

CEO Excellence

The Six Mindsets That Distinguish the Best Leaders from the Rest

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Review by Andre Marafon

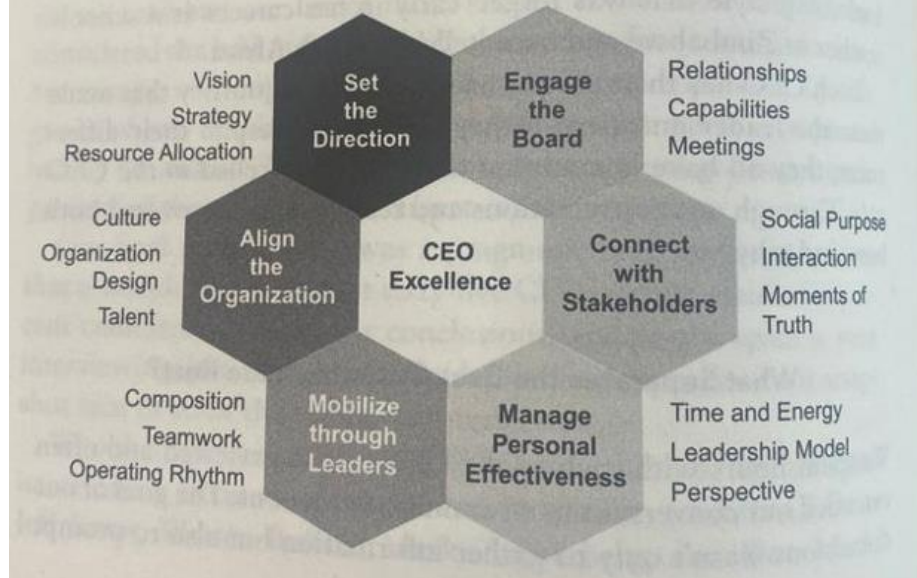
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The name of the book captured my attention. A book bursting with that *untouchable* knowledge about the lonely endeavor of being a CEO or entrepreneur. Three McKinsey partners chose and interviewed 500 of the best value generators of the World – CEO's who had multiplied their companies and market caps in addition to the beta of their respective industries. Alpha generators.

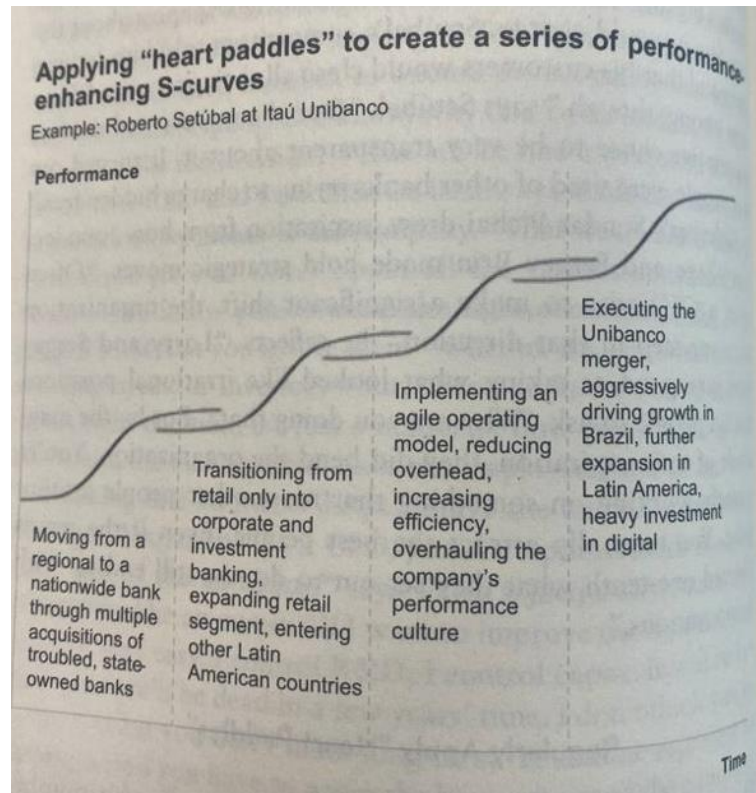
The most interesting ideas from the book are in the form of what consultants do best: a simple mental model describing something complex. A healthy tradeoff, that helps us understand – in general – how these CEOs went about their businesses. The following three images describe the ones I found most interesting:

(1) How CEOs think about their responsibilities:

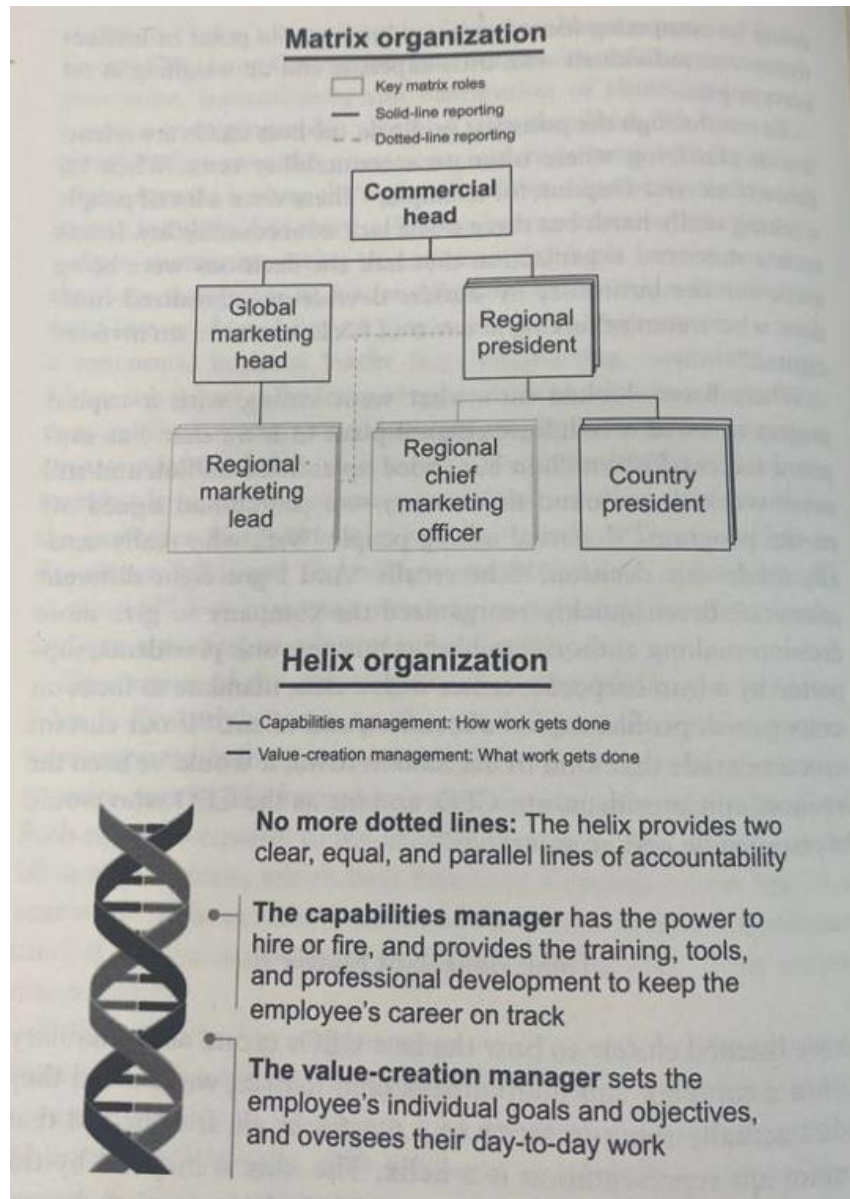
The six responsibilities of the CEO



(2) High-performance is all about stepping-stones:



(3) A modern view on an organization structure (leveraging training and deliveries):



However, the ambition of the book might have been overwhelmed by the size of the challenge. There are so many good CEOs, and each has a specific nuance worth sharing, that the authors might have had a hard time choosing which to display. At times, it seemed they tried to quote them all, making the chapters long and repetitive. The book is longer than it should, and at times is insufferable.

On the other hand, by transcribing and showing so many perspectives from great CEOs, there are amazing quotes and embedded knowledge worth sharing. The authors also simplified the chapters with quotes from renowned thinkers. The result is a collective of knowledge pills.

I share below the ones that resonated the most with me:

Attitudes:

Excellence is a habit, not an act^[1]. These successful CEOs are deliberate in choosing what to do, what to show, and what to incentivize. Here are some of the most interesting lessons on building the right attitude towards business life:

1. Know that for things to change, first you must change.
2. Be less a "taker" of your fate and more a "shaper" constantly looking for and acting on opportunities.
3. Don't just raise aspiration levels; change the definition of success.
4. Don't forget your blindside.
5. Consistency. You can only trust people who think, say, and do the same thing.

Organization Design:

To set the tone of how the best CEOs think, the authors propose an analogy with the final moments of a *"sporting event – when it's clear your team will win – you leap to your feet, yelling and waving and jumping up and down. You haven't changed. But your environment had."* Hence, the best CEOs design the company's culture around that context.

^[1] Marco Jesus.

1. Building a great organization doesn't start with people but, instead, with roles.
1. Designing how work gets done (structure, process, systems, incentives). Role modeling. People must have confidence in their ability to behave in desired ways.
2. Build flexibility into their organizations design while maintaining strong structural integrity.

Manage by milestone, not annual budgets. Never let an annual budget cycle get in the way of making good business decisions.

3. Making sure that the best professionals are working on the most important matters of the company. From the bottom-up^[2].
4. After making major decisions, they carve out thirty minutes with their team to reflect on their decision making.
5. Remembering that a bad system will beat a good person every time.

Business Cycle:

The CEOs showed a clear understanding of the timing of their businesses, from buying to harvesting business units and companies.

1. Buy.
2. Invest.
3. Improve productivity (w. talent density)

There are five sources of purpose and motivation: (i) your own career, (ii) your fellow employees, (iii) your company against the competition, (iv) your customer, and (v) the society. Typically, as a professional evolves in their career they move from (i) to (v).

^[2] "Of the fifty most valuable roles in a typical corporation, we found that only 10 percent are positions that report directly to a CEO; 60 percent exist at the next level down; and 20 percent are at the level below that"

4. Differentiate (competitive advantages^[3])

5. Shuffle the cards. Allocate. Not just capital, but talent and management attention to where it does most good.

6. Harvest.

Boards:

Managing – without consuming too much time – the board is important, especially for true corporations. The most successful CEOs understand that boards aren't there to provide direction. They are there to provide perspective. The best CEOs also deconstruct the board in three functions: (1) succession planning (hire and fire the CEO), (2) approving the strategy of the company (where we want to be five to ten years from now), and (3) monitoring and managing risks through the audit, governance, and compensation committees.

Quotes:

Excellence is never an accident

— Aristotle

Being terrified but going ahead and doing what needs to be done – that's courage. The one who feels no fear is a fool, and the one who let's fear rule him is a coward

— Piers Anthony

You miss every shot that you don't make

— Wayne Gretzky

Design is intelligence made visible^[4]

— Alina Wheeler

There is nothing so useless as doing efficiently that which should not be done at all

^[3] Please refer to the review of 7 Powers

^[4] Peter Gudme

— Peter Drucker

Don't let yesterday take up too much of today

— Will Rogers

The best way to learn is through the powerful force of rhythm

— Mozart

It's certainly true that numbers don't lie. But also, numbers don't tell you exactly what they mean, which is why dialogue is awfully important

— Roger Ferguson.

Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat

— Sun Tzu

Be strong enough to stand alone, smart enough to know when you need help, and brave enough to ask for it

— Ziad K. Abdelnour

To fail to plan is to plan to fail

— Benjamin Franklin

Get out of the way if things are working well, thank people for doing a good job, and actually don't leave your footprint at all^[5]

— Sundar Pichai

^[1] *Marco Jesus.*

^[2] *"Of the fifty most valuable roles in a typical corporation, we found that only 10 percent are positions that report directly to a CEO; 60 percent exist at the next level down; and 20 percent are at the level below that"*

^[3] Please refer to the review of 7 Powers

^[4] Peter Gudme

^[5] As minority investors, that's exactly our mindset.

