



David Winsborough is founding director of Winsborough Limited, a specialized development business dedicated to raising organizational performance through people.

CEOs AREN'T LIKE US

What makes a great chief executive? Although leadership is one of the most studied subjects in academia and the business world, there is no clear answer to this question, in part because so little research has been done examining what separates CEOs from the rest of us.

To answer this question, Hogan partner Winsborough Limited analyzed a data-base of New Zealand chief executive applicants along three dimensions: bright-side, or normal personality, values, and dark-side personality, or derailers.

DIFFERENT FROM US, THE SAME AS ONE ANOTHER

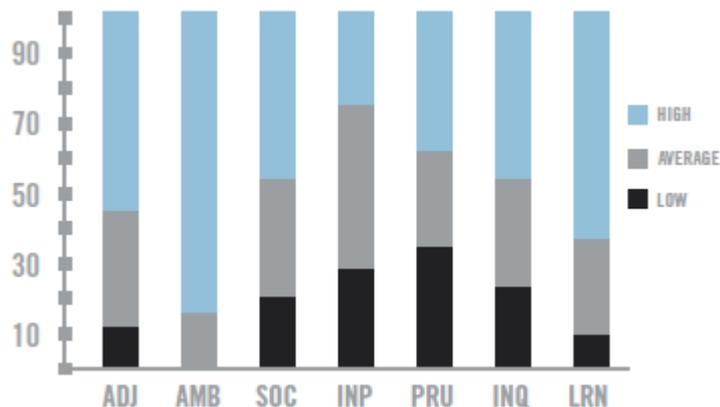
First, it's clear chief executives really are different than the rest of the working population. Most people simply aren't as ambitious, competitive, and confident as CEOs. They are driven to achieve and, little surprise here, value being in charge, accruing status, and being on top. More than the rest of us, CEOs are all about work and success, and more serious than they are fun. They epitomize the word drive.

Under pressure most people demonstrate selfdoubt or anxiety. By contrast, chief executives are calm and composed. They react to problems with composure, are more relaxed in general, and are relaxed about risk in particular. This factor has been shown to predict more active strategic orientation and leads to improved firm performance. In part this is because emotional stability is a consequence of less reactivity to threat and risk; combined with heightened drive these CEOs are somewhat fearless and prepared to take chances.

Compared to most of us, CEOs are more likely to be outgoing and gregarious, sociable, but somewhat less likely to be described as nice. The CEOs in this sample are not your sensitive, touchy-feely wallflower types.

Compared to most other people, CEOs are more likely to value learning and have an interest in staying up-to-date across a broad range of topics. On the one hand, this is a useful characteristic for remaining abreast of a wide number of issues inside the company. On the other hand, it can lead to others seeing them as know-it-alls.

Figure 1: Distribution of CEO personality (n=63)



Overall, chief executives are stable, mature, competitive, socially competent, results-oriented go-getters who are a little more creative and a lot more situationally aware than everyone else. From an evolutionary perspective, this makes perfect sense – we look to people who have a strong sense of what’s going on, who want to achieve, and who are not easily thrown.

When looking at the values of the CEO group, we found further evidence for a blend of stability and change. CEOs are more conservative than most others – respecting hierarchy and tradition – and more oriented to novelty and innovation.

Are CEOs smarter than us? In terms of intellectual horsepower, chief executives have no more and no less than anyone else. This pool of CEOs was of average intellect.

Finally, CEOs are more similar to each other than they are different. Regardless of whether they are in the public or private sector, male or female, and whether they were successful in the role for which we assessed them, our CEOs shared similar traits.

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THE THREE CEO SUB-TRIBES

Consistent as the results were, more advanced analysis allowed us to group our CEOs to maximize differences between them. The applicants in our pool clustered into three groups with distinct quirks, which we call Alphas, Brains, and Pragmatics.

The Alphas. This sub-tribe is interpersonally dominant. Alpha CEOs are characterized by high levels of ambition and energy, and come across as the most driven and dynamic in the room. They have the classic leadership drivers – interested in results, status, hierarchy, and the commercial bottom line. They are significantly more creative and open to risk. This group

displays characteristics that make them easy to connect to, inspirational, and able to form relationships and alliances. Alphas are of average intelligence.

The Brains. The distinguishing characteristic of this group of CEOs is their above-average intellect. Alphas may have gotten to where they are on their charisma and drive, whereas this group is more likely to have gotten there by being smart, sharp technical experts. Confident and composed, although less outgoing than Alphas, they are less interested in power and position, and more interested in technical and commercial matters. They are analytical and focused. Others will find these leaders to come across more like technocrats.

The Pragmatics. This group is practical, tough, and realistic in their approach. As a whole this group had a lower average intellect than the other two groups. Primarily, they are less sociable and more reserved. As a consequence they are unlikely to be swayed by the subjectivity of other people's feelings, what ifs, and possibilities. They won't get stuck in analysis paralysis, but at the same time they don't make decisions hastily either. They are sensible and not risky. They won't be seen as charismatic as the Alphas. Because they score significantly lower on values people may find them hard to read.

There are different paths to becoming a chief executive. Some CEOs are set apart by sheer force of personality and drive. There are those who were likely promoted through the ranks on their intellect and technical expertise. And there are those who have made it on keeping their feet on the ground and their focus firmly on the here-and-now. They are the ones who are best able to cut to the chase and do only what is required.

Is it possible to have too much of a good thing? What does the dark side of CEO personality look like?

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CEO DERAILERS

Robert and Joyce Hogan developed the taxonomy of personality-based derailers, overused strengths that lead to relationship failure or poor judgment. These characteristics are widespread and are more likely to emerge under pressure or when people cease to manage their good self-impression.

In our CEO sample, we found two shared derailers. The first, mischievous, is the tendency to dominate others through charm, impulsivity, and non-conformist behavior. Although mischievous CEOs have some of the x-factor in charisma – they are exciting to be with, test limits and take risks – staff working with them will find they are poor at managing time, inclined to overload others, and cut corners.

The second shared derailer was colorful, which reflects a gregarious, flirtatious, center-of-the-stage tendency. Again, colorful contains charismatic elements: these CEOs are engaging, place themselves at the center of the group, are socially dominant and are drawn towards action. Under pressure, they are intuitive in decision-making. Although charismatic and fun, these leaders tend to take charge and are described as forceful in their leadership style.

Finklestein (2003, 2004) investigated the spectacular failure of CEOs in the U.S. in 50 corporations. He identified seven habits of behavior and mind that lead them to strategic, tactical, and personal failure. Five of his seven habits are personality based and represented by the profiles of our CEO sample (Table 1).

The assertive, socially skilled, confident, risk-oriented nature of CEOs in this study is an attractive quality. The contention that derailers are overused strengths is echoed by Finkelstein, who noted: «Nearly all of the leaders who preside over major business failures exhibit four or five of these habits. The truly gifted ones exhibit all seven. But here’s what’s really remarkable: Each of these seven habits represents a quality that is widely admired in the business world.»

This is a telling point – the same characteristics that help CEOs stand out from the crowd contain the seeds of their undoing. What then are the development needs of our CEO sample?

Table 1

| FINKLESTEIN HABIT | CEOs |
|--|---|
| 1. They see themselves and their companies as dominating their environment. | High ambition, mischievous |
| 2. They identify so completely with the company that there is no clear boundary between their personal interests and their corporation’s interests | |
| 3. They think they have all the answers | High adjustment, high learning approach |
| 4. They ruthlessly eliminate anyone who isn’t completely behind them | High mischievous |
| 5. They are consummate spokespersons, obsessed with the company image | High sociability, high colorful |

| | |
|---|-----------------------------------|
| 6. They underestimate obstacles | High adjustment, high mischievous |
| 7. They stubbornly rely on what worked for them in the past | |

CEO DEVELOPMENT NEEDS

Studying those at the top of an organization is not the same as studying leaders. People at the top have demonstrated they can survive and climb organizational hierarchies, which may or may not be the same as leadership. Nonetheless the homogenous nature of this group is telling – those who are in positions of leadership share a remarkable number of good and bad characteristics.

Don't be Bill. Charm, persuasiveness, and self-belief are components of charisma, but as Hillary Clinton famously said about her husband, they also made him a hard dog to keep on the porch. Bill Clinton seemed to expect that he should be allowed to be exceptional, especially around commitments. Similarly CEOs need to remember that followers expect them to behave at all times with integrity and follow the same rules. One of the odd side effects of being a CEO is that people seek to please them, which means shielding them from unpleasant truths or feeding them only positive assessments. Remaining open to feedback will help; but good CEOs need to remain skeptical of their own hype.

Curb your Enthusiasm. The combination of stable mood, competitive drive, and absence of anxiety is essential to manage the physical and emotional demands of the role, grow organizations, and embrace change. Yet that lack of timidity, combined with a tendency to get bored and display self-confidence may put these CEOs at risk of being too optimistic and insufficiently risk aware. The benefit of an optimistic temperament is that it encourages persistence in the face of obstacles; however, over-optimism leads to goals that are too ambitious or to sticking with losing investments or failing projects in the face of contrary evidence.

Check your Ego. Humans yearn to belong and we are exquisitely sensitive to rejection. Tribalism is alive and well in the most secular and liberal societies (simply attend any popular sports event). The human ascent to civilization passed through three broad steps (Wilson 2012) from egalitarian hunter-gatherer bands to villages to chiefdoms and finally to states. Hierarchies emerged as efficient systems to conduct the affairs of the group. Hierarchies also serve as easily managed systems that rulers and leaders can exploit. They place leaders in symbolically exalted roles, constrain access and channel resource and prestige. CEOs feel comfortable being in charge – which may become a strength overdone. Even the best-intentioned CEOs may find the trappings of office become justified entitlements; they may overplay the extent to which they are deserving. CEOs display dark-side characteristics that may indeed lead them to be center stage and deserving of attention and pampering. Ultimately, their reputations will be determined by the performance of their organizations.

AVERAGE LEADERS VS. GREAT LEADERS

Occupying the top role is not the same as being effective in it. This research identifies the characteristics of the average CEO. However, these are not necessarily characteristics of a successful CEO. A good team can carry a mediocre CEO. A good CEO cannot carry a mediocre team. Thus, good CEOs build high-performing teams.

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