

All ears: why listening is the most important skill for CEOs

C-Suite

The days of terse decrees from the boss are long gone. The effective modern CEO leads through influence – and that entails being a good listener.



Back in the dim and distant 1980s, the archetypal CEO might have looked something like the founder of Amstrad, Alan Sugar. The FTSE-100 boss had buckets of vision, was utterly focused on the bottom line and didn't suffer fools. Four decades on, we can decide for ourselves from watching the Baron of Clapton's tough-guy act on *The Apprentice* whether he's moved on at all since then.

What is certain is that the business world has moved on, with effective leaders now wielding their authority in very different ways. While the CEO still needs to be the arch-strategist for their organisation and its prime motivator, how that role is performed will be virtually unrecognisable to most people who saw how captains of industry typically operated even 20 years ago.

Mark Freebairn is a seasoned corporate headhunter who leads the board and CFO practice at Odgers Berndtson's London office. He recalls that back when ICI, the former FTSE-100 chemicals giant, was "run by some of the great and

good leaders of its past, these were people whom the Queen might meet occasionally. But the rest of the business would never see them.”

Yet if you were to visit a Royal Mail sorting office today, you might well find its CEO, Simon Thompson, walking the floor. How so? Because the best CEOs lead their enterprises through influence rather than by diktat, Freebairn says.

“The traditional command-and-control leadership model has been replaced by a much more discursive, consensus-seeking approach,” he observes, adding that effective CEOs “have to be out there” in the organisation, developing and maintaining meaningful working relationships.

At the heart of this change is a fundamental increase over the years in the size and complexity of many businesses. As a result, CEOs have been obliged to hand over some of their traditional responsibilities. The people they delegate to are usually highly effective leaders themselves. And, as Freebairn notes, they aren’t the types to like being bossed about. It therefore calls for a more open, collegial approach to leadership.

“The skill of managing better talent – that ability to influence rather than dictate – has become a much more powerful leadership characteristic than we’ve seen before,” he says.

Key qualities for a successful CEO

At the core of this approach is the ability to listen. So says Randall Peterson, professor of organisational behaviour and academic director of the Leadership Institute at London Business School. He reports that one of the best indicators of success for CEOs is whether their colleagues consider them good listeners.

Accompanying this is an unprecedented rise of another quality: agreeableness, characterised by Peterson as “go along to get along”. Over the past 30 years he has observed this style evolving from the old-school autocratic approach.

“It’s now tipped over towards the more agreeable side, mainly as the challenges of collaboration have become more complex,” notes Peterson, who adds that listening skills are key to resolving disputes in organisations. “How a CEO manages conflict is critical to their long-term success.”

There's a sweet spot: you have to be dominant enough to be noticed and get your own way at times, but not so much that you stop listening

Arguably, agreeableness works against a key personality trait that nearly all CEOs display: dominance, which is also a good indicator of those most likely to become bosses in the first place. What Peterson has found particularly interesting, though, is that today's most successful CEOs are ones with lower scores than their peers on measures of dominance.

"This suggests that there's a sweet spot: you have to be dominant enough to be noticed and get your own way at times, but not so much that you stop listening to others and become a bulldozer," he says.

Nicola Wensley, a partner in executive appointments at Page Executive, reports that influencing skills are featuring more than ever on the wish-lists her firm receives from clients seeking CEOs.

"A key lesson that a lot of leaders have learnt through the Covid crisis is the importance of empathy and authenticity in order to keep employees engaged and motivated," she notes.

Managing through influence requires CEOs to engage with staff at all levels like never before, Wensley says. They must even be prepared to share stories of their own humanity, such as "how they've overcome personal challenges or balanced the pressures of work and home life".

While they're becoming more open with their staff, they're also serving more than ever as the public face of their organisations, she adds. Blue-chip CEOs especially have become "accountable for so much more than the financial performance of their companies. Everything they do and say is closely scrutinised. At times, their words and deeds will have an impact on their firms' share prices."

The modern CEO must also be able to assimilate the challenges of disruptive change. Once the Covid crisis finally ends, the most significant developments to stay on top of are likely to be rooted in technology, **ESG** and geopolitics.

The importance of data

For Wensley, tech is no longer a function that CEOs can simply delegate. “The shift is not so much to have a business strategy that’s supported by technology, but almost to have a technology-led business strategy,” she argues.

To achieve this, CEOs will need to listen to their IT chiefs more closely than ever if they are to spot new opportunities and chart new strategic directions for their businesses. It also means that today’s effective CEO must be highly curious about tomorrow’s emerging trends.

Freebairn, who has served as a non-executive director on a plc board, says that CEOs have to “be on the pulse enough to know what’s happening and good enough to know whether these are developments they should be following or not”.

And tempting as it might be, this is not simply a question of following the data, warns Rory Sutherland, vice-chair of ad agency Ogilvy UK, who observes that the sheer volume of information available to CEOs can prove counterproductive.

Much of this material is “often highly unrepresentative of what’s really important”, he argues. “An awful lot of what *is* important probably needs to be captured in words rather than numbers... By putting something in a spreadsheet, you’re in danger of actually losing more than you gain.”

CEOs must always take account of where their intel is coming from, especially internal data, as the sources may have ulterior motives for editing the material that reaches the top. This is why leaders “need channels to lower levels of the organisation, where you’ll get truly unsifted information, not stuff that’s been filtered through your middle management”, Peterson says.

If to lead is to listen, then the best CEOs will exemplify another trait that’s long been identified as important in effective leadership: humility.

“To lead the people, walk behind them,” wrote the ancient Chinese philosopher Lao Tzu. Two and a half millennia on, his advice still holds true. You can probably hear better from there, too.

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