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Context to the nugget

Ramesh speaks about the construct of the Bower Forum – McKinsey’s program for CEO learning. He speaks about some of the themes that come up in the Bower Forum and specifically speaks about the notion of discerning the mandate and how leaders from within or from the outside can do this in a thoughtful way.

Transcription

Deepak Jayaraman (DJ): And just zooming out and if you took a 10-year view, Ramesh, in terms of the various forums you have been involved with, what would be some of the themes that come up when you look at CEOs the way they approach their own development? Are there three or four themes that sort of strike you as common or most predominant?

Ramesh Srinivasan (RS): Yeah, first learning I have had is that the CEO job is quite lonely, it’s creating an environment where you can truly reflect and think about who you are, what you want to be, what you are trying to accomplish, what challenges you have is quite important. And the only way you can learn is actually by being a CEO. So, this is a role where of course many, many things you have done before prepare you but a lot of CEOs tell me that it truly is a unique role as you are leading the company and that’s the value they find when they interact with peer CEOs. One of the concepts we spend a lot of time is this notion of mandate. At one level, you know, as a CEO nobody tells you exactly what you should do. So, it’s your job to figure out what’s your mandate. And back to this topic of stakeholder capitalism, it’s a mandate you have to establish with your customers, with your employees, with your investors, with society at large, with your family and it’s very important to be clear on the mandates that you have and that mandate actually evolves over time. Early in a CEO tenure there might be one or two things critical things that need immediate attention, which if you ignore could result in a crisis and then later on once you have settled in in your role, you actually have an opportunity to establish an even bolder broader mandate to drive change in the system whether it be your own company or the broader system that you are participating in. So, reflecting on that mandate and then thinking about the unique challenges that come in the way of accomplishing that mandate I find quite helpful for CEOs. And that’s where we spend a lot of time in the Bower Forum, Deepak.

DJ: And maybe just sticking with that Ramesh, any tactical tips on how CEOs can discern what the mandate is? What I hear from you is that it’s not something that’s sort of written out on a piece of paper and it’s something that you need to make sense by engaging with the various elements of the ecosystem. So, any headline themes on the how leaders could sort have discerned what the mandate is?

RS: A few themes Deepak. One is just listening, deep listening without any biases and preconceived notions. So, taking the time especially early in your tenure to ask what your mandate is and get input from an even broader wider set of stakeholders. Even if you are an insider as a CEO, I find it helpful to have what we call an inside-out mindset. So, having the right balance of understanding the company with a mindset of reflecting as an outsider. And the same thing if you are an outsider coming in taking the time to understand the culture, the context, the legacy so that you are not moving too quickly till you have a good understanding of the inside of a company. And the last point I would make here is that the mandate does shift and evolve. So, this is not a static view. So, thinking about what's changing around you, how do you stay abreast of those and evolving your mandate as you evolve in your tenure, I feel is quite important, Deepak.

DJ: And maybe picking up on one of the things you mentioned Ramesh, discerning the culture if you came in from the outside, that's a topic of curiosity given I spend some time on transitions. What have been, for a minute if we just focus on CEOs coming in from the outside, brought in from the outside, from your experience are there a few things that you see some CEOs do which help them ramp up on their cultural understanding at a nuanced level?

RS: It's a good question Deepak and I am reflecting on two situations that I know well. One in healthcare and one in technology both of which have new CEOs coming from the outside. I would say what is important is just understanding the practices that work well and what, you know, how is the place run, how decisions are made, how people communicate with each other, what happens at the water cooler? Of course, you know, how the wiring is, how are the incentives of the organization, your own assessment of the skills needed to compete in the marketplace. Those are all things I find are quite helpful. I think some of the mistakes I have seen like I mentioned earlier for an outsider coming with preconceived notions, you know, making judgments too soon that then might be hard to unwind and that's where I feel taking the time to connect with people, listen to them, bringing a healthy dose of humility is quite important I feel Deepak.

Reflections from Deepak Jayaraman

DJ: A related insight came up during my conversation with R Gopalakrishnan (a seasoned leader and a Board Member, in the context of his book CRASH, where he speaks about some of the reasons behind CEO derailment. One of the pieces he speaks about is how leaders should quickly come to terms with the pecking order of the stakeholders around them. Something that has become super critical for leaders over the last several months.

RG: *"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"

End of nugget transcription

Nugget from R Gopalakrishnan that is referenced: [Discerning the pecking order of stakeholders](#).

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Ramesh Srinivasan - Nuggets

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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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