

The CEO's Role in Building a Great Leadership Team

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Most senior executives agree that the complexities of running an organization, even a small growing one, have increased. Continuing technological innovation and an abundance of real-time information have intensified already increasing pressures from customers, competitors, regulators and other stakeholders. Leading any organization today is clearly a challenging endeavor and way beyond the capacity of any one individual. Reid Hoffman, LinkedIn cofounder, sums it up as follows – “No matter how brilliant your mind or strategy, if you're playing a solo game, you'll always lose out to a team.”ⁱ

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To address this challenge many organizations have created executive or leadership teams comprised of the CEO and their direct reports. Unfortunately, experience and data suggest that leadership teams often fail to live up to their potential. For example, in a recent Center for Creative Leadership survey of senior executivesⁱⁱ, 65% indicated that their leadership teams were experiencing a clash between functional and enterprise accountabilities and only 18% rated their team as “very effective” with respect to their executive team responsibilities.

95%

of executives surveyed agreed that increased effectiveness of my executive team will have a positive impact on organizational results.

Faulty Assumptions

A few faulty assumptions contribute to the challenge of building a great leadership team. First, CEOs assume that bringing together a group of talented senior managers will be sufficient to build a great team. Senior executives often struggle to balance the need to run individual departments with their enterprise accountabilities. Next, executives

assume that their current skills and previous experience will be adequate for becoming good leadership team members. Prior experience doesn't typically prepare executives for the unusual dynamics they will encounter on a leadership team – external demands are greater, evolving from functional only to enterprise focus can be challenging, and visibility is heightened internally and externally. Finally, leadership teams are often constructed by default as vehicles for sharing information, reporting out on departmental progress, and receiving updates from the CEO.

We have seen the manifestation of these assumptions lead to great frustration as characterized by the statements below from a few CEO clients:

- “Each team member is extremely talented, but they just don't seem to be on the same page without me inserting myself.”
- “Our leadership team meetings are stale - we report out functionally, but we don't challenge each other or push for innovation or to continually get better.”
- “While we all seem to like each other, it is very rare that the team or subsets of the team get together to address important enterprise-wide issues without me in the room.”
- “There is a clear ‘elephant in the room’ but everyone just seems to avoid the potentially controversial topic.”

Great leadership teams never succeed by accident. Without nurturing, leadership teams can slow down, derail, or even paralyze a whole organization. The good news is that the payoff of stepping back and deploying a diligent approach to addressing these faulty assumptions and ultimately to building a great leadership team can be dramatic.

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Great Leadership Teams are Game Changers

Researchⁱⁱⁱ by global consulting firm McKinsey suggests that executives are five times more productive when working as part of a high-performing leadership team than they are when working as part of an average one. The research also indicates that aligned leadership teams have a 1.9 times increased likelihood of having above-median financial performance. Gallup and other employee engagement research firms continually point to effective leadership teams as key contributors to employee engagement. Despite this revealing data there is no avoiding the time and energy required to build a great leadership team. A concerted effort must be devoted to building the structural and relational foundation required for leadership teams to thrive. The CEO plays a pivotal role in building this important foundation.

Conditions for Success

The primary responsibility for building and leading an effective leadership team rests with the CEO. Ultimately, when leadership teams have done the heavy lifting and become high performing accelerators for their organizations, the CEO's role will evolve. On the best leadership teams, the environment shifts to one where the team holds itself accountable and the CEO becomes a contributor, a coach to other team members and the final arbiter of significant decisions. However, before this best-case scenario can be fulfilled CEOs have some challenging work in front of them.

Role #1 – Move from Staff to Team

Very simply put most leadership teams we encounter are structured as senior staff groups; they are teams in name only. Most formal business interactions are between the CEO and his departmental direct reports. Executives gain an understanding of the strategic direction and negotiate departmental priorities with the CEO. Incentives are primarily tied to departmental goals and objectives; perhaps with an overall company financial goal. The senior staff structure is most visible in how a CEO and his direct reports meet. Monthly or bi-weekly meetings are structured as progress reporting and information sharing venues with minimal challenge and debate other than with the CEO. Most importantly, while there might be a clear understanding of the organizations mission and strategic

direction, there is limited to no focus on the important work that a leadership team should be working on together.

Senior Staff	Leadership Team
<ul style="list-style-type: none">• Individuals focus solely on functional roles• Meetings are progress reporting and information sharing• Problems resolved by individual functional leads and CEO• Goals and priorities established by individual functional leads	<ul style="list-style-type: none">• Individuals balance enterprise and functional roles• Meetings are forward looking and focus on collective priorities• Priorities and problems addressed by the team• Goals and priorities established by the team

While the senior staff model can and does work in many organizations big and small, experience and research suggest that evolving to a leadership team model can serve as a force multiplier in many regards. First, the ability to leverage the experience, talent and wisdom of senior colleagues is squandered and opportunities for greater innovation are lost with a senior staff model. When smart people challenge, debate and problem solve with a focus on what's most important for the organization great things happen. Next, efficiencies are missed when priorities are established at a departmental rather than a cross-organization level. When team members integrate and address the organization's most pressing issues together, opportunities to coordinate and deploy resources more efficiently are increased. Finally, when an organization's most senior leaders collaborate on important priorities and hold each other accountable for collective and individual actions and behaviors there is a tremendous downstream impact. In fact, an Aon Global Best Employer Research Report^{iv} suggests that 'managers and staff are watching how the leadership team interacts with each other (not how nice they are to each other), holds each other accountable and leads with a common purpose.

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Role #2 – Model Team Focused Behaviors

As is quite obvious, the decision to move from a senior staff model to a leadership team model is almost exclusively the decision of the CEO.

Once the decision is made, a CEO has to evolve how she views her role and begin to model some important behaviors to facilitate the evolution. Ultimately, these behaviors require a pretty dramatic shift in the CEO's mindset (see insert).

CEO Mindset Shift

- From having all of the answers to tapping into the collective wisdom of the team.
- From lead problem solver to facilitator.
- From refereeing and minimizing conflict to fostering productive dialogue.
- From managing senior staff to leading a team.

Adult behavior change is hard work and requires CEOs to self-reflect and commit to adopting behaviors required to support their efforts to lead and participate on leadership teams that are resilient, committed to learning from each other, and laser focused on business results. Based on our experience working with leadership teams in organizations across multiple industries we believe there are three behaviors CEOs must model -- self-awareness, productive dialogue, and accountability.

Self-Awareness: All CEOs have blind spots that sometimes hold them back from being their best as colleagues, bosses or teammates - they think they are behaving one way while others see them showing up differently. CEOs are often shocked when they get feedback from their leadership team colleagues (often for the first time) - "what do you mean I don't listen" • "I don't let my direct reports off the hook" • "I don't waffle when making decisions; I am actually quite decisive." To create an environment where team members proactively address their blind spots, CEOs need to commit to addressing their own first.

In her recent *Harvard Business Review* article, *What Self Awareness Is (and How to Cultivate It)*^v, Tasha Eurich suggests that there are two types of self-awareness. Internal self-awareness represents how

clearly we see our own values, passions, reactions and impact on others while external self-awareness relates to understanding how other people view us. Eurich goes on to say that experience and power can actually hinder self-awareness - 'seeing ourselves as highly experienced can keep us from doing our homework, seeking disconfirming evidence, and questioning our assumptions.' Both types of self-awareness are clearly important, but our experience suggests that relationships among leadership team members are strengthened when CEOs take the lead in helping team members strive to understand how others view them, so we are not clouded by inaccurate assumptions and lack of diligence.

Productive dialogue is the ability for teams to challenge, debate and discuss their *most important issues* in a manner that progresses the issues and leaves minimal relational scars. Unfortunately, productive dialogue is a rare practice on most leadership teams. Shutting down dialogue can happen quickly -- for example, when someone's voice isn't heard, when teammates get defensive with one another, or when group think sets in and the team begins to shut out dissenting views. When CEOs demonstrate that they are open to feedback, actively listen to different perspectives, and view confrontation as a natural part of the team's way of operating, leadership teams are much more likely to engage in productive dialogue.

Accountability: Truly great leadership teams evolve into ones where individuals feel accountable to the team, the leader serves more as a coach rather than the primary source of accountability, and the team becomes competent at holding itself accountable. This optimal leadership team accountability construct is extremely difficult to establish and requires nurturing, commitment and patience on the part of the CEO.

They must model the behaviors they expect for the team. This includes receiving feedback well and providing timely, direct and respectful feedback. CEOs also need to clarify that their role does not exist to settle problems or constantly monitor the team; rather it is focused on creating an environment where peers address concerns immediately, directly and respectfully with each other.

Role #3 – Shape Leadership Team Purpose

By default, deciding to move from a senior staff model to a leadership team model requires the creation of a distinct leadership team purpose. To leverage the talents of team members, strengthen innovation, and capture efficiencies leadership teams must have a strong understanding of what work they need to do together. Leadership team purpose should be consequential, challenging, clear and reflect the dynamic and evolving nature of any organization. It should address only those issues that require the team's collective, cross-boundary expertise, such as key strategic imperatives, cross organizational resource allocation, or how to capture synergies across business units. They should steer clear of anything that can be handled by individual departments.

To shape a leadership team's purpose, CEOs should work with their teams to identify the most critical areas that must be tackled for the strategy to be successful. Next, the team needs to identify the interdependencies among leadership team members that will drive the strategy. Once the interdependencies are well understood the leadership team needs to narrow them down to the critical few that it is uniquely positioned to address and drive. After actively facilitating this important work it is up to the CEO to make any final decisions to shape a consequential, challenging and clear statement of purpose and work diligently to ensure that the team maintains focus and discipline on execution.

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Conclusion

Recent surveys by Team Coaching International, McKinsey, and the Center for Creative Leadership have all revealed that greater than 75% of executives surveyed rated their leadership teams as ineffective. Similar surveys suggest that 95% of executives surveyed believe that building an effective leadership team would yield significant organizational results. Our experience mirrors these

staggering statistics – great leadership teams are pivotal to the efficient and healthy long-term success of any organization. It is up to CEOs to step back and make the decision to shift from a senior staff model to a leadership team model, demonstrate the actions and behaviors required to make the shift, and shepherd the creation of clear leadership team purpose.

ⁱ Scott Keller and Mary Meaney, [“High-performing teams: A timeless leadership topic,”](#) McKinsey Quarterly (June 2017)

ⁱⁱ Alice Cahill, Laura Quinn, and Lawrence McEvoy II, [“Are You Getting the Best Out of Your Executive Team,”](#) Center for Creative Leadership White Paper (2017)

ⁱⁱⁱ Keller and Meaney, A timeless leadership topic. P-1.

^{iv} [“Global Employee Engagement Rebounds in 2018”](#), AON Research Report (2018)

^v Tasha Eurich, [“What Self Awareness Really Is, And How to Cultivate It,”](#) Harvard Business Review (January 4, 2018)