive would be better supported by the early creation of a core top team that could be trusted to help with the difficult times of restructuring and reorganising. The top team can act as an amplifier or it can be a damper. Even the most energetic CEO will be far less effective if the top team is dampening their efforts. A top team that amplifies the effect of the CEO is an early essential.

3. Focus of attention
It came as a surprise to us to discover that a number of our respondents seemed to allow their focus of attention in the first few days and weeks of their job to be driven as much by their history and previous competence as by any particular organisational need. They understood that they knew a lot about some aspects of the organisation they had taken over, and often allowed that competence to direct where they invested their time, energy and intelligence. Effective chief executives may sometimes need to step outside their competence in order to understand areas for which their previous experience has not equipped them, but for which the organisation needs some serious action.
4. Emotional and intellectual support mechanisms
It is a very old saying that ‘leadership at the top is a lonely business’. We certainly found the same this time. Modern top leaders seem to be much more aware of this danger and this concern and take active steps to build themselves support mechanisms. The range of different kinds of support mechanism that they built was wide, but our suggestion would be that future top leaders should make building a support mechanism one of their topmost priorities when entering the job.

5. Using learning to enhance performance
We described our research as being about ‘ordinary people doing extraordinary things and becoming extraordinary in the process’. We felt that it was the word ‘becoming’ that was the important part of that sentence. In reviewing all of the data that we gathered from our top leaders, what screams at us is the way so many were continuously learning and continuously developing. They seemed to be aware that they needed to do this to achieve all that they hoped for. They were learning as if their lives depended on it.

Most of our interviewees assumed that such an emphasis on learning and developing simply went with the territory. Yet how many organisations are set up to encourage new and prospective top leaders to understand just how fundamental continuous learning will be to their own development and their ability to take on bigger and bigger roles? Whilst it is in no way new, we fear it has become a Cinderella concept which everybody knows and then dismisses; a cliché that is mouthed and forgotten. We suggest that it is no coincidence that companies identified as highly effective on a long-term basis (for instance see Collins’ 17), share a practical emphasis on developing learning in all its forms at all levels in the organisation.

6. Spotting and developing potential
Linked to the learning of the top leader was the top leader’s interest in spotting and developing talent across the organisation. For some of our interviewees it seemed almost a reflex action. They would arrive somewhere and from the very start of their conversations with their staff they would be assessing and listening for signs in people of a readiness to improve. But spotting wasn’t enough for many of our top leaders. They would put some time and energy into giving high potential people opportunities to use their talents in bigger, different or more productive ways.

7. Inspiration and energy
Effective leaders need energy for themselves, and they also need to inspire or empower energy in their followers.

Our conclusion was that although many of the people we researched were fluent and able to convey their ideas easily, few of them thought of themselves as directly inspiring. We asked what inspires them, and got answers that ranged from “my mum”, through “a previous boss”, to “my friend who achieves amazing things despite being haemophilic”. In many cases they had borrowed something from the style of the person that had inspired them. We found that there were very few famous business leaders offered to us as sources of inspiration. It suggested that the modern top leader looks closer to home and not on the front pages of the business press for their sources of inspirational energy.

It is no coincidence that companies identified as highly effective on a long-term basis share a practical emphasis on developing learning in all its forms at all levels in the organisation.
8. Managing upwards and outwards
In all kinds of organisations, the relationship with the previous top leader was often seen as critical in the first few months; especially if that person was still on the scene – perhaps in the role of chairman. Many found it useful to establish early on how that working relationship should operate. How, for instance they would expect the other to behave when things were going well and when things were going badly. In particular cases, for instance in family owned organisations, the skill of managing the chairman or family shareholder was important. More widely, the skill of managing relationships with non-executives, chairmen, and other stakeholders and building credibility with them was a frequent theme.

Conclusions
It is clear from this and other research that there is no absolute formula for success at the highest level in organisations. The only timeless truth is that top leader effectiveness continues to depend on the ability to learn and adapt in even the toughest of circumstances.

References
2. Quoting a report from Booz Allen Hamilton Inc. in Business Week, December 2 2002.

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