

Managing yourself

CEO's need mentors too

Research reveals the type of advice top executives require and how they get it.

By Suzanne de Janasz and Maury Peiperl

In 2010, when David Nish was promoted from CFO to CEO at Standard Life, he knew the scale of the challenge his company faced. The 185 year-old giant had just embarked on a sweeping transformation from an insurer to a long-term savings and investment company. Nish also knew that as the person leading the change, he would be tested by decisions and management situations he hadn't encountered in the past. Certain that he could benefit from the perspective of someone who had been down similar roads before, Nish turned to a somewhat unusual adviser: Niall FitzGerald, a former chairman of Unilever.

The mentoring relationship they subsequently established is illustrative of those we have studied in our research – a two-year inquiry into an emerging way in which new CEOs in large organizations gain access to seasoned counsel and feedback. We found dozens of executives who were accelerating their learning by engaging the services of high-profile veteran leaders from outside their companies. To learn more about this growing but as yet undocumented phenomenon, we interviewed 15 chairman mentors and 25 protégés – CEOs, CEO designates, and CFOs. (Chairman Mentors International facilitated access to many of the study participants.

On the basis of what we heard, we are convinced that more CEOs should connect with mentors rather than assume that theirs is a burden to be shouldered alone. But we also discovered aspects of such arrangements that make them trickier than the mentoring that takes place at lower organizational levels. At the CEO level, special considerations must go into making a match between mentor and mentee, structuring their sessions to deliver the intended benefits, and prioritizing the process so that it isn't crowded out by other demands. By sharing what we've learned about these issues, we hope to pave the way for more use of this highly efficient learning model.

Lonely Learning at the Top

Down at the ranks, mentoring has become very popular in modern companies; many of them set up formal arrangements whereby "old hands" help novices learn the ropes. In this way they facilitate the acculturation, performance, and career progress of new entrants, high potentials and minority populations who lack enough obvious role models. These efforts resemble the age-old practice of apprenticeship: observation of the master, execution with supervision and feedback, gradual accretion of tacit knowledge and eventual attainment of mastery. The investments tend to pay off well. Research on junior to midlevel professionals shows that such programs enable them to advance

more quickly, earn higher salaries, and gain more satisfaction in their jobs and lives than people without mentors do. For employers, the benefits are not only higher performance but also greater success in attracting, developing, and retaining talent.

Most CEOs of large organizations have had the benefit of mentoring - and other developmental activities such as stretch job assignments and leadership programs - during their careers. But their arrival at the top suddenly narrows the available and appropriate options. Gavin Patterson, who was promoted to chief executive of the telecommunications giant BT Group in 2013, told us that his company would have been "happy to send me to a top management program at Harvard," but he couldn't be absent so long. "If you are one of the top 10 people in the business," he noted, "the possibility of being away for three months is practically zero."

Yet CEOs must keep raising their game – and having their thinking usefully challenged – for the good of their organizations. They must routinely make decisions concerning matters they've never before tackled. When have they ever had to spearhead a takeover- or defend against one? Resolve a crisis as the public face of the company? Deal with a board of powerful directors with divergent opinions? These demands require new talents. In the words of one well-known executive coach, "What got you here won't get you there."

In such high-stakes situations, CEOs need wise mentoring. That's not the same as coaching. Although executive coaches are often superb at providing feedback and closing gaps in specific managerial skills, precious few have actually worked in equivalent roles themselves. Mentors, by contrast, are role models who have "been there and done that." They can offer timely, context-specific counsel drawn from experience; wisdom; and networks that are highly relevant to the problems to be solved. And unlike company-managed mentoring programs, CEO mentoring is driven by the mentee, reflecting a level of customization rarely provided to people in the ranks.

When CEOs get this kind of support, good outcomes follow. We surveyed 45 CEOs who have formal mentoring arrangements, and 71% said they were certain that company performance had improved as a result. Strong majorities reported that they were making better decisions (69%) and more capably fulfilling stakeholder expectations (76%). More than anything else, these CEOs credited mentors with helping them avoid costly mistakes and become proficient in their roles faster (84%). Patterson spoke for many when he called mentoring "a more practical way to develop."

Making the Match

Given the clear benefits of mentoring for developing CEOs, why is the practise not already ubiquitous? The single biggest obstacle is the difficulty, and sometimes awkwardness, of making a match between mentor and mentee – assuming that the CEO is not already lucky (or savvy) enough to have gained informal access to a valued adviser.

Sometimes, it's the CEO's boss, the chairman of the board, who puts the wheels in motion. In 2009 Paul Geddes was the head of RBS Group's insurance division and a potential successor to the CEO. But when European regulators required RBS to spin off the insurance business, he had a short time to

prepare for an IPO. He recalls, “I had a lot to prove, and a lot to learn very quickly.” Geddes was introduced to the idea of a mentor by a board chairman who had himself been part of a mentoring process. However, an interesting alternative to colleagues as connectors is emerging: high-level external consultants who play an intermediary role. These professional “matchmakers” use their networks and their insights into personality, often gained through executive-recruiting, to set up meetings between previously unacquainted business leaders. Typically a first meeting is followed by a series of conversations, allowing both parties to assess the potential for good outcomes from the relationship. (Contrast this with what often happens at lower organizational levels, where mentors are simply assigned to mentees.)

The mentors in our study were all former CEOs themselves and unaffiliated with their mentees’ organisations. This profile satisfies three needs: the need for relevant experience, the need for a broad perspective, and the importance of complete trust.

“Relevant experience” usually means the mentor has sat in the hot seat as the CEO of a large, complex enterprise and visibly succeeded. Geddes talked about the need for mentors who were “10 to 15 years ahead” of their mentees. Many of those in our study were semiretired and serving on multiple boards.

A broad perspective, too, generally comes from the outside. You want mentors who not only think differently but also understand how the company is regarded in the marketplace. Take Nokia, once the mobile phone market leader, which found itself in a precipitous slide as Apple and Samsung claimed increasing market share. In 2010 Stephen Elop – a former Microsoft executive – was brought in to turn the company around. At the suggestion of his chairman, he began meeting with Peter Sutherland, a former chairman of BP and the chairman of Goldman Sachs International. Sutherland’s help was on a purely personal basis, and Elop, a Canadian, found him invaluable in many ways, including as a guide to the unfamiliar dynamics of European board governance. Moreover, Sutherland could offer an objective view as to whether Elop’s new strategy was building positive momentum. (In September 2013 Nokia announced the sale of its key assets to Microsoft at a significant premium to shareholders.)

Finally, the absolute necessity of trust in a mentoring relationship drives CEOs to seek counsel from experienced outsiders. As Peter Lynas, the CFO of BAE Systems, told us, “Only a certain level of issues can be raised with an internal mentor.” For some chief executives it is simply too risky to expose gaps in knowledge and experience to a chairman or a member of the board. Martine Verluyten learned from mentors when she was the group finance director of Umicore SA and found that it was “most effective when I was trying to show my strengths and weaknesses, as opposed to trying to put up a front.”

Speaking from the other side of the table, Roger Carr (currently the chairman of BAE Systems and one of Paul Geddes’s two mentors) stressed the importance of “being able to talk to someone in confidence who is not a stakeholder or a paymaster.”

Making it Work

In the strongest CEO mentoring relationships we studied, clear rules of engagement ensure that both parties commit to total confidentiality (even when a CEO's boss contacts the mentor to ask how his charge is doing.) This emboldens mentees to disclose without fear of repercussions. Beyond that, interactions are designed to deliver what both see as the aim: helping the CEO traverse the learning curve more quickly and perform role functions more effectively.

Related to these rules of engagement is the expectation that both parties will prioritize and prepare for meetings that are set and organized by the mentee. It's never easy to carve out time on a CEO's calendar. But to engage in the kind of mentoring described here and stick with it, the executive must make it a part of his or her workflow. Sessions should have formal agendas, defined by the problems currently confronting the CEO and shared far enough in advance to allow mentors to reflect on their experience. Geddes described an approach that was "structured, driven by me, irrespective of topic," and "felt like a live business process."

Regular sessions – fairly long but fairly infrequent – are a must. Putting dates on the calendar allows the CEO to set aside some thorny issues that might otherwise be a nagging distraction, knowing they will be thoughtfully addressed in due course. Rober Swannell, the chairman of Marks & Spencer, describes why he chose this kind of mentoring arrangement for a new CEO: "We wanted it to be a formal program where people knew we were spending money on it, it would be taken seriously, another would be a certain rigor to it."

Finally, and despite such a disciplined structure, the mode of knowledge sharing generally preferred by both parties is storytelling. Most mentors told us that they shared specific and relevant examples from their own careers – including not only triumphs but also poor decisions that resulted in bad press, tarnished reputations, employee layoffs, or share price declines.

"The common thread would be genuine advice based on true-life experience," Carr concluded thinking about the mentoring he had provided to a number of executives. "The credibility of what I say is rooted in the visibility of what I have done, over a long time."

Plenty of research demonstrates the power of stories to advance learning and development. Because they evoke emotion and empathy, they prove far more memorable than other forms of information and idea sharing. By presenting a chronological series of events, decisions, and consequences, they suggest lessons without asserting them aggressively. They are always about someone other than the listener, so they create psychologically safe spaces in which to ponder "What would I do?" Thus a session that might have felt like an interrogation or a lecture becomes a productive dialogue. Gavin Patterson put it this way: "The mentoring was about co-development in situ, not about preparation. Having the problems in front of you and sharing them with an experienced mentor is really where the value comes."

Most interesting to us was the psychological boost that mentors' war stories seemed to give new CEOs. David Nish told us, "The storytelling my mentor gave me was way beyond expectations. It's about believing I'm unlimited....the belief that they can do anything."

Similar sentiments came from Chris Jones, the chief executive of Welsh Water, who described a mentor's habit of sharing what had worked well elsewhere and then probing to find how the problem at hand was similar or dissimilar: "Talking these issues through with someone who has experienced similar challenges in their own past helps to give me a great deal of confidence.

Teaching Top Dogs New Tricks

David Nish has little doubt that mentoring he has received from Niall FitzGerald has made a very real difference to his performance – and Standard Life's. Without testing his ideas against this seasoned leader's experience, he would have found it harder to assert a bold strategic refocus, to tear down the walls of a stodgy hierarchy, and to put new emphasis on performance management, talent management, cost effectiveness, and investments in growth. Standard Life's share price is at a record high. Over the course of three years it returned GBP 1.2 billion to shareholders and doubled its market capitalization. The company is now seen as a leader in its industry. Other CEOs in our study, and their organizations, have had similar success.

Not every CEO has had the benefit of such a valuable mentor. But for the good of their organizations, perhaps more of them should. When business leaders fail to decide and act wisely, their companies suffer. With the right mentoring at the top, everyone stands to gain.

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