

Minds Over Matter: Increasing CEO Capacity for Success

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“The pace of change is only going to increase. If you aren’t willing to be a lifelong learner, you will not perform for your stakeholders.”

— A respondent in our recent CEO study

By Dick Patton

In the three years we have been publishing *CEO Insights*, we have witnessed a remarkable expansion of expectations for CEO leadership. When we began, we were tracking the rise of an increasingly vocal minority of CEO leaders (whom we then called “conscious capitalists”) seeking to leverage their business platforms to further social causes. Their numbers grew soon thereafter, when the Business Roundtable took the mission further by issuing a statement which redefined the purpose of a corporation to include “a fundamental commitment to all stakeholders,” and not just shareholders. Expectations for CEOs only became greater under the mounting urgency of environmental activism. While leaders and organizations were grappling for their positions and paths forward in this shifting environment, COVID-19 hit, and CEOs were challenged to both keep their businesses afloat and guarantee the well-being of their employees. Then they were hurled back into the spotlight during the acute social unrest of the summer of 2020. By 2021, Edelman would report that 66 percent of their global respondents believed that CEOs should take the lead on change rather than wait for governments to impose it. It’s no wonder that Ron Williams, former Chairman and CEO of Aetna, who regularly counsels CEOs navigating the expanding social and political pressures of their role, recently told *The Wall Street Journal* that being a CEO today “is an even more challenging job....Running the business turns out to be table stakes.”

The Need for More Capacity

While few now question the idea that CEO roles have expanded significantly, many, if not most, people are still wondering exactly how CEOs are going to meet these high expectations. We took these questions to 1,000 CEOs across the world and asked them what it would take for them to be successful: [“It Starts with the CEO”](#). An astonishing 97 percent told us, “As CEO, I need the capacity to transform myself as well as my organization.” What CEOs know is that leadership capacity is about the structure of their thinking—not *what* they think but rather *how* they think about it. The reality is that all the tools in the world will not permit change if one’s mindset does not allow and support the change. Because CEOs are being asked to carry so much more as leaders, it is only natural that they would need to search for new ways to actively expand their mindsets and thinking abilities so they can effectively respond.

Integrating the Developmental Approach

In the past, leadership programs have generally centered on adding to the relevant knowledge, skills, and competencies in order to influence what CEOs know and do (what is known as “horizontal development”). The focus has been on the *what*—what good leadership looks

like. There is no question that this way of supporting CEOs has served them well for a long time and continues to. Still, as more CEOs are telling us they feel less prepared to navigate the complexities they are presented, this type of development isn't enough. Leaders now need more. They need to be taught *how* to actually expand and balance their thinking given the demands of their role. This involves unlearning habits that no longer serve them and creating the space and awareness to develop underlying thinking structures or capacities (what leadership experts call "vertical development").

With the previous focus on competencies, we have asked ourselves what is lacking in the leadership container (as a metaphorical term for the leader's mind) and tried to add to it. But we have likewise left out a detailed exploration of *the container itself*—how it is structurally conceived, how much it can hold, and how it could be made to hold more to meet expanding needs and circumstances. The objective is to integrate these vertical goals so that in the future, leaders are growing simultaneously in both directions. In this way, leaders can become better versions of their current selves and harness the ability to keep growing—exactly what they are telling us they need.

Today's Most Essential Leadership Capacities

In our work with CEOs (and rising CEOs), three interdependent capacities have risen to the fore as the most essential and promising enablers for the growth leaders seem to need right now.

At the base, CEOs benefit greatly by starting inward, working to improve their sense of **self-awareness**, which refers to their commitment to self-reflection, and introspection—keeping an eye toward broadening the solution space. With this work, CEOs aim to:

- Better identify the values and motivations driving their behavior
- Understand the behavioral impact on the team, and by extension the organization
- Assume their new role with a commitment to discovery and growth—as the mid-point of their career experience, rather than the culmination of their own personal and professional prowess
- Staying open to ongoing learning and expanding their knowledge in order to boost their leadership skills and effectiveness

By their own assessment, CEOs have a long way to go in sharpening their **relational** skills—their ability to collaborate and work with others—especially as their role has expanded to involve a wider group of stakeholders. About 500, or half, of the respondents to our study report what we might call a relational deficit.

Many CEOs we have worked with believe that developing greater self-awareness is the key to unblocking relational challenges. Learning more about oneself unlocks the curiosity to really learn about others and how to actively listen to what is going on in their teams and the world. By enhancing their relational capacity, CEOs are seeking to:

- Listen with curiosity and humility, to learn, not to fix (or win)
- Develop a sacrosanct relationship with the team and the Board
- View stakeholders as gateways to new possibilities rather than parties to manage
- Learn from experts to test their own thinking and make informed decisions

Finally, CEOs have told us that they need to further expand their capacity to adapt and respond most effectively to today's many fast-moving challenges. **Adaptivity** requires CEOs to possess both the will and the ability to change nimbly, to keep learning, and to navigate vast complexity and ambiguity. It is about keeping an open mind and having the courage to try new things when necessary. CEOs who are clear-sighted and adaptive can find innovative solutions to complex problems by:

- Managing and working with paradoxes, and finding the right balance between long- and short-term strategies
- Tapping institutional strengths to energize and stretch the organization to move forward
- Developing an inspiring vision to lift the collective ambition of the business, team, and Board
- Being bold and determined to reach new heights while remaining flexible about the best way to meet the goal

These capacities are interdependent; they grow and enhance one another. To develop the curiosity and resilience to be truly adaptive, for example, CEOs need to master the relational capacity to listen, to bring a broader set of stakeholders into the conversation, and to

communicate authentically and inspire others. That, in turn, requires CEOs to keep honing their capacity for self-awareness, drawing on the help of others to illuminate their blind spots and habitual responses, as well as their sources of energy and meaning. When mindfully attended to, the ongoing development of these three capacities promises to strengthen CEO leadership to more effectively navigate the extreme complexity they are facing.

CEOs across the world have told us in no uncertain terms that they need to keep growing to be able to do their job, and they continue to display the willingness to do so. When we asked if there was a silver lining to leading

through the great disruptions of the past few years, they offered several things—less travel, more family time, more time for reflection—but one thing stood out above all others: CEOs clearly recognized the capacity for change and growth that so many leaders and organizations had demonstrated. “The massive setback brought about by the pandemic has also brought with it an enormously high willingness to change,” one explained. “Suddenly, everything becomes conceivable,” another elaborated.

It is with this ongoing willingness that leaders will continue to meet the enormous challenges of their roles ahead and grow the leadership capacities they know they will need—to be more self-aware, relational, and adaptive—for both those changes we might expect and, perhaps, those we won’t see coming.

Kati Najipoor-Smith and Dick Patton lead Egon Zehnder’s global CEO Practice which over the past five years has applied its own future-oriented, proprietary approach to help guide 2000 CEO mandates: <https://www.egonzehnder.com/functions/chief-executive-officers>. Across the world, members of Egon Zehnder’s CEO Practice partner with clients on CEO succession, advisory and recruitment. The practice is committed to becoming trusted thought partners in the important and challenging work of identifying and developing the best leaders for our diverse and evolving world.