

The proven course to leadership excellence

Leadership development is a priority for organisations seeking to build a sustainable business for the long term. Identifying future candidates for C-level positions is part of the process, but honing their skills to take on broader management responsibilities is not a simple task. This is where **CEO Perspectives** comes in, say Erin McInerney, right, and Daniel Diermeier, far right.



Shaping the people who will lead a company in the future is about nurturing natural leadership ability, but talent needs to be honed to fit the role of CEO. Developing the skills of people who will sit behind the desk where the buck stops is the goal of the CEO Perspectives programme, a joint venture between the Kellogg School of Management and Corporate Leadership Center, which for the past eight years has been guiding people with leadership ability into the hot seat.

“The CEO Perspectives programme was created as a way to deal with the fact that, for most large companies, leadership development at the most senior level is very hard to do internally,” says Erin McInerney, Executive Director of the CEO Perspectives programme. “People usually come up on functional strengths, whether that’s CFO, General Counsel, or a line of business head. Their competencies and strengths come from that history, but as they come up to the CEO position they really need to embrace that perspective and agenda. This programme is about accelerating that ability to share the enterprise agenda.”

Daniel Diermeier, Academic Director of CEO Perspectives, explains that something they learned in putting the programme together is that there are very few of these people at any given company. “They’ve usually been with their company for a very long time and so it is very difficult for them to continue their development exclusively within their company,” he says. “One thing we thought particularly useful is to have these people interact with their peers, those with similar perspectives and also very different ones. A participant with a marketing focus in banking could talk about operational excellence at McDonalds. The second step is to bring the CEOs into the classroom so you can see what the challenges are. Again, this provides different perspectives, so that you can see how to become more effective and gain from diverse insights, experiences and leadership styles.”

Pioneer programme

The Kellogg School of Management at Northwest University, Illinois, US, has been a pioneer of business education for over

40 years, and its alumni have led companies like DuPont, Target, SAP, Bank of America and McKinsey. CEO Perspectives was developed in partnership with the Corporate Leadership Center, founded by Sheila Penrose and Cheryl Francis, both prominent executives and corporate directors in the Chicago business community. It has become one of the leading programmes in the US for people making the transition to C-level management responsibility.

The key to the programme is that it broadens the experience of the participants beyond their specific functional role to give them a wider perspective on what makes an organisation run effectively, and how to make strategic decisions that take into account all of the stakeholders in the business.

“That’s the goal. It is critical to understand exactly what their challenges are and provide a development experience that matches that,” says Diermeier.

“When we talk to potential participants the CEO is the client. The CEO nominates the potential fellows. It is critical to us that we have a relationship with the company and the CEO that we are engaged with. At the end of the day, they are

the ones who want to see value from the enterprise. It’s quite different from a traditional open enrolment programme. Our relationship is very strong.

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“One of the things that needs to be navigated is sometimes the misperception of the programme. This is not a successor anointment programme. We have companies that send six, seven or eight people to the programme. At the same time, many of our fellows do become CEOs eventually. This is a tension we always have to navigate. Our goal is to help senior leaders become more effective, with some of them eventually becoming CEOs, but it’s not a succession programme.”

Out on its own

For now, the CEO Perspectives programme is unique, at least in terms of its structure and delivery, if not its goals of developing senior executives. Diermeier says the design of the programme was driven by a desire to respond to a particular market need.

“There are programmes that target senior executives, but they are really constructed as traditional executive education programmes,” he explains. “This is a unique programme. There are programmes that cater to some of the same segments, but nothing of this kind.”

Another key facet of the programme is its appeal across a variety of industries. A large proportion of participants are from Fortune 500 companies but from very different business sectors. One challenge in putting the course together was to ensure it was relevant to people not only from different disciplines, but also from varied business environments. The track record suggests the structure of the programme successfully achieved this goal.

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“A lot of people have to deal with managing external reputations with regulators and their communities, people who have to manage huge bureaucracies,” says McInerney. “Therefore, even though they are coming from different industries, they have a lot in common, whether that’s figuring out how to deal with the great recession and having to make cutbacks or managing supply chains and creating efficiencies. Typically, executive education is very functional – here is the marketing class, here is strategic leadership and so on. This was conducted with a completely different idea.”

Diermeier notes that one of the things the programme strives for is to strike the right balance between commonality of perspective and diversity.

“Most of our participants are from large, complex organisations, but we also invite, each year, two community leaders,” he says. “This can be the CEO of a large museum or a community hospital – someone that we want to get into the mix. They make an important contribution to our understanding of

managing large organisations, particularly with respect to their role in the community, but they also provide a different perspective on leadership excellence that is very useful to the discussion.

“Then there are others from different industries, different genders, and different backgrounds. There are six modules and people come in every four to five weeks for a two-day period. Each of these modules focuses on one of the key components that we identified in our conversations with CEOs.”

Reflecting business changes

Another challenge is keeping the programme up to date by reflecting changes in the business environment, not least the impact of the global financial crisis.

“To give an example of how dramatic these changes have been, in 2008-09 the number one concern of many was making it to the next quarter. Survival was the number one item on the CEO’s agenda,” continues Diermeier. “The fundamental question

now is how to position yourself for growth in a still very volatile economic environment. How do you sense when things are taking off? How do you manage risks? What have we learnt from the crisis? Everyone is trying to reposition themselves for growth, but how do you do it in a way that is conscious of the risk that still exists?”

One way the programme has addressed these issues is to bring in people from sectors like banking and healthcare to talk about issues such as having the government as a co-owner of the business, or how to deal with a new raft of legislation governing an

industry, or how to deal with the increasing role of China in global markets, or rising commodity costs.

“There is informality and a candour that is very much the hallmark of the programme,” Diermeier adds. “None of this is canned, none of this is staged, and none of this is 30 PowerPoint slides. Whether its faculty, participants or CEOs, we are engaged in candid dialogue.”

“One thing we really try to add is the subject of relationships with the board. The more you move up in the corporate hierarchy the more important it becomes. It is one of the distinguishing responsibilities of the CEO. We not only ask CEOs to join us but also chairmen, so the role of the board and how to interact with the board is discussed.” ■

Further information

CEO Perspectives
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