



**REVEALING T**

# THE SECRETS

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UNCOVERED – INCLUDING ADVICE FOR  
CALUM ROBSON WHAT HIS RESEARCH  
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ON THE TOP JOB.

**H**aving spent time talking to CEOs of over 150 companies around the world – not to mention years of experience advising top leaders at critical times for their businesses – few people have a greater insight into what makes the best CEOs tick than Steve Tappin.

Tappin describes his own career as 'something of a journey'. Having qualified as an ACCA and progressed to management at ICI, he moved into business transformation consulting, working at two leading practices before becoming CEO of his own strategy consultancy that specialised in helping large companies flourish.

'Accountancy, and ACCA, gave me a good business foundation – but I'd realised early on that I was better at leading commercial projects; innovating and making things happen,' he says. 'And I felt there was rather a glass ceiling at ICI, after achieving directorship at a young age.'

Tappin's decision to go into the consulting business coincided with embarking on an MBA – moves which gave him wide industry exposure. He quickly recognised that successful CEOs have the right people around them, something that was

reinforced when he ran his own business: 'We had a great team but sometimes there was a sense of energy disappearing after different projects ended – so I learned a lot about people, particularly about leading the top talent well being a key to winning.'

#### **Defining talent and distinguishing leadership**

He believes that how consultants work with CEOs has changed over the past 20 years – from the early 1990s' focus on strategy; through, later in the decade, when execution was the critical element; to today, when talent is top of the agenda. Yet he thinks few CEOs attempt to properly define what makes the best people, making it difficult to develop an effective attraction and retention strategy.

Now involved in headhunting CEOs and chairmen as managing partner of the global CEO practice at Heidrick & Struggles, he says there's a real need for CEOs to differentiate themselves – and their businesses – by identifying and attracting the best talent.

'The top CEOs have built a fellowship around them,' he explains. 'That might just be the top 1% of personnel but they're a tightly-knit group

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of people on a mission to make the company a winner. They're people who are strongly motivated by the challenge of working in industries or organisations going through transformation.'

When researching his book, one of the things that dismayed him was the negative aspect of many of the stories he heard. 'Certain CEOs, particularly those in the west, were simply professional managers – not true leaders. They understood management principles, they knew all about strategy planning, but they lacked essential personal leadership qualities.

'I don't think many were aware of this, although many confessed to not enjoying their jobs – and those were people operating a top-down, command-and-control approach; their teams were set in their ways, with lots of untouchable protocols and hierarchies.

'They also sought external support; for instance, hiring voice coaches or acting trainers to learn how to project themselves more. In my view, the fact that they looked for those ways to help portray themselves as leaders rather gave the game away.'

He says that, as making CEO is regarded as the pinnacle of a career in terms of power, influence, prestige, and financial rewards, those who aspire to CEO need to apply a 'health warning' in advance: 'Bring the reality to life – you'll have to put your life and soul into the job, you won't see much of your family – and the chances are you'll get sacked and maybe even be rubbished in the media. Take that reality test before you take on the job.

'And remember there are only so many corporations, with one CEO out of thousands of people; manage your expectations. About 60% of those I spoke to were highly stressed.'

Successful and happy CEOs exhibit a 'missionary style': 'These people strike you as having a calling to change the world, with the corporate body as their vehicle from which to do it. They're passionate about customers – and can typically gather the very best people around them.'

### Success from adversity

What also struck him was the quality of many of the Indian CEOs he met: 'People like Narayana Murthy [of Infosys] have come from the most

adverse backgrounds and now run Indian-based, world-beating technology businesses. Indian CEOs are well prepared to run global companies – Murthy believes his role is to help his people believe they can walk on water; I didn't hear any of that from the UK CEOs I interviewed.'

He presses home the point about adversity: 'Many top leaders have experienced misfortune in their early lives – Lord Browne [former CEO of UK oil company BP] was in Auschwitz; Sir Martin Sorrell [CEO at advertising giant WPP] lost his brother at a young age; Sir Terry Leahy [CEO of the world's third-largest retailer, Tesco] was brought up in a bleak council estate, with no job opportunities. Yet for all these men, bad luck or a poor standing had a positive effect; it shaped the DNA of a super-high achiever.'

Entrepreneurial CEOs in technology companies impressed Tappin with their avant-garde approach: 'The CEO of Second Life – who asked to be interviewed, avatar-to-avatar, on his website – has even been creating market-based systems within his company; if someone has a good idea, they're assigned points for their projects – and if other people also like the idea, it earns that person more points, which can then be converted into financial bonuses when they deliver on the project. Experimenting with such market-based mechanisms rather than command-and-control is really forward-thinking.'

### CEOs and sustainability

Sustainability and broader corporate social responsibility (CSR) issues have been rising up the boardroom agenda. But does Tappin believe CEOs who embrace green initiatives are driven by genuine concern for the world around them – or are shrewd (or cynical) CEOs simply using a business-critical tool for marketing and investor relations reasons?

'There are probably three camps,' he says. 'One extreme comprises CEOs who do it mainly for PR reasons, as it's seen as the right thing to do. But while they may have a carbon-neutral company car policy, they're not actually making savings – and those people's commitment will be sorely tested as the downturn hits harder.

'Then you have CEOs who're genuinely tuned into the environment around their company. They

recognise that it's important to customers, especially in businesses like supermarkets and airlines – so intelligent CSR is another way to compete.

'They also know that graduates want to work for responsible companies, so there's an opportunity cost of not seeking better energy and resource efficiencies. Drivers like that naturally push CSR up the agenda for CEOs who are pragmatic rather than evangelistic about it.'

But evangelists exist – often among super-wealthy, mega-CEOs, such as Microsoft's Bill Gates, Warren Buffet (listed by *Forbes* as the world's richest man) and Michael Dell of Dell Computers, who place sustainability and other philanthropic aims at the heart of what they do: 'The challenge for them is deciding where to draw the line between delivering for shareholders and doing the right thing for the planet,' says Tappin. 'That's a judgement call each CEO needs to make.'

### Financial value drivers

In his book, Tappin cites Xstrata's Mick Davis and Diageo's Paul Walsh as examples of CEOs who are financial value drivers, illustrating that CEOs with accounting backgrounds can be in prime position to lead organisations, especially in difficult times. But he warns that this doesn't necessarily make all accountants excellent leaders.

'When companies are in survival mode and rationalising, that naturally plays to the strengths of people who trained in finance; they understand the metrics in great depth. So I think we'll see more people with accounting backgrounds stepping up to make the transition from FD to CEO.'

The challenge will be whether they've had the broader operational experience, and, crucially, the personal leadership qualities: 'In a crisis,' says Tappin, 'people who are visible, with high energy



*'The Secrets of CEOs'*  
by Steve Tappin  
FCCA and financial  
journalist Andrew  
Cave (foreword by  
Richard Branson), is  
published by Nicholas  
Brealey, the business  
and economics  
publisher. Go to [www.theseecretsofceos.com](http://www.theseecretsofceos.com)  
for more information,  
including stockists.

and the ability to inspire belief in the future of a company, are the most successful. Accountants tend to be stronger technically.'

#### **Seizing online initiatives**

Another factor Tappin is passionate about is the importance of CEOs not leaving internet initiatives purely to younger or more technically-savvy colleagues: 'It's an Achilles heel for many companies,' he says. 'CEOs have to understand the web – look at Tesco, which has grown a £2bn business largely on the back of Tesco.com; they got their fundamental online strategy right, and it's no coincidence that Leahy totally gets the internet. CEOs need a good overview of online and technological developments and what they could mean; if they don't, you can guarantee the next generation coming through will.'

And while ultimately, CEOs are likely to, on average, get younger, he foresees a return in the current economic climate to a reliance on the wisdom of experience. 'With more turnaround situations creating the need for company doctors, there are genuine roles for older CEOs; look at some of the people appointed to steer some of the banks through the downturn,' says Tappin. 'But long-term, the trend is for the average age to come down. With businesses becoming increasingly international, the sheer physical demands on CEOs are intensifying. Hard globalisation, sustainability, online developments, the credit crunch, and winning the talent war will all take their toll.'

His advice is to seek out a 'fast stable' after qualifying: 'Look for an organisation that's already well-led, with a strong brand. Joining a professional services firm can quickly give you exposure to multiple industries at a senior level.'

'But don't over-manage your career – few CEOs could really have guessed where we'd eventually end up.'

And he concludes: 'Gain as much leadership experience as possible, working across industries, locations, and functions – including outside finance. Focus on high-growth areas – such as alternative energy or Web 3.0 – or locations like India or China. Global experience is only going to get more important – and breathing the air in emerging markets can be fantastically stimulating.' ■