

Is Elon Musk right to say CEO is a made-up title?

The self-proclaimed techno-king of Tesla has questioned the validity of CEO as a meaningful designation. What truth is there behind the maverick magnate's typically puckish assertion?

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Speaking at a *Wall Street Journal* summit for business leaders in December, Elon Musk claimed that, as a job title, CEO was meaningless. The boss of Tesla and SpaceX added that he'd just legally changed his role at the former company to "techno-king, as a sort of joke" to underline his point.

Unsurprisingly, given that his audience mostly comprised CEOs, Musk's comments elicited a mix of laughter and groans. But he explained: "There are only three titles that actually mean anything for a corporation: president, secretary and treasurer. All these others are basically made up. So CEO is a made-up title, CFO is a made-up title, general counsel is a made-up title. They

don't mean anything... They're obviously just someone's marketing experiment."

For many business leaders, such opinions are easy to dismiss (especially given that Musk's self-coronation could be viewed as a flippant gesture of defiance towards the US Securities and Exchange Commission, which had obliged him to stop serving as Tesla's chairman for three years in 2018 to settle a fraud suit). As a job title, CEO still holds a lot of meaning and is almost universally recognised, they argue.

Among them is Eliane Lugassy, co-founder and CEO of Witco, the Paris-based provider of a smart building app. "Elon Musk is the only person who could get away with calling themselves techno-king," she says. "The rest of us must rely on language that everyone understands."

In Lugassy's view, the CEO designation clearly identifies the person who is ultimately accountable for the performance of their business. In fact, the title, "with the structure and formality this term implies, has more relevance today than ever", she argues.

Randall Peterson, professor of organisational behaviour and academic director of London Business School's Leadership Institute, believes that it's easy for Musk to say that the role of the CEO is meaningless, given that his companies have gone from strength to strength. It's when things aren't going so well for a business that good leaders really show their worth.

"When the tide is coming in and everything is aligned in your favour, being CEO is actually not much of a job," Peterson contends. "It can be pretty straightforward and it doesn't really justify the glory and money it brings. What he hasn't done is stick around when the tide goes out. Trying to save a business, for instance, is hard work – and I don't think he's seen that side of being a CEO yet. If you're producing electric cars at the point where many governments are making them mandatory, the pieces will come together for you. That's when, by definition, the CEO role is at its minimum."

The title is wrong. The chief executive is not typically the one executing the work

For David Sole, former captain of Scotland's rugby union team and now managing partner of the School for CEOs, this point cuts to the core of how an effective CEO should operate. He says: "In some respects, the person in that

job shouldn't really be doing anything while the business is running well. They should simply be enabling everyone else to flourish."

To achieve this, CEOs must take on a multifaceted role, he argues. It requires them to manage up to the board and ensure good governance while also managing down to motivate the whole workforce and inspire everyone to pull in the direction they have set for the organisation.

"The most impressive CEOs we have come across are those who are collaborative but at the same time recognise that they have ultimate accountability," says Sole, whose company offers a range of leadership development programmes. "The age of the dictator is well and truly finished."

So, as modern organisational structures in business place less emphasis on hierarchy and the traditional hallmarks of a good leader continue to change, is it time to reassess what CEO really stands for?

Ludo Van der Heyden, chaired professor of corporate governance at Insead, believes that the nomenclature would benefit from an update.

"The title is wrong," he argues. "The chief executive is not typically the one executing the work. They are the ones who are managing."

Although this may seem pedantic, Van der Heyden argues that it's important to have clear job descriptions. He suggests that "chief decision officer" may better reflect a business leader's key responsibilities, adding: "People do use the title CEO too much without knowing what it means. That can create confusion – and confusion is the enemy of good management."

Despite his assertion that the CEO title should be changed, Van der Heyden disagrees with the suggestion that the role could be waning in significance.

"I would be completely opposed to the idea that the CEO is becoming irrelevant," he says. "What is true is that we are coming to the end of the era of the heroic, all-powerful leader... Management, by essence, is a collaborative act, but it doesn't mean that you don't still need a captain."

This could be the reason why Musk was able to so casually say that the CEO title is meaningless. While his tenure in charge of Tesla has seen the electric vehicle manufacturer go from strength to strength, his style of leadership –

where a single charismatic boss dictates their vision for the company – is becoming less common at the top of modern enterprises.

Peterson posits a different suggestion for a more appropriate job title for the times. “Chief culture officer provides a more positive description of what they do,” he says. “The two elements that are crucial in business are culture and strategy. An effective leader needs to provide alignment between the two.”

Rather than being inconsequential, the designation appears to have different connotations depending on the individual’s interpretation of what a good leader should offer, from strategic decision-making to setting the appropriate culture. Although it’s far from meaningless, given that the term has so many possible definitions, perhaps Musk was right to say that CEO is a made-up title after all.

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