

Rising CEOs: Lessons from the McKinsey Leadership Forum

Preparing for the CEO role can be a challenge and a reward. These eight lessons drawn from more than 300 McKinsey Leadership Forum participants and the CEOs who advise them will benefit any top executive or aspiring CEO.

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What does it take to become a CEO? Every year since 2006, the McKinsey Leadership Forum has convened an elite group of C-suite executives to tackle this and other key questions facing those near the very top of their organizations. In candid dialogue with current and former CEOs, as well as McKinsey's own experts, participants discuss their aspirations, leadership philosophies, network building, career paths, and other factors facing those preparing for the role. Just over 300 leaders have attended the forum, with 88 participants becoming CEOs.

In this article, we'll look at eight key lessons that we've gleaned from this uniquely rich data set, which showcases years of dynamic interactions between diverse personalities. To preserve the confidentiality of participants, we will not name CEOs, but we will weave in their insights throughout.

The CEO's job has changed considerably since 2006. Technological know-how has become a prerequisite of the job. External stakeholders demand much more attention than they once did. As the Great Attrition makes clear, CEOs now must spend considerable capital addressing the health and well-being of their employees. Attention to environmental, social, and governance (ESG) issues, an acute focus on the very purpose of companies, and the call for CEOs to speak out on societal issues are all on the rise. The public nature of the job is greater than ever. Finally, and perhaps most critically, we seem to be in an era where volatility is the norm, not the exception. Starting with the 2008 financial crisis, business leaders have had to deal with one game-changing

external disruption after another. In the wake of the COVID-19 pandemic and amid geopolitical turmoil and the ongoing effort to combat climate change, CEOs of the future will need nimble courage to manage through constant volatility.

These new demands on CEOs have altered the process of preparing for the role. This is reflected in the following eight observations. There are now more, and increasingly diverse, pathways to becoming CEO, rather than just the one or two approaches where candidates all tick the same boxes. The participants at the Leadership Forum are ready to turn to their peers and veteran leaders for support in different ways than they have in the past. And there's a much greater focus on personal, emotional, and psychological readiness. The result: it's more complicated than ever to prepare for the CEO role. But the rewards to be gained from examining your own strengths and weaknesses are greater than ever, whether your ultimate destination is to become a CEO or simply to become a better leader.

You're never ready

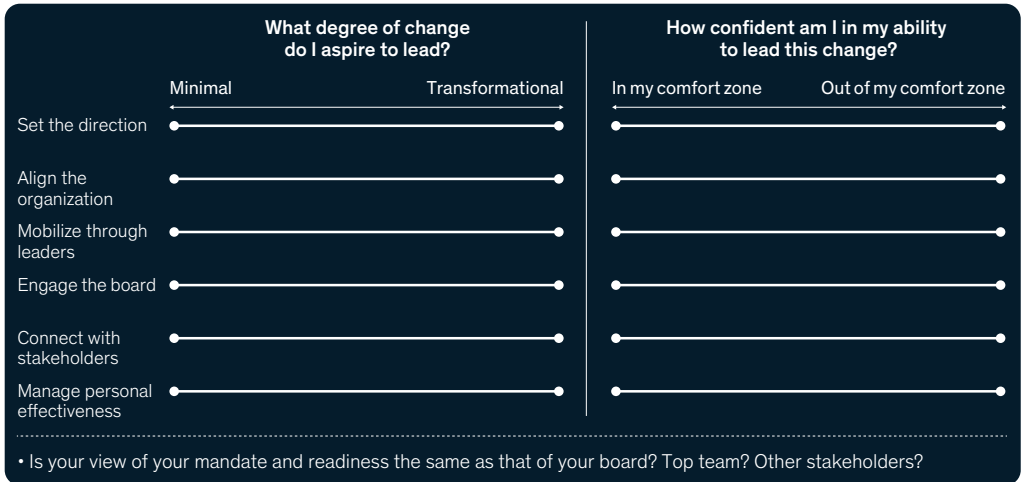
Almost every CEO who participated in the forum tells us they thought they were well-equipped for the job, given their experience leading significant business units or functions—only to realize that the job required muscles and expertise they had never developed. For example, a leader with a strong operating background was challenged to run enterprise-wide initiatives. An expert at strategy with little previous exposure to directors found himself learning the intricacies of engaging the board as his key partner. A CEO with stellar functional experience started building her operating muscle. “There were a lot of things that I didn't know,” one CEO told forum participants, “so many things that I'd never worked on.”

A purposeful preparation process helps you identify those areas that may prove most challenging. During forum sessions, participants have found it helpful to measure their readiness against the six key elements of a CEO's job: setting the direction, aligning the organization, mobilizing through leaders, engaging the board, connecting with stakeholders, and managing personal effectiveness. Within each of these elements are a range of responsibilities; for instance, setting a corporate strategy means creating a vision, but it also means making the final call on allocation of capital. “The more you know and understand the key business levers and the financials associated with all those levers, the more effective you can be,” said the CEO of one leading telco. “I learned those on the job. I wish I'd known more about them ahead of time.” During the forum, participants have access to a range of resources, including a unique self-assessment tool (Exhibit 1). Working with this tool as a foundation, forum participants can start to get a clear view of where they stand against the myriad challenges of the top job.

What's true for rising CEOs is true for any leader: there are always ways to round out your experience and qualities. Taking a considered approach to CEO preparation doesn't mean turning yourself into a perfect candidate. Our research, and the feedback from CEOs who have since graduated from the forum, suggests that there is no such thing. But a successful preparation process will help you intentionally design the next steps of your

Exhibit 1

CEO candidates use a unique self-assessment tool to measure their readiness against the six key elements of the top job.



Source: CEO Excellence service line

McKinsey & Company

professional journey, ensuring that you are building capabilities in a way that adds to the breadth of your qualifications. This kind of intentionality is critical for any leader preparing themselves for their next challenge at any stage of their corporate journey.

Develop insight and edge from a diverse ‘kitchen cabinet’

In volatile times, the competitive value of true insight rises. This is true for tier-one executives as business leaders and as CEO candidates. Yet one of the most important—and most challenging—aspects of being a top leader is getting expert, unvarnished, and diverse insight into yourself and the world around you. “I always believed in business that you should have an environment where people can tell you the good and the bad,” said one CEO. “You have to want to know it all.”

At the Leadership Forum, candidates relish the opportunity to network with peers across industries. They tell us that seeking feedback from a wide range of sources is now the norm. Within their companies, they want to hear from people far outside the senior team. One CEO explained: “You have to learn the business from the ground up. You’ve got to go to the people who live the work every day to understand it.” So they reach out to customers who engage with salespeople; suppliers whose needs affect everything from retail touchpoints to investment allocation; external stakeholders; leaders from other industries; and experts on geopolitical, regulatory, and technological issues. To stay abreast of a business environment where external pressures are constant and constantly changing, they need better insight from a more diverse range of people.

CEO candidates want a similarly broad range of views about themselves, but getting such honest insight can be difficult. It's often said that being a CEO is the loneliest job—perhaps the second loneliest is being a CEO candidate. Family and friends can provide intimacy and knowledge of your personal strengths and challenges, but seeking out the professional perspective and counsel you need is a sensitive task. Rising CEOs describe the feedback of peers as invaluable to understanding how they should continue to prepare themselves. But they worry about seeming overly careerist as they seek out such feedback, and they know that some of the people whose advice would be most helpful, such as the incumbent or board members, are simply inaccessible. The sensitivity of the task might make it tempting to forge ahead without the feedback. But the process of finding and listening to the right diverse group of people will do more than give you invaluable insight; it's also good training for the sensitive collection of insight that will be central to your success as a CEO leading a team of people with a range of conflicting needs.

Ready your value creation thesis

What will you deliver? What is your promise? To put it bluntly, how will you double the company's market cap in five years?

Rising CEOs must offer a clear and detailed vision of how they will transform the company they hope to lead. They need to specify a handful of decisive moves they will take to execute that vision. And they must show, whatever their experience, that they can create value across the widest canvas, that of the entire company.

Sometimes, this value creation thesis becomes a blueprint for a CEO's first 100 days. When one food industry CEO visited the Leadership Forum, he told participants that he had a four-point plan ready when he ascended to the top job: rethink partnerships, crack the China and India markets, rationalize the portfolio, and launch the next wave on digital. It was a classic value creation thesis: bold and comprehensive, with clear actions that were taken up immediately.

Rising CEOs at the Leadership Forum have found it helpful to detail this thesis on a "placemat": a slender document that serves as a forcing mechanism for a set of complicated decisions whose answers depend largely on the state of the company (Exhibit 2). Many candidates have gone on to use this placemat as part of their presentation to the board during the selection process. For those who do rise to the top, it has also proved useful as a way to align their top team and mobilize the organization.

For rising CEOs at well-performing companies, what's the justification for dramatic pivots? What kind of distance do you want to put between yourself and the current CEO? Where will you leverage your personal strengths to drive breakthroughs that others would have a difficult time creating? A persuasive value creation thesis positions you for a quick takeoff and lays the groundwork for the growth message you'll be communicating to the whole company. "I've actually gone back after all these years and looked at all the strategic changes we'd planned, at where we said we wanted to take the company," reflected one CEO. "We worked on creating a culture for the company, a new approach to 'How are we going to do things around here?' And we did a pretty good job."

Sample output: Develop a bold, comprehensive strategy that you can effectively communicate and execute.

Illustrative

Where are we headed?
(vision)

Deliver double-digit operating income growth by operating as one firm

What will we deliver for our stakeholders?

Cross-selling	Working together	Technology optimization
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How will we make it happen?
(bold, strategic moves and key initiatives)

<ul style="list-style-type: none"> • Customer segmentation strategy • “Best in front” strategy • Key account management program • Sales and product knowledge skill building • Product bundling 	<ul style="list-style-type: none"> • Incentive alignment • Regional office partnership model (single brand) • Process standardization • Functional centers of excellence • Centralize transactional activities 	<ul style="list-style-type: none"> • Systems integration • Technology road map • Cybersecurity upgrade • Data and analytics strategy • Employee enablement retooling
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How will we know?
(measures of success)

<ul style="list-style-type: none"> • Cross-sell rates • Customer loyalty 	<ul style="list-style-type: none"> • Expense ratio • Compliance 	<ul style="list-style-type: none"> • Systems duplication • Risk incidents
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How will we reallocate resources to enable this?

Dynamically reallocate resources based on a quarterly reevaluation of our priorities
Scale back slower growth verticals
Do not trade off on customer or employee experience

Source: CEO Excellence service line

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Act like a CHRO

However well-conceived your value creation thesis may be, your success as CEO will depend on deploying the right talent against the most important initiatives. Many CEOs have told forum participants that their only regret was not acting faster on talent changes.

Any leader preparing to be CEO should be ready to clearly define the highest-value roles and to know who should be in them. There is nothing easy about this challenge. Our research suggests that only 10 percent of the 50 most valuable roles in a corporation report to the CEO, and that while 60 percent can be found at the next level down, 20 percent are below that level. Since most rising CEOs have excelled in individual areas of the company, their knowledge of the very top talent across the entire company can be limited.

These talent decisions can be critical to reshaping the culture of an underperforming institution. “Do you have a high-performance culture? What is a high-performance culture?” reflected one CEO. “It’s a culture that is focused on the purpose. It’s a culture

that is principle based rather than rule based. The biggest change we made with the new team was taking the company from a rule-based culture to a principle-based culture.”

Rising CEOs who want to step into the role with a broader, more accurate view of talent go to great lengths to broaden their view across the organization. They find ways to lead town halls with a wide range of talent. They regularly conduct field visits, something that’s become increasingly important as technology has extended innovation to the periphery of company networks. They make a point of paying attention when they find diamonds in the rough, knowing that in this technological age, transformative leaders may or may not have followed traditional career paths. “It’s a really good thing to assess the team members,” said one CEO. “Not only yours but also those in critical roles further down in the organization.”

They also develop their external networks as much as possible. If their value creation thesis will move the company in new directions, sometimes an outside hire will be needed to kickstart change. As one financial-services leader told us, “The best way to introduce new thinking is to introduce new thinking.”

Do what only you can do

As leaders rise through the organization, they learn that truly scaling their operating model means not overextending themselves, and instead doing what only they can do. “I try to control what I do and where I spend my time,” said one CEO, reflecting a sentiment we heard from many others. “I don’t do a very good job of it, I’ll be honest with you. But I do try to be deliberate about where I think I can have the most impact.”

This realization has become more important as the CEO job has become more complex, and it’s a skill that every rising CEO must master. At recent Leadership Forums, visiting CEOs have provided examples of the personal steps they take to ensure that they are not distracted by noise and instead focused on doing what only they can do. Some of this is time management: carefully allocating time to top priorities, building flexibility into their schedule so that they can manage unexpected events, and structuring in recovery time after management “sprints.” Many rely on a set of mechanisms to enforce this discipline—mechanisms that enable them to be fully present in every interaction and to devote the maximum amount of energy to the most demanding tasks. “So much of the CEO’s role is taking things that are or could be highly complicated and simplifying,” said one veteran CEO. “You’re constantly doing it. And if you focus and execute with discipline, you actually get things done.”

This, too, is one of the most profound changes we’ve seen at the Leadership Forum. When the forums started, back in 2006, it was common to find rising CEOs who still believed they could lead using a traditional “command and control” model. Since then, that model has been replaced by leadership models in which the CEO serves as enabler in chief. In these newer models, doing everything is both ineffective and impossible. It is far better to catalyze the talent around you and spend your time doing things that no one else in the organization can do.

Move from a private to public persona

As Peter Drucker once observed, a CEO is the link between the inside (the company) and the outside (the world with which the company interacts). Rising CEOs know this and are prepared to deal with a greatly expanded range of stakeholders, including customers, employees, the media, regulatory agencies, unions, suppliers, distributors, activists, analysts, and, of course, shareholders and investors.

What they are less prepared for is that, in today's world of social media, every word they say—or fail to say—while interacting with these stakeholders will be scrutinized. This has become a leading topic at recent Leadership Forums, with CEOs warning participants that they must be ready to react to an extraordinary range of events—geopolitical unrest, appointments of new board members, social inequities, Supreme Court decisions, the retirement of sports superstars, and who knows what else. Rising CEOs must ready themselves for today's fractured media environment, where every public utterance might present a risk.

It can also, however, present an opportunity. CEOs who deliver a consistent narrative that reflects the values of the company across traditional and social media will build trust and credibility with all stakeholders. “You can have your CFO and your IR [investor relations] person do a lot externally with your shareholder and constituents, but your visibility is very impactful as well,” said one CEO. “I've gotten a lot of positive reinforcement, and we've had a great reflection on our stock and share prices because they felt like they had a great connection to me as well as our CFO. You've got to manage and balance that.”

One key topic where rising CEOs can make their mark is sustainability. This most public-facing issue has become a top management focus over the past few years and affects all stakeholders. Being prepared with a consistent, credible strategy on sustainability is a requirement for today's new CEOs.

Manage your personal energy

It's hard for function leaders and business unit heads to really internalize what becoming CEO might mean for them personally. They have grown accustomed to managing intense demands on their time and personal space, but the CEOs we speak with agree that the top job is intrusive in a completely different way. Inside and outside the company, people track a CEO's every utterance and action, looking for signals. Everything is amplified.

Rising CEOs should be prepared to figure out a unique model for safeguarding, developing, and tapping into their personal energy. This isn't solely a matter of work–life balance; bringing the right energy to work is a job requirement. “Balance your own personal life,” one CEO urged forum participants. “We can all work a lot, but if you don't bring yourself to work every day refreshed and energized, it's really hard to be great at what you do when you are in the office.”

CEOs employ a variety of techniques to manage their personal energy. Some schedule two hours of pure thinking time in the middle of the day. Some schedule their most

important meetings for the morning. Others turn to hobbies that are all-consuming but profoundly different from their CEO responsibilities—triathlons, painting, even serving as DJs—with the hope that they will be completely refreshed when they return to the job. Intense fitness routines are common, and many CEOs fiercely protect their vacation time to ensure they have the recovery time needed to serve as a true corporate athlete.

At one forum, a CEO talked about the difference between “rubber balls” (things a CEO can ignore) and “crystal balls” (things a CEO dares to ignore). “The easiest thing to call a rubber ball and let drop,” she explained, “is your own personal management: your own health, your own time management, your own think time. Most people tend to think of that as the rubber ball. And it is a rubber ball—until it’s not.” The message is clear: while there’s no single recipe that works for every leader, rising CEOs need to be ready with their own plan for managing their personal energy.

Committing to preparation is the rewarding first step

Committing to a rigorous CEO preparation process is one of the most rewarding developmental journeys a top executive can make. The process is a deeply personal and challenging experience that asks a lot of candidates across several dimensions. It is a science, a methodology with a clear set of stepping stones, including the ones mentioned in this article. Engaging fully improves the likelihood of a candidate’s success. But that’s just one of the rewards that comes with the hard work.

Candidates have to take an honest look at their personal and professional track records, skills, and development areas and assess their readiness for the top job. They have to approach the task with humility. As one CEO explained, “If you get to a leadership role and you’re afraid to ask for help and afraid to say you don’t know something, my guess is you are walking on some pretty thin ice. Ultimately, it helps build credibility.” Rising CEOs have to sharply craft a fact-based, holistic, integrated aspiration for the company they’d like to run. They have to identify ways to enhance their capabilities by gaining relevant knowledge and expertise via workshops, forums, and “go and sees” (for instance, visiting other organizations) and by taking on opportunities that build a particular content area (for example, digital, analytics, and sales). And they have to prepare for interviews with the board of directors by conducting mock interviews with advisers and coaches.

These things have been part of the process for decades. But the additional focus on external events and external stakeholders, as well as a deeper, more realistic examination of the personal challenges that come with the CEO role (or, for that matter, with any top leadership job these days), make the CEO preparation process more rigorous—and more rewarding—than ever.

It’s rare to get a collection of rising CEOs together for candid conversation, and rarer still to be witness to such conversations for more than 15 years. What we’ve learned from the more than 300 leaders who have participated in the Leadership Forum is invaluable.

It's clear that the experience of CEO candidacy helps leaders emerge with a clearer understanding of their strengths, development areas, and professional and personal goals. They are more likely to see themselves clearly as leaders inside and outside of their organizations. And from what we've seen at the Leadership Forum over recent years, they are increasingly likely to become the leaders the world needs now. [Q](#)

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