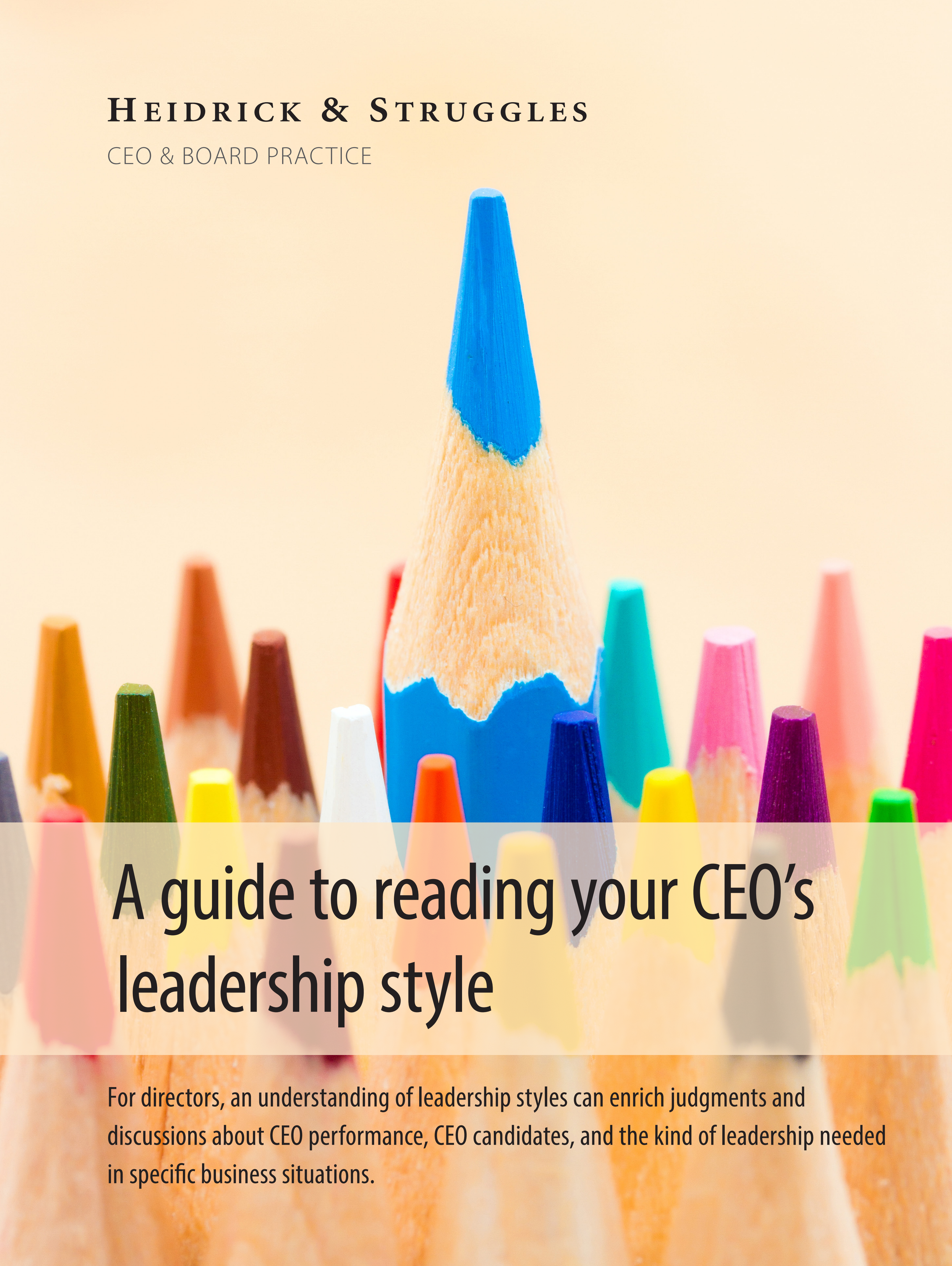

HEIDRICK & STRUGGLES

CEO & BOARD PRACTICE

A guide to reading your CEO's leadership style

For directors, an understanding of leadership styles can enrich judgments and discussions about CEO performance, CEO candidates, and the kind of leadership needed in specific business situations.

Directors today must be able to read CEOs as well as or better than they read a P&L sheet. Many of the board's most critical duties depend on it: CEO succession planning, performance review, compensation, development, and selection. All of these require subtle and nuanced judgments that go beyond the chief executive's experience, competencies, and past performance and to the question of leadership style: How exactly does our CEO lead? How well does that style fit the company's current situation? And what can we as a board do to accelerate the CEO's strengths and manage the blind spots?

To help answer these questions, Heidrick & Struggles conducted extensive research involving more than 14,000 senior executives across a wide range of roles and industries around the world. In the course of the research, we identified eight statistically distinct leadership styles, or "signatures." Think about the senior executives on your team and your experience with how they think and behave. You'll likely be able to intuit a sense of their leadership style from the following list of attributes:

- **Forecaster:** Learning oriented, deeply knowledgeable, visionary, yet cautious in decision making
- **Provider:** Action oriented, confident in own path or methodology, loyal to colleagues, driven to provide for others
- **Producer:** Task focused, results oriented, linear thinker, loyal to tradition
- **Collaborator:** Empathetic, talent spotting, coaching oriented
- **Harmonizer:** Reliable, quality driven, execution focused, creates positive and stable environments, inspires loyalty
- **Pilot:** Strategic, visionary, adroit at managing complexity, comfortable with ambiguity, open to input, team oriented
- **Energizer:** Charismatic, inspiring, connects emotionally, provides meaning
- **Composer:** Independent, creative, problem solving, decisive, self-reliant

Although every style includes strengths and blind spots, it's important to keep in mind that no particular leadership style is "right" or "wrong" and that all styles can be equally effective. Indeed, individuals tend to have some degree of access to all the styles, and self-aware or well-coached executives can learn to flex to additional styles when appropriate. Nonetheless, our experience and research suggest that leaders tend to gravitate to a much smaller set of default styles they find comfortable or familiar—and those styles have significant ramifications for their performance in their roles.

For directors, an understanding of these styles can enrich judgments and discussions about CEO performance, CEO candidates, and the kind of leadership needed in specific business situations. It can also help identify situations and contexts in which possible CEO successors are likely to be most successful and where their leadership skills can be stretched. And for non-executive chairs or lead directors who have mentorlike relationships with their CEOs—or wish to form them—it can provide an objective basis for a fruitful discussion of the CEO's style or styles, helping CEOs to better understand and articulate the focus of their leadership (whether relationships, ideas, problem solving, execution, and so on) and thus better play to their strengths. And CEOs can be helped to understand the other leadership styles to which they have access, thus potentially broadening the range of situations and environments where they—and thereby the company—might be successful.

CEO leadership styles

To date, more than 1,250 CEOs have participated in this ongoing research. We examined the primary leadership style of each and the degree to which he or she might flex to other leadership patterns. Here is what we found and what it could mean for boards:

On average, CEOs in our research scored highest on Forecaster attributes. In fact, they scored higher on those attributes than did all other executives at any level, including the other members of the C-suite. Forecasters exhibit deep subject-matter expertise, and they relish the chance to expand that knowledge. They take time to think deeply, gather data, and reflect on what they've observed before making a decision or proposing a course of action. They are also adept at marshaling their knowledge to generate insights about future trends or occurrences—an invaluable trait in the executive who is ultimately responsible for strategy. If the company you oversee thrives on new ideas or intellectual capital, a Forecaster CEO can be an invaluable asset.

However, if the organization needs a leader who connects on a more emotional level, the board will need to either make sure the Forecaster can flex to a more charismatic style (Energizer, for example) or put in place a "number two" who can provide the requisite inspiration. Such a go-between can be especially helpful when competing courses of action are being considered. That's because Forecasters often expect to carry the day for their position by sheer force of argument, underestimating the need for influencing skills to win buy-in from others in the C-suite and to inspire action among their people.

Moreover, Forecasters can sometimes be overcautious despite their ability to anticipate the future. In identifying trends, formulating insights about the future, and forecasting their impact on the business, Forecasters may continue to seek out that extra bit of information or conduct that additional analysis. Boards should anticipate and be prepared to help mitigate this tendency, particularly in situations in which speed is of the essence for the organization—in getting to market, introducing a new product, or seeking first-mover advantage.

Forecasters may thrive:	Forecasters may struggle:
• Where new ideas are paramount, such as in technology, life sciences, and other sectors or organizations that require deep subject-matter expertise	• When executing on short-term results matters more than generating ideas and intellectual capital (such as in a turnaround or other situations where change must happen quickly)
• In innovative organizations that would benefit from more thoughtful strategic insights into future trends	• When asked to provide immediate input on new or unfamiliar topics

CEOs also scored high on Provider attributes. Although CEOs scored slightly lower on Provider attributes than on Forecaster ones, they also scored slightly higher on Provider attributes than did other members of the C-suite. Providers are motivated by two different, yet equally strong, forces—the desire to establish "best practice" perspectives or ways of working and the desire to take care of those around them. They tend to be confident in their abilities and deeply loyal and committed to those around them, and they operate with a sense of conviction—all characteristics that can be very appealing to followers. If the company you oversee has a relatively young workforce that would benefit from mentorship or competes in an entrepreneurial environment, the Provider style can be highly effective.

Providers' confidence in their own abilities does come with some blind spots that the board should be aware of. Providers' listening skills have the effect of making others (including directors) feel heard, but Providers can find it difficult to actually alter their own point of view based on input from others. Further, there's a risk that the Provider's focus on higher-level strategy and relationship building could come at the expense of an interest in executional details—which suggests a role for the board in making sure that the CEO has processes and support systems in place that help ensure detailed execution.

Providers may thrive:	Providers may struggle:
• In entrepreneurial environments that value a clearly defined point of view • In organizations that specialize in a narrow market or field that can utilize the Provider's personal vision	• As new CEOs, where their personal vision and perspective will be regularly challenged by well-established veterans of the organization • In situations that require a wider diversity of individuals who can build on one another's ideas to be successful • When asked to adopt an approach that is unfamiliar or substantially different from their preferred way of doing things

CEOs scored about equally on Producer and Collaborator attributes, the third-highest leadership styles for CEOs. Producers value results—the more tangible and immediate the better. With a strong temperament and work ethic, they also value consistency, hard work, and paying one's dues. They appreciate pragmatism, tradition, and efficiency. And while they may be skilled at building efficient structures and processes that enable reliable execution, they also have a bias toward proven approaches—they know what works and expect others on their team to "get on with it." They may struggle in environments where significant change is needed, where subtle influencing skills are vital, or where there is a strong culture of creativity and innovation.

Producers may thrive:	Producers may struggle:
• In stable environments, such as in traditional industrial or manufacturing settings or the military • In environments that do not require significant buy-in from others to get things done • In organizations that have undergone significant (and perhaps unsettling) change and require a leader who can focus on keeping things running smoothly	• In organizations that require significant change • Where subtle influencing skills are needed or where flexibility is at a premium • In companies that depend on established, independent contributors, who would reject a high degree of control • In companies with a strong culture of creativity and innovation

Collaborators are typically perceptive about others' needs and take a team-first approach to leadership. They focus on supporting and developing colleagues by placing them in positions where they can excel and share credit for team success. As a result, they're good at attracting talent. They thrive in environments where followers require the leadership of someone with whom they have a relationship. But in situations where bold direction and engaging personal presence are required to influence key stakeholders—for example, when a big shift in strategy must occur swiftly but the requisite changes run against the company's prevailing mind-set—the board may need to push those who score highly on the Collaborator style to adopt a more assertive style.

Collaborators may thrive:	Collaborators may struggle:
• Where followers require the leadership of someone who supports their development and is invested in their success • Where individuals are expected to learn the "tricks of the trade" by working closely with more experienced mentors, such as in many professional services environments	• In situations that require unilateral decision making and direction setting • In environments where bold direction and engaging personal presence are required to influence key stakeholders

The devil is in the details

Since the pioneering organizational psychologist Kurt Lewin identified three basic leadership “climates” (authoritarian, democratic, and laissez-faire) in the 1930s, organizations of all kinds have become increasingly aware of the different ways in which individuals lead. During the nearly 90 years of subsequent research and debate, businesspeople and psychologists have produced many general frameworks that describe different ways to lead. But to be really useful to boards and leaders, a leadership framework requires a high degree of specificity.

As savvy boards know, the details matter—whether it’s in the case of an individual’s role such as CEO, a business imperative such as spurring growth, a culture-change or change-management situation such as a turnaround or merger, or individual skills such as influencing, strategizing, or executing. By adopting a more specific, contextual, and nuanced view of how leaders lead, corporate directors can help CEOs play to their strengths—and develop new ones. ■

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CEO & Board Practice

Heidrick & Struggles' CEO & Board Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.

We pride ourselves on being our clients' most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning, executive and board assessment, and board effectiveness reviews.

Our CEO & Board Practice leverages our most accomplished search and leadership consulting professionals globally who understand the ever-transforming nature of leadership. This expertise—combined with in-depth industry, sector, and regional knowledge; differentiated research capabilities; and intellectual capital—enables us to provide sound global coverage for our clients.

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