# FIRST-TIME CEO:
## Make the leap from Senior Manager to Chief Executive

*Creating a new age of Chief Executives who build high performing companies
that attract and develop leadership talent
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# Contents

Cover Image:  Realising the talent within our people

# Executive Summary

This report outlines the submission to the Management Innovation Exchange (MIX) Human Capital competition. The radical idea (hack) is a development programme that bridges the gap for senior managers who step-up into Chief Executive positions for the first time, called First-Time CEO.

The Human Capital competition focuses submissions on rethinking talent and leadership development with the goal to "create organisations where every leader is someone others are genuinely eager to follow".

The radical part of the thinking behind this concept is the proposition of developing Chief Executives with the knowledge, skills, tools and support to create high performing organisations, which in turn create environments that attract and cultivate self-developing leaders.

The inspiration for this hack comes from nearly six years working at Meridian Energy, which was built on the Peak Performing Organisational Theory (PPO Theory). The environment was dynamic, the people were happy, agile and driven to work like they owned the company. The organisational processes supported self-development and there was an attitude of going the extra mile and stretching yourself, your team and the company to achieve greater things.

The literature reviewed in the development of the hack provided support for the First-Time CEO programme and went further to provide business case, framework and tools that can be applied in a practical way.

As the hack was the starting point, this report leads with a discussion on the background to the First-Time CEO proposal and outlines the programme.

Second, literature relevant to the First-Time CEO programme is reviewed, outlining support, contradictions and considerations.

Then, a final summary and an appendix that recommends the steps that can be taken to develop the First-Time CEO programme.

# Discussion

### The idea

The step-up from senior manager to Chief Executive is a significant change from being responsible for a department to leading an organisation. The personal attributes, knowledge and skills required to be an effective Chief Executive and develop a high performance organisation are unique and there is an increased isolation and autonomy that many find challenging.

### Where it came from

My personal experience at Meridian Energy (1999-2004), what I believe was a high performing company at the time, created a belief that all companies operated this way. After leaving the company, I realised this was not true and that realisation planted the question "how did they achieve that".

In my roles as a senior manager I have experimented with ideas of how to implement high performance and have received positive results, but also great challenges (eg engaging my team, but disengaging my peers – who did not understand why we were doing things differently).

There is some protection in being in senior manager position and creating an effective team with improving results, but it is daunting to consider being responsible for an entire organisation. That led to the formation of the hack – making the leap and equipping senior managers to be effective leaders and create high performing organisations.

The hack incorporates three theories that I am experienced with (Peak Performing Organisations, Internal Marketing and Lean) and introduces a fourth that integrates well with the first three.

### Benefits

First-Time CEO is a proposed development programme that bridges the gap from senior manager to Chief Executive and overcomes this initial period of risk and uncertainty. The programme equips the first-time Chief Executive with the skills and resources they need to be successful in their new role and go on to develop a high performing organisation by applying established business theory in a structured way that delivers results.

The programme also provides benefits to other stakeholders. Boards of Directors can reduce the risk of appointing a first-time Chief Executive; someone who presents well, but does not yet have a track record as a successful Chief Executive. The First-Time CEO can also be used as a senior manager development programme to maintain momentum in an already high performing company and to develop internal succession for the Chief Executive role.

### Relationship to other programmes

First-Time CEO is a natural progression from a Master of Business Administration (MBA) programme and leads into a Board of Director's course, which equips a Chief Executive to become a first-time Board Member.

## Programme Design



- **Personal Assessment** - A series of individual assessments to provide candidates with a benchmark against the personal attributes, beliefs, skills and knowledge of high performing Chief Executives. This gives them a starting point for development and the basis for Executive Mentoring. This reflection and learning activity is an essential precursor to developing Essential Skills.

- **Essential Skills** - The programme provides candidates with critical, but often over-looked strategies, techniques and tools in: time management, change management, coaching and mentoring, reflection and self-development, networking and effective relationship management.

- **High Performing Organisational Theory** - Detailed review of four organisational theories that together provide philosophy, framework and tools to develop a high performing organisation by getting the basics right across the board.

- **Roadmap Design** - A high level process and benchmarking criteria for assessing an organisation against high performance criteria. The Roadmap will provide direction, purpose and perspective in their first year as a Chief Executive, even when operational demands increase.

- **Executive Mentoring** - A formal mentoring programme between the candidate and an experienced Chief Executive that lasts for one year, providing guidance for developing their skills, attributes and implementing the Roadmap. Executive Mentoring can be adapted for those candidates who are participating in this programme as part of leadership development and succession planning in their organisation.

- **First-Time CEO Exchange** - A professional network that links with previous classes to leverage experience, promote discussion and learning, and to form valuable peer relationships. Quarterly events are held as well as continuous discussion on best practice in an online environment that also provides members with research, information and tools to assist them in their role as Chief Executive.

## Four organisational theories

| | |
|---|---|
| Peak Performing Organisational Theory (PPO) | People and performance strategy that transforms an organisation into a team of star players with clear line of sight between individual objectives and the company goal |
| Leader Self-Development (LS-D) | Attracting self-developing leaders and developing company policy and processes to support them to continuously upskill |
| Lean Production (Lean) | Continuous improvement and process redesign with a top-down, bottom-up approach |
| Internal Marketing (IM) | Whole company ownership of internal and external marketing |

## Essential Organisational Processes

Rather than focusing on the functional departments of an organisation, the First-Time CEO programme will focus candidates on how to transform key organisational processes to build a sustainable foundation for a high performing organisation:

- Vision and Strategic Objectives
- Business Planning
- HR Policy and Process
- Leadership Development
- Training and Development
- Reward and Recognition
- Internal Communication
- Reporting
- Cross-Functional Teams
- Continuous Improvement
- Change Management
- Standardise and Systemise

The challenges of the First-Time CEO programme include:

- Gaining credibility with key stakeholders.
- Evaluating the key theories that form the basis of developing high performing organisational processes.
- Funding the establishment of the programme.
- Coordinating and managing an effective and sustainable executive mentoring programme.
- Coordinating and managing an effective and sustainable executive networking programme.
- Creating valuable partnerships and affiliations for the programme.
- Continuously improving the knowledge and value of the programme to stay relevant with best practice.

# Literature Review

## First-Time CEO programme components

### Personal assessment

Starting personal development with a 360 degree assessment provides 'multisource feedback' and a basis for meaningful discussion (eg mentoring) and builds self-efficacy for the candidate (Drew, 2009). Further, the act of understanding how peers see the candidate may instigate a vicarious cycle through improved self-image as a leader, improved behaviour and increased positive feedback (Shipper, 2010).

### Essential Skills

Equipping a new Chief Executive (not specifically a first-time Chief Executive) to be effective in their role is essential. Most of the literature focuses on action plans for the new Chief Executive's first 100 days, including an organisational assessment that first-time managers would struggle to make without a baseline (Bolmeijer, 2007; Spencer, Thies, Nadler, & Wagner, 2002).

Recognition of a growing epidemic in 'smart people' is Attention Deficit Trait (ADT), which has similar characteristics to Attention Deficit Disorder (ADD) of limited attention capability and performance that swings from excellent to poor (Hallowell, 2005); the message here is to create order and focus attention on completing one task at a time (Hallowell, 2005).

Other skills that are cited as being essential are delegation (Bennis, 2009), time management (Dean & Webb, 2011; Immediato, 2006; Maciariello, 2007), change management (Battilana, Gilmartin, Sengul, Pache, & Alexander, 2010), mentoring and coaching (Hall, 2011; Hicks & McCracken, 2010; Zachary & Fischler, 2010) and an ego-free servant leadership approach (Vinod & Sudhakar, 2011), establish clear vision and strategy (Maciariello, 2007).

## High Performing Organisational Theory

### Peak Performing Organisational Theory

In the search for a new organisational model for his 130 Saatchi & Saatchi branches around the world, Kevin Roberts joined up with Mike Pratt, Ed Weymes and Clive Gilson, all from the University of Waikato, New Zealand, to find out what makes up 'sustained peak performance'(Roberts, Pratt, Weymes, & Gilson, 1998) in an organisation. They looked inside sports teams around the world (including the All Blacks and Team New Zealand) and they identified ten points that led to consistently being at the top of the table. They developed these ten points into a people and performance model that can be applied to any organisation and their results showed a 'release of organisational constraints which allows ordinary people to achieve that of which they are capable' (Roberts, et al., 1998).

### Leader Self-Development

The concept is to align leader development to the changing organisational goals and objectives, so companies do not 'lag behind' (Reichard & Johnson, 2011). There are unique characteristics that can be isolated to 'predicts [a person's] propensity toward and engagement in self-development' (Reichard & Johnson, 2011). An organisation can establish processes at the individual, group and organisational levels to support leader self-development and can use language and strategies that attract people with the requisite characteristics to the company (Reichard & Johnson, 2011).

### Lean

The philosophy of lean production was born out of the Toyota Production System (Scott & Walton, 2010) and has since been adapted to different industry sectors, including retail and service (Scott & Walton, 2010). Lean is about using tools to review and redesign process so waste is eliminated and

the process from customer order to delivery is streamlined, resulting in reduced costs and delivery times and improved quality (Scott & Walton, 2010). An additional advantage is the employee engagement and continuous improvement culture that comes empowering staff at all levels to improve the business (Scott & Walton, 2010).

**Internal Marketing**

Not to be confused with simply marketing or internal communication, internal marketing is about 'marketing concepts to the first customer', the employee (Joshi, 2007). Internal marketing cultivates customer orientation (Kilburn, 2009) and needs to be a whole company approach (Little & Little, 2009).

**Executive Mentoring and First-Time CEO Exchange**

Mentoring and peer support provide a two-prong approach to the development of effective leaders. On one hand, mentoring for a leader provides the opportunity to reflect, learn more about themselves and develop in areas they wish to become leadership strengths (Boyatzis, Smith, & Blaize, 2006; Emelo, 2011; Hicks & McCracken, 2010; Zachary & Fischler, 2010). Second, when leaders coach their own employees they are taking time away from their own problems, feeling good about helping others and actively leading their people in a demonstrable way (Boyatzis, et al., 2006; Emelo, 2011; Hicks & McCracken, 2010; Zachary & Fischler, 2010). Further, mentoring is a mechanism through which a leader can support leader self-development in their organisation (Reichard & Johnson, 2011).

The literature provided support for the First-Time CEO programme, but there needs to be more research into combining a number of these into one paper, by piloting this initiative and taking measurement of outcomes.

# Summary

## New Application

Although developing organisational processes so the organisation is supported to become high performing, which cultivates employee talent and self-developing leaders, is not new, the concept that this hack puts forward is to make sure that first-time Chief Executives are established well the first time, with the right knowledge and support to be successful in developing high performing companies themselves.

The literature reviewed in the development of the hack provided support for the First-Time CEO programme and went further to provide business case, framework and tools that can be applied in a practical way.

## Practical Impact

Graduates of the First-time CEO programme will be equipped to assess their organisation against a benchmark for high performance across essential organisational processes. They will have a clear, strategic roadmap, tools and experienced mentor to guide them in transforming their organisation for high performance in a managed way.

First-Time Chief Executives will have the essential skills to manage their time with competing demands, maintain a strategic perspective, reflect and self-develop their leadership skills, and apply their mentoring skills to lead and develop employees. They attract the right, self-developing people to their organisation who are supported by business process to become leaders and operate at peak performance.

The programme provides an effective and challenging professional development programme for senior management succession planning, development of senior managers in a high performing organisation and essential third-party support and professional networks to manage the initial risk associated with a first-time Chief Executive appointment.

The First-Time CEO programme will grow the leadership talent pool in a way that not only creates high performing Chief Executives; in turn they will create a business environment that attracts and continuously develops employee talent and creates future leaders.

On a grand scale, the First-Time CEO programme is a way that New Zealand can transform its economy through the creation of high performing organisations.

# Appendix

## First Steps

1. Consult widely with key stakeholders (Boards of Directors, Chief Executives, Senior Managers, MBA programme directors and Institute of Directors) to confirm the need for, and the components of, the First-Time CEO programme.
2. Identify a suitable champion to manage and deliver the First-Time CEO programme; include Universities who deliver the Master of Business Administration programme.
3. Review and evaluate the four theories against other theories on high performing organisations to ensure best practice is used in this programme.
4. Research effective mentoring programmes and identify critical success factors.
5. Identify and train experienced Chief Executives as mentors.
6. Research effective professional networking groups and identify critical success factors, including face-to-face and e-networking infrastructure.
7. Create a working group to finalise the First-Time CEO programme design, materials, trainers and relationships.
8. Develop branding that positions the programme as the premium experience for first-time Chief Executives. Confirm target audience attributes and develop marketing channels and a marketing campaign.
9. Run a pilot:  Targeting the top 100 companies in New Zealand, in order of priority, to fill the pilot programme; the pilot is likely to be filled with senior managers whose Chief Executives and Board of Directors see value in developing them for succession as internal candidates for the Chief Executive position. Evaluate and improve the programme.
10. Establish an ongoing First-Time CEO programme.

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## Relationship between the four theories and essential organisational processes

| | | PPO | LS-D | Lean | IM |
|---|---|:---:|:---:|:---:|:---:|
| Vision & Strategic Objectives | Bring senior managers together to debate and develop an inspiring and audacious company goal, strategic objectives (to deliver the goal) and the values that will drive behaviours required to get you there. | ✓ | ✓ | ✓ | ✓ |
| Business Planning | Challenge all business departments to work with their teams to pitch to senior management how they will leverage their resources (people, plant, process) to deliver on the Strategic Objectives (departmental plans).<br><br>Identify and provide the resources that your people need to achieve their approved plans. | ✓ | | ✓ | ✓ |
| HR Policy & Process | Establish Human Resources policy and processes that attract star players and provides the framework and tools for continually stretching and developing the star players in an individualised way.<br><br>Recruitment should target people who have the stable characteristics of someone with the propensity to continuously develop their own leadership capability and who will be further positively influenced by an organisation that cultivates leader self-development. Use language that resonates with your target candidates (and detracts others).<br><br>Individual personal development templates lead with your team's objectives, so employees can break this down into realistic and stretch targets articulated through action statements and metrics. Every employee has a stretch objective set that is relevant to their level of capability. | ✓ | ✓ | | |
| Leadership Development | Develop your managers into effective coaches who have the time, skills, mandate and support from the business to be involved with their people and available for coaching, mentoring and/or teaching as required to keep the ball rolling. | ✓ | ✓ | ✓ | ✓ |
| Training & Development | Provide employees with an effective induction that delivers the skills, relationships, resources and knowledge that they need to be self-starters, self-developers and successful in their role. Educate them well about the entire business and key stakeholders. | ✓ | ✓ | ✓ | ✓ |

| | | PPO | LS-D | Lean | IM |
|---|---|:---:|:---:|:---:|:---:|
| | Set personal development plans when they start, so they can see how they contribute to the company vision from day one. | | | | |
| | Mentor, coach and teach new recruits until they are proficient in all areas of their role, including accessing resources for self-development. | | | | |
| | Develop a training framework that comprises key career and learning pathways and approved training providers and make it transparent to all employees. | | | | |
| | Provide all employees with position-relevant training on time management, communication, coaching and mentoring. These skills are often overlooked, but deliver significant value in organisation, productivity, relationship management, conflict resolution and empowerment. | | | | |
| Reward & Recognition | Install a transparent incentive scheme that rewards for individual, team and company performance with a bonus for achieving extra stretch targets set at all levels. Also, give managers budget and discretion to reward excellent behaviour when they see it.<br><br>Recognise and reward behaviours associated with leader self-development to encourage desired behaviours. | ✓ | ✓ | ✓ | ✓ |
| Internal Communication | Find ways to communicate every day, to every single person in your business *why* you are doing what you're doing (Vision) and *how* you are going to do it (Values). Your people will know *what* they are going to do (Personal Development Plans).<br><br>Tell stories that demonstrate desired behaviour and performance and celebrate these achievements as they occur.<br><br>Get your CEO and senior management in front of all staff regularly, talking about what is happening in and around the organisation. | ✓ | ✓ | ✓ | ✓ |
| Reporting | Create reporting activities as part of good communication practice, not traditional reporting styles or timeframes. Lead with who needs to know what, why, when and how they want it.<br><br>Reports should align to personal development plan actions and metrics, as when brought together, they formulate the companywide business plan at all levels of the company. Individuals report up to their | ✓ | ✓ | ✓ | ✓ |

| | PPO | LS-D | Lean | IM |
|---|---|---|---|---|
| managers, who in turn report up to their manager, so there is no breach of privacy.<br><br>Results are aggregated into a Balance Scorecard against company and team metrics, so there is line of sight for all employees. | | | | |
| **Cross-Functional Teams**<br><br>Improve internal supply chain efficiency through developing and utilising cross-functional teams at all levels in the business.<br><br>Focus the full senior management team on developing and peer reviewing business unit plans, reviewing company processes (end-to-end) and as steering committees for key projects.<br><br>Engage employees at all levels of the business in cross-functional teams for continuous improvement. | ✓ | ✓ | ✓ | ✓ |
| **Continuous Improvement**<br><br>Teach all employees key Lean tools and processes in the context of your business sector and activities, so they can continually improve how they work as individuals (7 Forms of Waste, Value Stream Mapping (process redesign) and Root Cause Analysis).<br><br>Provide all managers with the skills to facilitate successful group sessions that apply these Lean tools in a way that empowers their team members.<br><br>Perform periodical initiatives to improve business processes in all departments, across the organisation facilitated by relevant managers. | ✓ | ✓ | ✓ | ✓ |
| **Change Management**<br><br>Develop an internal process and templates for delivering change based on best practice.<br><br>Create internal champions throughout the organisation who are formal and informal leaders and internal and external networkers who are continually educated about where the business is going. These people will naturally talk to decision makers about quality opportunities and risks. | ✓ | ✓ | ✓ | ✓ |
| **Standardise & Systemise**<br><br>Embed all of these critical success factors into organisational policies, processes, templates and calendars, ensuring they occur all the time and to the desired standard.<br><br>Develop communication tools and systems (including the reporting system) that reaches all staff and enables input and feedback for two-way discussion. | ✓ | ✓ | ✓ | ✓ |

| | | PPO | LS-D | Lean | IM |
|---|---|---|---|---|---|
| | Periodically review and improve policies, processes and systems to ensure that they deliver your value proposition to internal and external stakeholders; specifically employees and customers. | | | | |