

What are you looking for in a CEO?

When you are working with a company to get it turned around or restructured, it's important that the right CEO is in place.

But what are the characteristics of the right CEO? I would suggest three are essential.

1. **Having the intellectual capability to do the job.** If the industry is simple and the plan for creating value and exiting, straightforward, then you need a CEO with significant but not outstanding smarts. Just leading an organization is challenging, and complicated issues come up in any organization over a period of years.

But if the industry is changing, and the plan for creating value and exiting the investment requires the execution of several complex maneuvers in an uncertain environment, with decisions about sequences and timing along the way, you need a CEO who can conceptualize future scenarios with multiple changing variables, and develop a framework, set of heuristics, and decision-making skills to keep everything moving in the right direction over a period of years. That's a lot more smarts.

2. **Having the motivation to lead, and to lead in a way consistent with the needs of the organization.** Most CEO candidates like being in charge, but that's not the same as wanting to lead. Effective leaders set clear aspirational goals and persuade others to work collaboratively towards these goals, by being sensitive and empathic, anticipating and surmounting problems, overcoming resistance to change, and forging compromise among warring factions. A leadership style is a function of the person's motivational orientation. How effective that style will be depends on how well it fits the organization's culture.
3. **Being an active copier.** Active coping is being able – emotionally, intellectually, and behaviorally – to confront unforeseen challenges and successfully capitalize on emergent opportunities. Most people, and even many CEOs, are not active copiers. Some CEOs run from problems, some lash out at others, and some passionately wait and hope that problems (or even opportunities) will just go away. Active copiers, by contrast, are built to be capable and eager to deal with obstacles and opportunities. The coping style is baked into who the person is. Active copiers adapt resourcefully and effectively to novelty and change, repeatedly. They learn from experience. When they fail, they learn why, and do better the next time. They take into account the interests of others, as well as their own, and the interests of society. 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.

You can learn what an executive has already done, and that information is useful if the challenges they'll face are exactly those they have already tackled, and if all other important elements of the context are the same. But your chances of knowing whether they're up to the job and can deal with positive and negative surprises vastly improve if you understand what makes them tick and how they cope. Understanding executives' motivations, coping style, and complexity of mental processing will help you know how best to interact with them to get their best performance.

To understand what makes them tick, you can take advantage of a psychological assessment that looks at:

1. Their development history as a person, a businessperson, and a leader
2. Their motivations, values, and ideals – both conscious and unconscious
3. Their self-control, self-regulation, and adaptive capabilities

4. The congruence between what the executive says and does, and the underlying (deeply unconscious) motivations and coping style that drive and shape the executive's behavior.
4. The ability to handle the level of complexity of the job. The tools I use can identify differences in intelligence among individuals in the top 3% of the population. I measure complexity of mental processing and the executive's ability to create new ways of conceptualizing what they are seeing (think, at the extreme, of Copernicus dreaming up the idea that the earth revolves around the sun rather than vice-versa).

The CEO job often requires the ability to think about tasks that will take five years to carry out (e.g., to operate a company and perhaps reshape a system) to 20 years (e.g., to develop and construct new theories and approaches that have not been done before, such as dramatically reshaping an industry using new technologies). Measuring an executive's complexity of mental processing illuminates how complex a task the executive can handle. If they can handle the level of work complexity of the role they are a good fit on this dimension. Executives who can handle more complex tasks than the job requires will be bored; those confronted with tasks beyond their ability will likely fail.

Plenty of off-the-shelf tools in use today purport to measure interpersonal skills, emotional intelligence, and general intelligence — some accurately, many inaccurately. Very few accurately measure the coping and motivational orientation of the executive. The ability of the tools and assessment strategy I use to predict leadership have been empirically validated in longitudinal studies, published in peer-reviewed academic journals, and field tested for 22 years. They have been consistently accurate at predicting executive behavior, with predictive validity of 98 percent.

With a four-hour investment of an executive's time, and for the same cost to you as merely obtaining an in-depth career history, you can know not only their history but also who they are, what drives them, how they will cope with expected and unexpected challenges and complexities, and how to bring about their optimal performance.

Why should I care?

Learning how prospective or incumbent CEOs are psychologically organized is very valuable for Board members. They would be well-advised to hire CEOs who have the intuitive intelligence to lead, the motivation to lead, and the coping that lets them deploy their skills, intelligence, and motivation in just the right way to address challenges and capture opportunities. By doing the right kind of assessment, they can learn about:

- How far into the future the CEO can think and how much complexity s/he 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 the 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 the CEO is to embrace and deal constructively with complexity and uncertainty, how truly transparent s/he will be with the Board, how he or she handles talent development within the company

It also turns out that this kind of assessment is very valuable to CEOs and other senior leaders. It helps them see where – even as mature adults – they can change in ways that will make them more successful, and often leads to their having more enjoyable business and personal lives.