

Leading Into Tomorrow: The New Qualities of a CEO



BEYOND TRADITIONAL LEADERSHIP skills, today's CEOs must be adaptable, purpose-driven and empathetic. Given the complex challenges of operating in the current business environment, the ability to navigate uncertainty, design agile organizations, attract innovative talent and embody personal resilience are all increasingly crucial qualities for leaders. That high bar has been steadily inching upward as geopolitical risk, cybersecurity, AI, economic headwinds and even the pressure to leverage unprecedented opportunities intensify, agreed leaders gathered for a recent *Chief Executive* roundtable discussion held in partnership with Pearl Meyer.

"The skills and capabilities that CEOs need today—and will need going forward—are different than they were even three or four years ago," said Peter Thies, managing director at Pearl Meyer. "As all of these things circle around you, you have to keep the plates spinning so nothing drops."

The Power of Purpose

The challenge of steering an organization with purpose through heightened and protracted uncertainty resonated with Adena Friedman, chair and CEO of Nasdaq, who recounted leading her organization through a strategic recalibration. "We've been repositioning the company in our industry over the past few years so that we're positioned to grow and able to execute well against that growth," she said. "We've been managing that, how you can not only have the creative vision but make sure everyone is walking down the path with you."

Nasdaq's journey culminated with the successful \$10 million acquisition of risk management and regulatory software company Adenza, a transformative move for the company. "It put us squarely in the field of fintech, which was a big pivot," said Friedman.

Christine Miller, president and CEO of Melinta Therapeutics, also found focusing on leading with strategy and purpose key to turning a floundering company around. "The company had been taken private and gone through a Chapter 11," she explained. "Defining the mission and vision and giving



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clear strategic priorities really made the difference. People need a reason to persevere through a difficult time. ... Plus, it helped us stay grounded and make good decisions for the long term when we were faced with a crisis and the firefighting that happens. It clarifies decision-making."

During her two-year tenure leading ADP as CEO, Maria Black prioritized getting clarity on strategy and came away with the view that it takes, at some level, the courage to make—and bring people along on making—a leap of faith. "Strategy is a bet that you believe the future is somewhere—and you have to get your organization to believe it could go there," she said. "You might get some parts right, some parts wrong. But especially right now, as technology is changing at a more rapid clip than ever, you have to get the organization to take a leap of faith that it's probably going here and make a bet, or many bets, to get there."

For ADP, that leap entails predicting what the future of the world of work will look like: How much will be hybrid? Where will work happen in growth economies? Where is the workforce of tomorrow? "The whole world is solving for all of that, and we're all going to be making bets on what that could be and getting our teams to align with those bets," she said. "But it's completely uncomfortable because it's the unknown."

Embracing Agility

Leading during a time of disruptive change and uncertainty also demands an agile mindset—a willingness

to embrace and adapt to even the most unwelcome change. After Covid grounded flights indefinitely, Delta Air Lines CEO Ed Bastian faced leading his company through an existential crisis. “When something like that happens, well, it was nowhere in the strategic plan,” he said. “That was an extreme case of throwing the playbook out and having to put your arms around your team and walk every single day as you are learning—because we were truly going into the unknown. And it took us a long time to figure out how we were going to get to the other side.”

Bastian emerged from that experience convinced that the responsibility for building a company with the resilience to survive during periods of adversity lies with the CEO. “Who has the permission to really think five years out and own that space? That is only the CEO,” he noted. “The more a CEO owns that five-year vision fully—where you want to go, always staying ahead—that allows you to make the priorities and the tradeoffs because there are always tradeoffs with this stuff. You’ve got to pivot based on the environment.”

While less severe than Covid, disruptive events are a regular occurrence in today’s global economy, noted Simon Freakley, CEO of AlixPartners. “The war with Russia and Ukraine, the supply chain challenges, the shipping issues in the Red Sea—these are all disruptions taking place on top of these core operating challenges,” he said. “And then, of course, AI and generative AI, which are recreating every job in every industry. The pressures on CEOs now are huge, so it’s not surprising that the average tenure of a CEO has dropped from 7.5 years to 4.5 years over the past decade because the wear and tear on leaders is enormous.”

The ability to guide a company through developing a process to sort through competing priorities and make courageous forward-looking decisions is another essential leadership skill in the current environment. “At the end of the day, you as CEO, are accountable for that to your shareholders,” said Friedman, who noted that assessing the staying power of technology trends has been critical for her company. “We take a very specific approach to that where we start with, what are the technology trends that will define our industry in the next 10 years? When we first heard that blockchain was coming on the scene, and there was a lot of hype around that, we had to make a decision



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as to what was going to be the game changer. We identified AI very early, and cloud. So, asking ourselves, ‘Which trends will define our industry and, therefore, what do our clients need?’ really helped drive the team to get outside their day-to-day.”

Key to the approach was doing the exercise with internal team members, she added. “That forced the team to think differently, and those thoughts were all internally generated with our conversations with our clients and our own internal views. That really changed us from a fixed mindset to a growth mindset. ... It was like pushing a rock up a hill for a couple of years, but then it starts rolling down the other way.”

Activating Talent

While the ability to attract, retain, nurture and motivate top talent has long been a leadership must, today’s leaders must also be adept at engaging with a diverse, multigenerational workforce and addressing changing employee expectations. CEOs need to build purpose-driven cultures, as well as be mindful of the need to devote resources to succession planning and leadership development that extends deep within their organizations. “The C-Suite is a good place to start with development, but the level just below the C-Suite is where the real intentional focus can happen so that the next generation is able to come up,” said Thies.

Adjustments to both recruitment criteria and talent development may be necessary as advances in tech-

nology such as AI change the way work gets done, suggested Fred Hassan, a director at Warburg Pincus and former CEO of Schering-Plough and Pharmacia. “The age of silos is rapidly going away,” he said. “So in the next generation, I would look for a mindset of getting into the minds of other functions, not just interacting but creating cross-functional partnerships. That’s really hard to do because vertical tends to be the comfort zone since people generally succeed by being very good at what they’re doing. But if you’re going to do AI, you need to be almost silo-free.”

To ramp up innovation in the area, Melinta created a contest aimed at tackling AI from an “enterprise thinking perspective,” noted Miller. “The idea is that each function is supposed to look at how they can employ AI to make the work they do easier. How can they save money or find opportunities to generate additional revenue? The idea was they can work cross-functionally, find an executive sponsor within the organization and use any creative tools they want, to get them to think beyond their day-to-day jobs and really develop that strategic muscle.”

The Workplace Culture of the Future

Several CEOs expressed concern about the long-term impact that shifting workforce models are having on culture, talent development and productivity. “Onboarding of new hires by employees determined to remain remote workers is already proving problematic for many companies. “There’s this clash in the workplace between the people who no longer want to come in and that cohort of joiners, as we call them, who seek joy, who seek human connection,” said Black. “When they’re meeting on Zoom for the first three weeks of onboarding, you’ve missed the most critical juncture of that employee’s cycle.”

Leaders cited other issues as well, including the loss of opportunities for casual office interactions and collaboration on the fly, as well as situations where employees who opt to return end up relegated to engaging with their remote coworkers over Zoom anyway. At Nasdaq, Friedman looks for ways to encourage and facilitate in-person interaction. “It’s about bringing them in for the right reason at the right time to make sure they are being as productive and contributory as possible,” she said, adding that the company is currently using a hybrid model of two



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required days in the office. “We want to show them that there’s so much benefit to coming in. It’s not just about getting ahead, and it’s not just about you. It’s about the community you’re in, and it’s about paying it forward. So, we work a lot on that. I know two days are not enough.”

“For those businesses where culture is a competitive advantage, what happens is that an acceptance of three days a week or two days a week or whatever the hybrid model is starts to erode that culture,” said Freakley. “I would wager that when we look in maybe 50 years at who the perpetuating enterprises have been, they will largely be people who kept that connection, who found a way of keeping that human connection because the riches of those cultures will make those enterprises deserving of perpetuation in a way that more transactional or efficiency-based measure will not.

In the meantime, taking a thoughtful approach to policies and communications about both expectations and the advantages of engagement in person is a good start. “What we’ve seen some clients do is be intentional about making sure that when people are in the office, they’re actually collaborating with one another,” said Thies. “You can’t legislate all of it, but you can set a model for it and talk about how the magic happens when you’re in a room together.”



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