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## Context to the nugget

RG speaks about the fact that CEOs are measured not just on the objective performance metrics that have been laid out but also on how they perform with respect to the expectations of the pecking order of stakeholders in the system. The challenge is that the former is often laid out clearly (if one is lucky) and the latter is a fuzzy truth that leaders need to discern with finesse.

## Transcription

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Deepak Jayaraman (DJ): And moving to a different topic Gopal in the book you talk about the CEOs being measured on two things, right? One is objective metrics and second is fulfilling the expectations of the pecking order of stakeholders. I found that nuance quite interesting. Objective metrics I guess we all understand but talk to us a little bit about what you mean by the pecking order of stakeholders and maybe if there are examples around how we should think about what's the pecking order in the context we are in.

R Gopalakrishnan (RG): So, one of the things I learnt, I am not sure where I learnt it, how I learnt it but I am sure I learnt it from somewhere or the other some experience is if you want to change things in the organization which you are going to lead or be a leader of first you have to change yourself. The so-called objective metrics are actually subjective in the sense they focus on increase profits by 20%, diversify into X or Y, which are all fine, but those depend on the context. So, we set targets for various companies in February for the year 2021, who the hell knew Covid was coming? So, the context has changed and therefore the performance metrics automatically change, Coming to the other part, the invisible part, boards are not interested only in your achieving objectives, they are interested in how you achieve the objective also. It is stylish to say just deliver me the results, I don't care how you do it but in reality, we are interested how they did it also. If a CEO is slitting a few necks every night to achieve his results, then you have to accept that there's a criminal case building up. So that's what I mean by the soft part, There are multiple stakeholders, you know, you have so far grown in your career thinking I have one boss, if I satisfy him everything is all right. Your board itself has a chairman and directors who have been around 20 years, directors who have been around 2 years but then you have your leadership team, your subordinates if I may use that word, then you have your stakeholders your shareholders, you have your allies, you know, suppliers, vendors, bankers and depending on the way you act and behave the pecking order emerges. If you are a very strong domain person, so you have been in the auto industry for 30 years and you joined an auto company then you pick up the phone and start energizing your old network, you know of some fellow who supplies very good components. That might be misinterpreted in your new environment you are doing that because you were a head of purchase in some other auto company you don't sort of bring in all your old buddies, but then very strong in recruiting talent and then you go and fill up the place with people from your own company or perceive to have done so even

whether you have actually done so or not and people don't like that. So, I use the word pecking order of stakeholders to mean what was in your strength until the other day can play out to be a weakness. So, while you must have a 360-degree approach to all your stakeholders without doubt the angles of the pie keep changing depending on who is the person who's there. I have known situations where people say that, you know, he came from so and so place, he has filled it up with people from that place. It's not at all uncommon in CEO transitions.

DJ: Sure

RG: That person will say but he is a damn good guy and he was interviewed by five different people but it's the perception that you left that you filled it up with people from there from a particular bank or a particular company in that field. Some CEOs have the attitude that now that I am the CEO, I can tell everybody what to do; I am the boss. Well, nobody in the world, nobody in the world is without a boss. Sometimes even a Prime Minister finds he has a boss in the form of a Party Chief, every husband knows he's got a boss, you know, I mean, we are all accountable to somebody and I think if you go in with that degree of humility, you have got a very good chance of making the transition.

## Reflections from Deepak Jayaraman

DJ: Thank you for reading. If you find this of value, do take a moment to visit the podcast archives at [playtopotential.com](http://playtopotential.com). You might specifically be interested in my conversation with Michael Watkins on how leaders can settle in effectively in a new organization. You might also like the theme "settling into a new context" where we learn from leaders across different walks of life on how they navigated the first few months in a new environment including someone like Gandhiji when he moved back to India from South Africa.

## End of nugget transcription

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### **About Deepak Jayaraman**

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work [here](#).

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