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Age before beauty? How the new breed of younger CEOs can learn from their elders

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"Greed is good" said Gordon Gekko in the film 'Wall Street', defining the economic boom of the late eighties where cash was king for tycoons on the make. Fast forward twenty years and one may think, what has changed? London may have replaced New York as the world's financial capital and the red braces have been ditched for something more understated but, for those of us in London, we live in a world where one-bedroom flats sell for a million pounds and £100,000 sports cars clog the streets.

Yet if you look more closely you can see that business has changed beyond recognition. In 1987 a fax was as current as it got, the internet being a mere pipe dream. Mobile technology was limited to telephones the size of house bricks and markets such as India and China were known only as producers of sweatshop goods. The boards of most companies were made up of an old guard of company men who had worked their way slowly to the top; a safe pair of hands. Yet in a market dominated by long-established blue-chip firms, dynamism was not of the greatest importance.

Today, business has become far more competitive, innovative and indeed, aggressive. Industry and business models evolve constantly as technological progress accelerates. Where you may have jumped on a jet in the past to meet up with a colleague, the same result can be achieved in minutes by video, while documents can be delivered by email in seconds. The internet has not only revolutionised big-business but has made it much easier for start-ups, which can be set-up and in many cases run from home. Thanks to wireless technology, business can be conducted on the move and from anywhere across

the globe, especially following the spread of the blackberry – whether you see that as a bane or a benefit.

The product is a globalised world, where companies can effectively compete with total disregard of national borders. As a result, operators in locations where labour is cheap and government regulations on pollution and working hours lax, can undercut established Western businesses. Combined with the internet, mobile technology and an ever expanding flight network the result is a world where business never sleeps and change happens overnight – a case of blink and you’ll miss it.

Consequently company heads are under increasing pressure and require the ability to adapt to a constantly changing business model. A much younger generation of CEOs who have youth on their side and have more hunger, drive and dynamism than their middle-aged predecessors are now in the top jobs - this is not mere assertion; our research shows that today chief executives are on average 18 years younger than they were 20 years ago.

Yet while these younger boardroom hot-shots may be brimming with youthful vigour they do lack the all-round experience that only comes with age. Thanks to the current policy of fast-tracking and hot-housing young achievers, many end up at the helm of a company lacking the experience which two decades ago would be taken for granted. Furthermore, it is often the case that what causes problems for CEOs is not what they know they don’t know, but the gaps they are unaware of.

Take working overseas as an example. When I was at a younger stage in my career (e.g. when I worked for HSBC) it was a fundamental requirement that directors had worked overseas. In my book this was no bad thing; working abroad demonstrates adaptability and the ability to work outside your comfort zone, vital qualities for those running a company. Nowadays, with companies more in tune with the demands of a hugely competitive job market, many have dropped compulsory overseas transfer as it proved unpopular with younger executives who did not wish to leave their friends and family behind.

Of course the reason that high-fliers can afford to be so demanding is due to over a decade of year on year economic growth, which has led to record bonuses and has fuelled the mentality of working harder and retiring earlier. A side effect of this is a number of younger CEOs that have never experienced recession and, consequently, run their businesses under the false pretence that the next year will always be better than the last.

This is definitely an area where the current generation can learn from their elders especially those who rode out the recession of the early nineties. Measures to responsibly and carefully reign in costs are often the most difficult objectives for a chief executive to fulfil. Laying off staff and persuading executives to cut back on perks they previously took for granted can challenge the steeliest of bosses and it helps to be able to discuss tactics with someone who has been through the process before and can explain where mistakes are made.

Yet perhaps the biggest challenge that the current crop of business leaders face is an issue that wasn't even on the radar 20 years ago, the environment. Since the millennium, however, the environment has steadily crept up the agenda and looks set to have a major impact on businesses, especially those involved in energy, industry and manufacturing. In fact, at the Business Leaders Forum we ran in May, 'sustainability' – an issue which five years ago may have been described as 'anti-capitalist' – topped the bill for discussion.

The Government is currently reviewing the Climate Change Bill and MPs on both sides of the House seem likely to argue for tougher restrictions than originally meted out. While few disagree that cutting carbon emissions will benefit the environment it will undoubtedly cause problems for businesses, increasing bureaucracy and costs in addition to giving competitors from countries with more relaxed emissions policies a competitive advantage.

Even before this legislation is introduced British business is already facing the fact that employees, shareholders and customers are much more aware of environmental issues

and expect the CEO to lead by example. Depending on the sector involved, it can prove politically prudent to eschew the business jet for business class and the Porsche for a Prius. Doing so can motivate both employees and customers and drive both profit margins and confidence in the chief executive's ability.

This need for employee approval is another change we noticed over the last decade. Previously it was expected that the chief executive had earned the right to sit in their ivory tower and control employees through the fear of losing their jobs. Today, and certainly in management positions, this can no longer be taken for granted. A buoyant job market, coupled with increasingly sophisticated head-hunting, means that employers have to work much harder to retain key staff.

One factor crucial in securing staff loyalty is that they respect their CEO and the way they do business. This not only has to do with financial success but a belief that the chief executive is what we call 'authentic'. What we mean by this is they are, and appear, to be true to themselves and don't mislead or seem to court popularity – two of the most unappealing character traits. An example of the danger of this approach was Gordon Brown's 'Artic Monkeys episode' – when his advisers thought that by making the Prime Minister appear more in touch with youth culture that he would connect better with the public. The result was the opposite, people knew and respected Gordon Brown as a serious, hard-working politician and were not receptive to attempts to spin him as a trendy heir to Blair.

CEOs must also realise that good leadership is 'contextual'. There is no one-size-fits-all formula for effective leadership; it depends on the nature of the business, the structure of the company and the individual's personality. To continue the political metaphor we need only look at Winston Churchill, a prime minister whose greatness in the context of war was unparalleled and yet had considerable failings as a peacetime leader. Consequently when we begin our mentoring programme our clients spend two days on a retreat where our mentors try and really get under the skin of the business leader and understand how they and their company operate.

Is their style aloof or friendly, passive or confrontational? By going through this process we can better understand where problems are going to arise and hopefully offer advice that will nip them in the bud. Being a CEO can be a lonely position as it is hard to talk to others about any doubts you may have without fearing that they may exploit your openness for personal gain. Young CEOs, especially, are often susceptible to cloak and dagger tactics from their boardroom competitors and consequently fear that asking advice may be perceived as a sign of weakness, despite being aware that running a company by unilateral decision-making will eventually lead to problems.

Problems don't stop in the boardroom though. With younger chief execs come younger families, which add to the pressure these individuals face. Traditionally the home was a refuge from work, cut off from the office and with children old enough to have flown the nest. For the new generation, however, mobile technology has made the home, and even the holiday, a mere extension of the office, which, coupled with the demands of a partner and small children, exacerbates the feeling of being out of control that some younger business leaders feel. The inability to 'do, delete, delegate' - prioritising the most important actions and passing on or deleting the rest, has led to many boardroom dynamos attempting to run the entire operation at all times; unable to switch off the blackberry.

What is needed to cope with this mountain of responsibilities is someone to act as sounding board, to help CEOs who are failing to see the wood for the trees. Throughout our careers many of us are lucky enough to have bosses that take us under their wings and become our mentors. Yet when you reach the top of the pile you find that those who can offer advice have dried up. One of the few people a chief executive can often trust is the HR Director, however, while there are lots of areas where they can add value when it comes to more complex business strategy both recognise that only someone who has been there before can advise properly. Merryck mentors are all ex-CEOs themselves, and include Marty Holleran (Ex-General Electric), Graham Wallace (Ex-Cable and Wireless) and Michelle Joblin (Ex-Liberty Tampax). Many tell us that they wish they had someone

to talk to when they were in similar positions themselves. All CEOs risk failure but one way to avoid problems and make the best better still is to engage in feedback with those who have been in a similar position before.

Despite these caveats many younger executives still ask us what advice we would give for those who want to advance up the corporate career ladder as quickly as possible. We believe the key is to get front-line, customer-facing managerial experience as early as possible even if you are only leading a small team. For those with ambition it is always better to lead rather than follow and after successfully managing a small team most will go on to ever more senior managerial positions. Flexibility is also important, while we have said that business practice is now more employee driven, directors will always value an individual who is happy to take on unpopular tasks and is willing to pick up the bat.

Dubbed 'Masters of the Universe' this younger generation of Chief Executives seem to have it all enjoying the power, prestige, wealth in addition to all the attributes of youth. Yet, as we have seen, the sobriquet may not be entirely appropriate. The reality is that despite being at the top of their game business leaders must still deal with the struggles we all face, from juggling the work life balance to the fear of failing, magnified to a greater level. In most positions there is an older, more experienced superior that one can turn to for advice, but for a CEO there is not. Consequently, without a 'mentor' – whether professional or not – the pressure can sometimes prove too much.

