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Why C-Suite Leaders Get Passed Over for the CEO Role

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By Mark C. Thompson

You deserve to be the next CEO of your company, right?

Your track record certainly speaks for itself. At least, that's what your CEO signaled during your one-on-ones. And you're reassured by the camaraderie you feel from a

few directors you've met. But just when you're absolutely convinced that you're the logical choice, you hear that the board has other candidates in mind.

While you remain relatively confident, you still felt a shot of adrenaline when you realized there is a process underway into which you've not had complete visibility, nor are you clear about how the board will keep score in this race.

Face it—you've been so busy doing a great job in your C-level role that you haven't had time to invest enough in learning about what it means to become CEO, a role that's like no other in your career. Chances are you don't really know every objective detail about how you're perceived by the actual decision makers who will be selecting the CEO.

Your board of directors feels more pressure than ever to choose the right leader. There is so much at stake in selecting a new CEO for your company that they are compelled both to fuel a high-stakes internal succession plan and to launch an external championship. That means you're competing with known candidates who are your peers, along with a cadre of outside world-class executives whom you might have never expected to be your competitors.

In fact, today's boards of directors are demanding a much broader field of contenders than ever. Many new factors will influence whom they name as CEO. You may feel your skills and experience are self-evident or that your CEO and certain board members will make the case on your behalf. Perhaps they will, but you're no longer the only preferred candidate they're considering, nor is the decision theirs alone.

The CEO selection process is likely to be the first time in your career that you face a new requirement unique to the corner office: proficiency in at least three of "the languages of the CEO." In 90% of my engagements, boards place a great priority

on testing each candidate's fluency before they advance to the final rounds of the CEO succession plan.

1. Language of Wall Street. Every time a new CEO is announced at a public company, investors take an immediate vote on that executive's candidacy by selling or buying stock—driving it up or down in reflection of their assessment about whether the new boss has the customer-focused experience to drive profitable growth. The board's nominating committee is looking for you to demonstrate how you've become increasingly fluent and effective in the rhetoric and measures of the financial markets, including a visible connection with your customers, your vendors, and your supply chain, and the capacity to run an operation at scale with increasing margins.

If you're already an operating executive, the board may appreciate that experience but still worry about whether you have the sophistication to rally investors and the markets to your vision. If you're a chief marketing officer (CMO) or chief revenue officer (CRO), the board may love your experience with customers but remain unsure about your skills with Wall Street and employees. If you're a chief financial officer (CFO), the board may be reassured that you know Wall Street but wary that you may be too specialized and lack operating or market experience. I've helped many C-level executives get ready to be tested by the board and Wall Street as they approach their new role as CEO. But it requires a deep commitment to accelerating proficiency in fields that were never their core competency and a willingness to practice the many languages spoken by Wall Street, the board of directors, and even their peers in the C-suite.

2. Language of the C-Suite. The final selection for the CEO's job often comes down to the board's assessment that your peers won't bail the moment you become their boss. Are you the type of person your colleagues would be willing to work for?

Your peers do not have the final vote, but it is important to the decision, as the board doesn't want to cause mass hysteria with your promotion. Your

reputation as a leader with your teammates obviously plays a critical part in evaluating whether you are worthy of being their boss. If your peers think you are arrogant because you make every interaction a contest or display an obvious lack of interest in seeing the distinctive contribution of their functions or an unwillingness to learn their language with proficiency and empathy, then you're losing support for your advancement.

This level of empathy for your peers is not easy, of course—the language of the chief technology officer (CTO) does not remotely sound like that of the CRO, nor does the legal rhetoric and risk aversion of your general counsel have much in common with the sales pitch coming from the CMO. But every one of your peers will insist that you show sincere appreciation for their important functions.

Serial entrepreneur Richard Branson told me that this capacity for a CEO candidate to show empathy and excitement for the expertise of his peers was among his top key criteria for picking a leader. Sir Richard should know: Virgin has over 400 companies under that brand, and Branson knows all 400 CEOs. During my Chief Executive Podcast at the Stanford University CEO Summit, Sir Richard said that as a CEO candidate, you're making a serious shift from what made you successful in all your roles leading up to this moment. You're leaping from peer to competitor in the CEO succession plan, but it won't help your candidacy if you behave like an opponent. No matter how qualified you are, you'll be more effective as a leader if you invest time and effort inspiring employees' trust as a supportive colleague rather than a rival.

3. Language of the Board. Ultimately, your board will select the next CEO. In corporate governance, the board of directors' biggest responsibility is hiring and firing the CEO. The task here is for you to win the confidence of the board's nominating committee by demonstrating extraordinary breadth and nuanced understanding of the distinctively different needs of the company's key stakeholders.

As a senior executive, you may not have had enough quality time to get to know all the directors as well as they need to know you now. You've likely had exposure to a few of them, and it may seem some directors have more power and influence than others, but any one of them can make or break your shot at this job. While the board must endorse you for the role, the directors' limited visibility and experience with you as a candidate is a liability that is hard to overcome. In most cases, your exposure to the board has come during highly scripted presentations at board meetings. Hopefully, you've met the board at dinner and at board meetings. But even then, you're often observed only in your swim lane as a specialized expert (CFO, CMO, CTO) rather than as captain of the overall team in the strategic, broader context of a CEO.

Most candidates overestimate the power of the current CEO in making this decision. While the buck usually stops there, the CEO's reality involves 10 to 15 bosses—namely, each board member judging your competency. While you may assume you have extraordinary support at the top, you must take inventory of the board's interests and win the endorsement of every director, each of whom has their own language in the sense they have a specific filter of experience and expectations. Your board members are an increasingly diverse group in terms of industry focus and expertise. A few are past CEOs at your company or elsewhere in a different industry and under different circumstances. Most board members are former CFOs, chief operating officers (COOs), audit partners with professional services firms, or professors with strong opinions about the candidates' development but who have never run a business. Some of your board members have been operating executives, but most have not actually been a CEO.

Perhaps your board has assigned you a mentor who is a long-term director of the company, an increasingly popular practice in leadership development programs. Board mentorship is a great idea because that relationship gives you some critical visibility into the board's point of view. You will benefit from that board member's experience. And yet that perspective will not be representative of the entire board's perceptions about your leadership capacity. In most cases, they only see their fellow board members at board meetings and interim conference calls. In addition,

many sitting CEOs are not keen to allow every C-suite executive on their team to foster separate relationships with board members out of concern that it might distract the board or increase management complexity or that it will dilute the CEO's own power.

When you're on the short list in the succession plan, it's never been more important for you to know how the board perceives you. Interestingly, as a coach, I'm usually tasked by the board to run your 360 and check in with each board member, who typically tell me in private the critical CEO candidate measures they are reluctant to share directly with the candidates. Even for hard-boiled, long-tenured directors, it's rare that they deliver direct, frank feedback to an ambitious executive. They don't want to unwittingly raise your expectations, nor do they want to disappoint you.

As a candidate for CEO, the message here is to consider each director as a potential arbiter in this chapter of your career, regardless of how successful you've been as a C-suite executive. The fact is that you're "running for office" (even though you never, ever want anyone to feel as though you're campaigning on your own behalf or that the process is remotely political). The dynamics are complex, and what is certain is that your candidacy for the CEO job means you must win hearts and minds in a new way with the board, your peers, and your team.

Hopefully, you're on the short list for CEO—or will soon be considered for it—because your board's nominating committee believes you're qualified. But don't assume you're well positioned to get the job. My good friend and client, Sarah Hirshland, CEO of the U.S. Olympic and Paralympic Committee, applies the same principle to her role as chief executive as do gold medalists on the Olympic team—with diligent practice and objective feedback. "You can get even better, faster, and more capable tomorrow no matter how great you might be today," she insists. What world-class contenders all have in common is the hubris to go for the gold—along with the humility to engage world-class coaches to optimize their chances of making history.

To learn more about professional executive coaching and its organizational benefits, visit the International Coaching Federation (ICF).

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