

How to use psychology to understand your CEO

Your CEO, like everyone, is a complex creature. Surely, he or she is a talented and accomplished person. And underneath that talented and accomplished leader is someone who has developed over a lifetime into a leader with particular emotional and psychological strengths and weaknesses. Perhaps your CEO is aware of these strengths and weaknesses. Perhaps he or she is not. In some cases, members of his/her team may have more of an inkling than the CEO does.

ACTIVE COPING IS CRITICAL TO A CEO'S SUCCESS

One structural model¹ focuses on four components of personality. It is very valuable for understanding CEOs and other leaders.

At the heart of this model is the concept of *active coping*. Active copers are capable and eager to deal with whatever obstacles and opportunities they face. Active copers continually strive to achieve personal aims and overcome difficulties, rather than passively retreat from or be overwhelmed by frustration. They move towards the problems and opportunities with open arms and open minds. In this pursuit, they cope with stress well, regulate their emotions and control themselves and guide others.

Most people, and even many CEOs, are not active copers. Some people run from problems, some lash out at others, and some passionately wait and hope that problems (or even opportunities) will just go away.

But active coping is necessary for leadership effectiveness. It is not sufficient; other capabilities are also important. Effective leaders need to set goals, be sensitive and empathic, be able to persuade others to back their efforts, anticipate problems and find ways to surmount them, overcome change, and forge compromise among warring factions.

The motivation to lead is as important as active coping. Active copers who are not interested in leading are unlikely to lead well. And even active copers with all the right skills and motivations for one situation may not have the right mix of skills and motivations for a different situation; no one is right for all circumstances.

NATURE, NURTURE AND THE CHOICE OF A CEO

How a person approaches life's challenges develops as a result of their nature and their nurture. Active coping and motivation to lead (or lack of either) are products of the complicated path that takes a person – your CEO or CEO candidate – from their birth through their development as a person and then as a businessperson. Where they are now must be compared to what is required of them.

When choosing a leader, a board can define in specific, rigorous terms what it will take to succeed in the role. Before conducting a search, a board of directors can specify exactly what they want in a CEO, particularly the specific skills and relationships the company will need most. What are the unique and specific role requirements for the company and for a successful CEO in the operating environment at that time? Some requirements are just that: characteristics or capabilities that are indispensable.

¹ Pratch, 2014. Looks Good on Paper? Using In Depth Personality Assessment to Predict Leadership Performance. Columbia University Press. <https://pratchco.com/publications/looks-good-on-paper>; Pratch, L. (Winter 2008). The Use of a Clinical Psychological Method to Predict Management Performance. *Journal of Private Equity*, Vol. 12, No. 1, pp. 6-30.

In addition, given today's increasingly uncertain business environment, boards would be well-advised to look for CEOs who have the interpersonal skills to lead, the intuitive intelligence to lead, the motivation to lead, and the active coping capabilities that let them deploy their skills, intelligence and motivation in just the right way to address challenges and capture opportunities.

Plenty of off-the-shelf tools in use today measure interpersonal skills and intelligence—some accurately, many inaccurately—but very measure the motivation to lead and active coping capability. An in-depth psychological assessment helps to get a more accurate measurement of a leader's motivation, coping, and interpersonal capabilities. Active coping is a crucial psychological component of more observable skills that lead to good performance. It allows a leader to organize and amplify other leadership skills, and to develop new skills when the situation requires them.

Why should I as Chairman care?

It turns out that learning how they are psychologically organized is very valuable for CEOs and other leaders. It helps them see where – even as mature adults – they can change in ways that will make them more successful and often lead them to a more enjoyable business and personal life. It is also valuable for you. As the non-executive chairman of the Board, you need to be able to communicate your synthesis of the Board's views to your CEO, in a way that he or she can assimilate and take action on. By doing the right kind of assessment, you can learn about:

- How far into the future can the CEO can think and how much complexity he or she can handle; to what extent the Board needs to be involved in strategic planning
- The CEO's judgment, coping, and interpersonal skill to run a complex organization
- The CEO's developmental trajectory or runway for continuing to lead the company
- The CEO's underlying motivations, beyond his or her overt ones, which can help you position communications to foster cooperation and stimulate constructive action
- Whether (and when) the CEO will require supplementary expertise/capability and how to package that supplemental capability (e.g., executive cabinet, coach)
- How open your CEO is to embracing and dealing constructively with complexity and uncertainty, how truly transparent he or she is with the Board, how he or she handles talent development within the company

The assessment provides information that can help you develop the most productive working relationship with him or her.

In my next note, I'll explain what's involved in an assessment. If you are eager to know more now, just contact me at leslie@pratchco.com

Best regards,

Leslie Pratch

