

ARTICLE

From chief executive oracle to chief executive orchestrator: Considerations for European CEOs

Six considerations and recommendations for European CEOs to navigate uncertainty.



Corporations' license to operate has been changing markedly over the past few years, with society increasingly demanding that businesses and business leaders step up to fill a perceived vacuum of political leadership on social and environmental issues.¹ Compared with companies based in Asia and North America, European companies have long paid more attention to many such considerations, though there are, of course, vast differences among European countries.

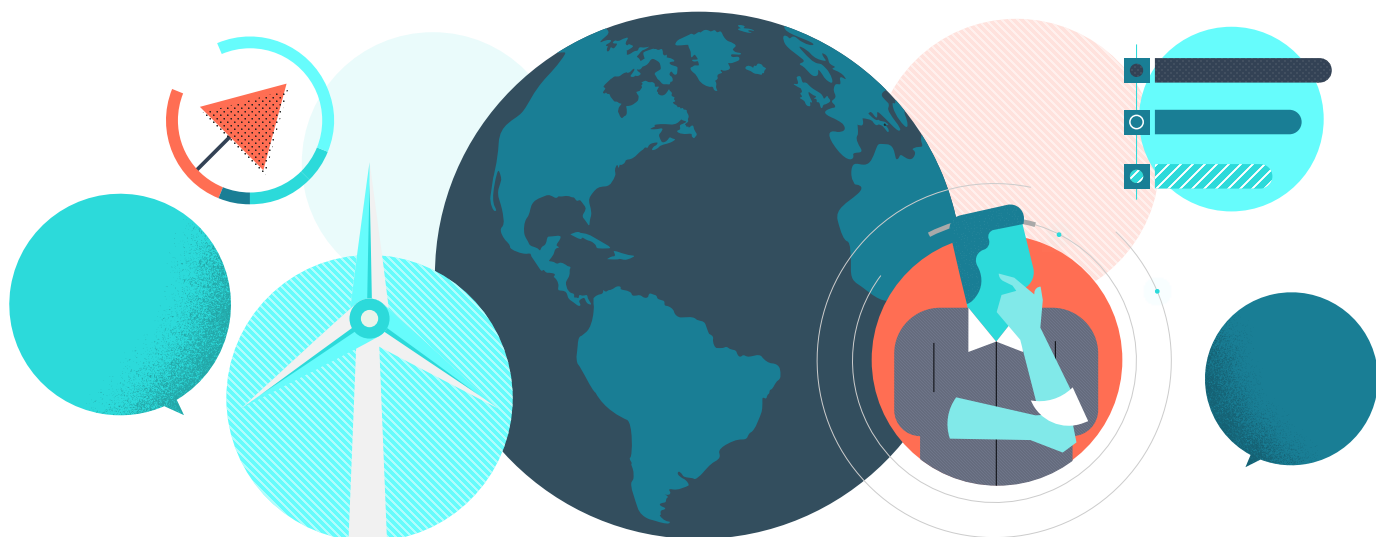
Ongoing labor disputes, social and racial justice movements, political instability and conflict, and the COVID-19 crisis have created a sense of tension and uncertainty. Due in part to the Russian invasion of Ukraine, Europeans in particular have been dealing with an exponential rise in the cost of living, straining entire economies. And as war and climate change increase the numbers of refugees, many European nations are struggling to find the resources to provide for those in need. And there is no end in sight to many of these issues.

The ability to lead in a world characterized by uncertainty and unpredictability, with agility, resilience, and a long-term mindset that enables a leader to navigate multiple, simultaneous challenges with grace, fortitude, and purpose, is now vital.

As a result of these challenges, a new conception of the corporation is developing. This has led to increased accountability for leaders: some countries have set regulations around the liability of senior leaders; more CEOs and other leaders are being fired for reasons unrelated to performance (ethical and moral violations), and shareholders and investors are demanding more transparency. Environmental, social, and governance (ESG) issues are becoming core operational pillars and are increasingly instrumental in corporate access to capital.

Fundamentally, in most countries, corporate leaders now must meet a triple bottom line: people, planet, and profit. We believe that the most effective CEOs are those who are able to disrupt the status quo—to tear down old structures and pioneer a new path for business—while building or maintaining a thriving culture with a core of socially meaningful purpose, in order to lead their organizations into a successful future.

That means that the CEO role is becoming more and more complex, and most boards find that they must make tradeoffs among the skills, experience, and capabilities they seek in potential CEOs. Traditional leadership characteristics such as strategic vision, financial acumen, intellectual dexterity, determination, and drive are still important, but they are no longer sufficient. The ability to lead in a world characterized by uncertainty and unpredictability, with agility, resilience, and a long-term mindset that enables a leader to navigate multiple, simultaneous challenges with grace, fortitude, and purpose, is now vital.



¹ Edelman Trust Barometer 2023, Edelman, edelman.com.

Six considerations for European CEOs



1. Embody purpose.

Your organization's purpose should be socially meaningful, well-defined, communicated, and integrated throughout every level of your organization.



2. Build ecosystems.

Ensure you and your team have enough information on stakeholder concerns about relevant societal issues. Build ecosystems that will help you anticipate change and work to be at the vanguard of those organizations meeting, defining, and modelling the expectations of the future—rather than waiting for regulators.



3. Serve your employees.

Put employees at the center of your culture and diversity, equity, and inclusion efforts



4. Drive accountability.

Build a company culture and leadership bench that drives accountability below the executive level.



5. Play a team sport.

Think of leadership as a team sport. Work on building relationships based on trust, collaboration, and accountability with your fellow senior leaders as well as your employees.



6. Tune in to tech.

Hone your digital capabilities and ensure you understand and can respond to the opportunities and risks stemming from the evolving digital and technological landscape—particularly the advancements in artificial intelligence and machine learning.

What does it take to lead today?

First and foremost, today's CEOs must be able to drive transformation faster than ever in order to meet demand both from stakeholders and markets. But that takes not only hard leadership skills such as sector knowledge and financial acumen but softer leadership skills such as adaptability, communication, and influencing. Across sectors, execution is now dependent on collaboration and building trust—trust both in a leader's personal character and in the character and purpose of the organization.

A solid foundation of trust in a leader is also fundamental to attracting, retaining, and developing the best talent—another key priority for business leaders. We have written extensively on the ongoing war for talent currently sweeping most sectors,² including the crucial role of a unifying organizational purpose underlying a thriving culture. The ability to attract, retain, motivate, and develop employees with purpose is becoming more important, especially for younger employees. Millennials (that is, people born between 1982 and 1996) and Gen Z (the oldest of whom entered the workforce just prior to the COVID-19 pandemic) in particular want to work for an organization that stands for something that matters and, at the very least, is not engaged in activities that are harmful to the planet, for example.³ (See sidebar, "Addressing talent risk.")

² For more, see Dorothy Badie, Lisa Baird, and Steven Krupp, "The overlooked weapon in the war for talent," Heidrick & Struggles, heidrick.com.

³ For more on culture, see Rose Gailey and Ian Johnston, *Future-Focused: Shape Your Culture. Shape Your Future*, Chicago: Networlding Publishing, 2021.

Addressing talent risk

In recent years the scope of what is considered risk management has broadened and now encompasses everything from financial and credit risk to climate risk¹ to areas related to talent attraction and retention. Leaders must internalize that “comprehensive risk management is not an impediment to the conduct of business nor a mere supplement to a firm’s overall compliance program. Instead, it is an integral component of strategy, culture and business operations.”²

Regarding talent risk in particular, the trends of the past few years make it clear that individuals’ needs and expectations are changing and society’s along with them. Attracting and, perhaps more importantly, retaining talent³ will require a dedicated emphasis on making sure that organizations stay abreast of the evolving and unstable marketplace. Workers—especially younger workers, the leaders of tomorrow—have made it clear they are ready and willing to leave workplaces that do not align with their values and needs and support their personal growth, a healthy work-life balance, and sustainable career trajectory. In order to retain talent with a view of the long-term success of their organization, CEOs and other executives should choose to see these times as an opportunity rather than a temporary challenge; organizations can seize on the chance to build a truly innovative workplace of the future, one that will fulfill employee, customer, and societal needs beyond the current phase of organizational evolution.

1 For more on climate risk, Elizabeth Langel and Sarah Sliva, “Financial services focus: The emerging role of the climate risk officer,” Heidrick & Struggles, [heidrick.com](#).

2 Martin Lipton, Sebastian V. Niles, and Marshall L. Miller, Wachtell Lipton Rosen & Katz, “Risk management and the board of directors,” Harvard Law School Forum on Corporate Governance, March 20, 2018, [corpgov.law.harvard.edu](#).

3 See Ed Manfre, Jonathan McBride, and Sharon Sands, “Three tactics for retaining your best people,” Heidrick & Struggles, [heidrick.com](#).

Second, effective leadership is becoming more and more a team sport. Since the CEO role, along with other leadership roles, is becoming more and more complex, more and more often boards and CEOs are thinking in terms of recruiting and developing entire leadership teams as well as the effect on the team of various potential candidates for roles including that of CEO. Furthermore, effective leadership teams can scale, sometimes exponentially, the effectiveness of individual leaders by broadening what they know, building trust that percolates throughout the organization, and maintaining alignment on purpose and goals. Teams can also scale an organization’s relationship to the broader ecosystems, of companies and stakeholders, that are becoming more important to performance, innovation, and trust. Finally, the more diverse, in the broadest sense, leadership teams are, the more perspectives and experiences they will bring to problem solving.

Third, CEOs need to lead differently. While the CEO of the past was more externally exposed, focused more on the business and execution side of their organization, this broader stakeholder environment requires a new type of leadership. Indeed, the CEO of today is more of an orchestrator, responsible for building and managing a leadership bench that may hold the execution accountability—at the COO level, perhaps—while CEOs manage the wide array of evolving stakeholder expectations, both external and internal. CEOs must be able to foster relationships with their peers and employees—as well as other stakeholders—that are built on trust, accountability, and shared goals. Especially in the wake of the pandemic, CEOs need to demonstrate empathy and care for their employees in a new way. Employee health and well-being are now central to decision-making, as well as care in the form of fostering career development and ensuring compensation keeps up as much as possible with the rising cost of living. This conscientiousness will not only help companies attract and retain the best talent but also ensure employees are performing at their best. (See sidebar, “Addressing talent risk.”)

But softer capabilities aren’t all that matter. A fourth crucial area where today’s CEOs need to focus is digital and technological skills. While the expectations and needs of the workforce are evolving quickly, that is nothing compared to the technological advancements continually molding societies. Innovations in AI and machine learning software such as ChatGPT have signaled fundamental changes on the horizon, made up of both opportunities and risks that organizations must be prepared to deal with. CEOs must understand digital capabilities in relation to an organization’s current and future business models as well as forms of digital collaboration, product and business development, communication (in particular the opportunities and risks inherent in social media platforms and services), and customer experience. As almost every aspect of interactions with fellow employees, customers, suppliers, and other stakeholders gets digitized, CEOs must understand new technologies and the data and insights they make available.⁴ Building those digital and technological capabilities doesn’t happen overnight, and it isn’t a one-off task. Companies can begin by gauging what capabilities their leaders will need to meet their strategy, then systematically assessing the digital dexterity of their current leaders—that is, the mix of adaptive, strategic, innovative, and executional skills that support both the technological and human sides of transformation. They must define their particular digital needs in the context of their strategy and then simultaneously make use of three tactics—permanent hiring, engaging on-demand talent, and developing skills and culture—to ensure they will always have the digital leaders and mindsets they need.⁵

4 For more, see Dorothy Badie, Lisa Baird, and Steven Krupp, “The overlooked weapon in the war for talent,” Heidrick & Struggles, [heidrick.com](#).

5 Sam Burman, Adam Howe, and Sandra Pinnavaia “Why you need a dynamic digital talent strategy,” Heidrick & Struggles, [heidrick.com](#).

Resilience and agility will be the leadership capabilities that enable leaders to manage through all the challenges they are now and will be faced with

Finally, resilience and agility will be the leadership capabilities that enable leaders to manage through all the challenges they are now and will be faced with. Because it is impossible to say what the business environment will look like in even a few years, leaders must be able to pivot quickly, constantly adapting the business and building a fail-fast culture throughout the organization. In our experience, leaders can sometimes fall into the sunk cost fallacy. Having good judgement and long-term outlook can help leaders avoid this. A leader must be able to realize when some strategy or investment is no longer viable. He or she can then quickly cut their losses and move on to the next initiative or workstream—all while communicating clearly with all levels of the organization to create a sense of cohesiveness and unity of purpose.

Building the skills to become CEO

People with this mix of capabilities and skills, along with the more traditional qualifications for a CEO role, aren't easy to find. But companies aren't holding off on making a change until the perfect candidate comes along. So, both sitting and aspiring CEOs can benefit from understanding the landscape of sitting CEOs today. One-third of the companies in our most recent *Route to the Top* study—an annual report on CEOs of the largest companies around the world—had appointed a new CEO since January 1, 2020.⁶ The CEOs appointed over the past three years are bringing more diversity and fresh perspectives into the role compared to those appointed earlier. In Europe, 60% of new appointees had no prior CEO experience, while 27% had no prior C-suite experience of any kind—a significant change from the traditional European CEO. European CEOs, perhaps unsurprisingly, more often have cross-border experience than the global average—41% compared to 36%. They also more often have cross-sector experience: 34% compared to the global average of 29%. Aspiring CEOs should therefore consider how to diversify their experiences in order to gain the adaptability and broad perspective that are more and more required to lead.⁷

It's notable that the majority of CEOs at Europe's top companies in our report had been promoted internally (61%, compared to 64% globally), albeit at different stages of their careers. Leadership development should be used as a key instrument in shaping and retaining the necessary leaders.⁸ However, other research we have conducted shows that among executives not in human resources, only 16% consider their company to be industry leading or world class at placing people at the executive level, and only 14% think that their company's executive learning and development programs and succession planning efforts are mostly or entirely connected. Among HR leaders, less than a third say their company's leadership development programs are mostly or entirely connected to their succession planning processes.⁹ This suggests that many companies have a long way to go in integrating these efforts. CEOs should also give thought to developing their own successors and can also seek their own sponsors in the event their company as a whole is not moving fast enough.

⁶ *Route to the Top 2022*, Heidrick & Struggles, heidrick.com.

⁷ *Route to the Top 2022*, Heidrick & Struggles, heidrick.com.

⁸ *Route to the Top 2022*, Heidrick & Struggles, heidrick.com.

⁹ Analysis of proprietary data from a survey of 101 human resources executives and 150 executives in other functions conducted in the summer of 2022.

No longer can they be what some call the “chief executive oracle”—rather, they must become the chief executive orchestrator, able to manage their organizations into an unknowable future.

As the role of CEO becomes more and more complex, the ability to lead in a world characterized by uncertainty and unpredictability will be the differentiating factor for success. CEOs that are able to meet their new responsibilities with agility and a transformative mindset, build collaborative, trust-based relationships with their employees and fellow leaders, and lead with resilience, purpose, and inclusion will be best-positioned to meet the challenges ahead. No longer can they be what some call the “chief executive oracle”—rather, they must become the chief executive orchestrator, able to manage their organizations into an unknowable future.

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CEO & Board of Directors Practice

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