

## **“CEO and the Leadership Challenge”**

**by M. Damodaran**

It is often said, not without reason, that other things remaining the same, the difference between a winning organisation and an “also ran” organisation is the quality of leadership. This is especially true in difficult times, with challenges within and outside the organisation increasing in number and complexity. Challenging situations call for leaders who create the enabling environment in which each member of the team is appropriately motivated to perform to her or his potential.

In recent times, notwithstanding increasing discussion on the roles and performance of the Board of Directors and the Chairperson, the focus has continued to remain on the Chief Executive Officer (CEO) / Managing Director (MD) who is expected to measure up to the many, often conflicting, aspirations of different stakeholders. In addition, there is the challenge of building a constructive relationship with the Chairperson and with the Board of Directors to ensure that all these entities are on the same page in regard to strategy. This is to be done in a manner in which, while there is buy-in for the broad picture from the Chairperson and the Board, the operational flexibility is retained by, and adequate empowerment resides in, the CEO. In quite a few companies this involves brinkmanship of a very high order.

CEOs / MDs often face what is described as the “predecessor problem”. The predecessors who sit on Boards, after discharging executive responsibilities, sometimes find it difficult to avoid second-guessing the CEO on a continuing basis. Often they are available, even against their will, as reference points for disgruntled elements within the organisation. Equally, the tendency of some CEOs to change everything that the predecessor did, does no more than to emphasise that “Nothing succeeds like successor”.

It is now recognised that there is no ‘one size fits all’ approach to leadership. Some attributes that have to be brought into play will vary depending upon the organisation and the context. At the same time, common and even vital attributes such as the ability to take tough decisions, to be objective and impartial, and to both own and to be seen as owning the decision-making process cannot be lost sight off.

It has sometimes been claimed that the separation of the positions of the Chairperson and the CEO, has led to two power centres in the Boardroom with the distinct possibility of their pulling in different directions. While the theoretical position is that combining the roles of the chairperson and the CEO in the same person is the ultimate negation of corporate governance, proponents of the opposite view have argued that the “strong CEO model” has driven the growth of most companies. In these circumstances the CEO, who has to deal with an Executive Chairman, especially if the latter is a promoter and the former a professional, has to sometimes undertake a tightrope walk to stay relevant in the leadership space.

One of the foremost responsibilities of a CEO, as a leader of the management team, is to prepare his direct reports and other senior functionaries for positions of higher responsibility. Identifying a successor and encouraging her to move up to the next level should be seen as a privilege and not as a procedural requirement, diluted in practice, or

even negated, by a sense of insecurity. Empowerment, rather than delegation, should be the watchword.

While the CEO as a leader must be the repository of several attributes that will take a whole book to do justice to, two attributes deserve mention even in a short article. The first is the ability and willingness to communicate with internal and external audiences. Clarity and the courage of conviction are the building blocks of good communication, especially when a company is in troubled times. The other is the need to be fair and even-handed in dealings with colleagues. There must be no disconnect between thought and word and between word and deed.

Polonius put it best when he advised his son Laertes:

*“This above all: to thine ownself be true,*

*And it must follow as the night the day,*

*Thou canst not then be false to any man”.*