The Blueprint for New Technology CEOs

Accelerating and sustaining new CEO impact, straight from those in the seat.
Introduction

Every new technology CEO faces challenges, but there are common priorities that must be decisively addressed to accelerate their impact and create the foundations for sustained success.

In conversations with leading technology CEOs, Korn Ferry Technology Market leaders Lee Esler and Paul Dinan leveraged Korn Ferry’s extensive experience advising and placing CEOs to outline six key issues that every new technology CEO needs to prioritize as they step into their new role.

New CEO priorities:

1. Start making decisions and catalyzing change on day one.
2. Develop and leverage a productive and transparent relationship with the board.
3. Make big changes, but only where it really matters.
4. Take an honest look in the mirror and purposefully work on personal effectiveness.
5. Assemble and activate a winning team.
6. Balance focus and energy across key stakeholder groups in a purposeful way.
Winning CEO profiles:

**Matthijs Glastra** has been the CEO of Novanta since September 2016. He was promoted into the CEO role from the COO role as part of a CEO succession plan. Since he became CEO, the company has pivoted its strategy and grown annual revenue from $375M to nearly $600M, and the stock has grown more than fourfold.

**Ron Clarke** is the CEO of FleetCor Technologies and has grown the company from $30M to over $2.2B in annual revenue. FleetCor’s stock has doubled in the last five years, and the company was recently added to the S&P 500 index with a market capitalization of $17B.

**Mike Gianoni** is president and CEO of Blackbaud, the world’s leading cloud software company powering social good. Mike was recruited to Blackbaud as president and CEO a little over 4.5 years ago from an outside company when Blackbaud’s stock was $27 per share. Today, the stock trades at around $71 per share and enjoys a market capitalization of approximately $3.5B.

**Harsha Agadi** is the CEO of Crawford & Company, a $1.5B B2B services and technology company. Harsha is an experienced CEO who has been a CEO four times in total. When Crawford & Company’s previous CEO resigned, Harsha stepped into the CEO role from his seat on the board, leveraging his experience as an informed and trusted leader. Since his arrival in early 2016, Harsha has quickly refocused the company, restructuring the top team and more than doubling Crawford & Company’s share price.
Lessons from winning CEOs.

The public company CEOs we spoke with each created significant economic value for their organization and accelerated their company’s performance as soon as they started in the role. As a group, they came into the CEO role from different angles: promotion into the role as result of a CEO succession process, stepping into the role from the board, and externally recruited into the role both in a mature company and an early stage company.

CEO priority 1: Start making decisions and catalyzing change on day one.

Without question, the most consistent theme we heard in our interviews was the need to get up to speed before you assume the position of CEO. It did not matter if the executive was an internal candidate or was an outside hire, as soon as the recruitment due diligence process began, the first step was always to figure out the organization’s issues and priorities.

Meeting the troops and talking to key stakeholders is an important next step but should be done in parallel with making key decisions and making high-priority changes. The conventional wisdom of taking 100 days before making changes won’t work in this fast-paced industry. Sometimes the decision is whether to pull the trigger on acquisitions or divestitures, other times it is about making strategic shifts, but there are always immediate changes that can be made.

In addition to moving things forward in a positive direction, it is an important step in setting the tone for a new CEO. Usually there are big opportunities that have been neglected or diluted by time and key leaders who have lost their edge or can’t get aligned with the new strategy.

Acting on these opportunities early can provide a new CEO immediate top- and bottom-line benefits. Don’t waste a moment in your first 100 days, because there is literally no time to lose.

“Figure out the agenda fast, zero in on the organization’s critical assets, reverse engineer the financials to understand where you make and lose money and get to work on the critical few changes that will have the greatest short-term and long-term impact.”

-Ron Clark
CEO priority 2: Develop and leverage a productive and transparent relationship with the board.

From the start, a new CEO needs to receive clear expectations from the board. What do they expect? Why me? What needs to be done that was not being done before? Board members will not always provide these answers unprompted, so it is important to push them for clarity to ensure goals align.

A great relationship with the chairman of the board is critical. They understand the board dynamics and can help corral other board members. The board and CEO are in the same boat and require a relationship built on mutual trust. A new CEO can leverage board members’ experience and insights but should be careful to avoid trying to manage the board or the information shared with them.

“I started a working dialogue with the board during the recruitment process and I have been able to leverage their expertise in areas where they have depth from the beginning.”

-Mike Gianoni
CEO priority 3: Make big changes, but only where it really matters.

A new CEO sends a powerful signal that change is coming. Their new executive team expects it. The workforce expects it. Customers expect it. And most important of all, the board demands it. Every new CEO needs to understand this dynamic, and how to use it to their advantage before their newness wears off.

It is also important for each stakeholder group to not only understand what is changing but also what things are staying the same. Too often there is a tendency to focus too much on what is changing. The CEOs we interviewed noted that in hindsight, they felt that they should have spent more time and energy communicating areas of continuity in concert with the changes.

Executive change can be overwhelming for some, and without a familiar reference people may choose to hunker down and wait for the things to blow over. It can be more effective if there are just a few critical changes. A new CEO needs to ask, “What are the three things, or five at most, that need to be addressed?”

It is important to anticipate the implications of the decisions and be ready for them, always thinking three moves ahead.

“I tackled the product area first, then finance, IT, operations, and sales. In the software world, if you can’t deliver and implement a strong product, focusing on sales won’t help you much.”

-Mike Gianoni

“You are only the new CEO once, and for a very short period. Don’t miss that opportunity to see things as they really are, to question things that others don’t, and to make the changes that need to be made.” -Ron Clarke

“I made moves early in my tenure including three acquisitions and reallocating capital towards our growth engines. This accelerated the transformation of our business portfolio towards a 50% medically focused company, while pivoting away from cyclical semiconductor end markets. This made our focus and direction clear towards all stakeholders.” -Matthijs Glastra
CEO priority 4:
Take an honest look in the mirror and purposefully work on personal effectiveness.

With a new or first-time CEO, it is critical to continuously focus on personal effectiveness. Until they sit in the corner office themselves, it is difficult to truly understand the role and its implications. Having an advisor can be invaluable. They can challenge, support, and help frame a new CEO’s thinking, oftentimes with an objective viewpoint that an outsider can provide. Direct reports may not always be the best source of unbiased feedback for a new CEO; having an advisor outside of their chain of command can filter ideas.

When faced with resistance, the CEOs interviewed tried to be very positive, future focused, and optimistic to gain trust. They had to make a shift in mindset to one of a conductor and not of the best musician. Trust is important to get full buy-in, but it is also important to learn to embrace disruption. The disruption must include an honest and candid assessment of their own personal behavior and leadership style.

“Change is hard, but like walking on broken glass, it’s better to do it quickly.”
-Harsha Agadi

“As a new CEO you need to buckle up and get ready for the ride, because there is nothing else quite like it. It’s an emotional rollercoaster, and for most of us a huge wake-up call the first time we do it.”-Ron Clarke

“Every new CEO role is situational in some respect. A challenge the first time in a CEO role is going deep in the areas that weren’t a part of your functional career path. One of those areas for me was investor relations. I spent a lot of time leading up to my start in the CEO role gaining competency in this area. At the time, we had one analyst covering our stock; now we have 12.”-Mike Gianoni

“As internally promoted through a CEO succession process, I had the luxury of knowing that I would be moving into the CEO role in advance. I took on an advisor to help me see how I show up as a CEO and provide some self-reflection in preparation for the role. This made a positive impact on my personal effectiveness starting in the role and cleared the way for me to focus on getting the right leadership team in place and making that team a true team.”
-Matthijs Glastra
CEO priority 5: Assemble and activate a winning team.

Having the right team in place and getting them to perform as a team is probably the most important thing a new CEO can do. This sounds easy, but a CEO needs to really commit to it. The CEOs we interviewed spent a lot of time developing their teams by creating a shared vision and strategy that defined what the priorities were. Failing to have a cohesive team can leave a gaping hole.

While the focus should be on the top and getting to know the team quickly, if a decision is the right one, a new CEO should not hold off on making it. The first six months set the tone for a new CEO’s leadership team and those downline from them. This time is pivotal in changing mindsets.

The right leaders can extract the greatest value from the assets at their disposal and getting to know who and what they are in a hurry will help down the road. In general, good talent will stay with a leader who is fair and consistent, irrespective of any challenges that they may encounter by staying.

A team can only move as fast as the slowest member, so having top people in every seat will set up a CEO for future success. With so much attention on the team as a group, a new CEO needs to spend time getting to know their team as individuals. These individuals make enormous sacrifices for their careers, and it matters to them that they are understood on a personal level and that there is recognition of the other demands in their lives. Trust and respect are the keys that unlock great team performance.

“Many extremely smart and capable people fail as CEO because they don’t invest anywhere near enough time in building a high-performing leadership team. When you look back in a year’s time, you will have very few regrets for the times that you moved fast, but lots of regret for the times you took too long to act.”

- Harsha Agadi

“I could have made decisions on some of my immediate team more quickly. I knew early on from my assessment of their strategic plans and observing individual leadership effectiveness that I had to make some changes. If I had to do it again, I would have moved more quickly. Fortunately, we’ve been able to assemble one of the best and brightest leadership teams in the industry over the past 4.5 years.”

-Mike Gianoni

“I brought in a consulting firm to help align the team and provided each member of the executive leadership team with a coach of their choice to improve our personal effectiveness and team effectiveness. By the time we reached the six-month mark as a team, that had paid huge dividends.”

-Matthijs Glastra
CEO Priority 6:
Balance focus and energy across key stakeholder groups in a purposeful way.

The most important question that a new CEO, or any for that matter, can answer for the investor community is why they should own your stock. To employees, the CEO should give them a reason to come to work every day and give everything they can. CEOs tend to be impatient when taking a new course of action but need to be patient with culture. Real culture change takes time. A new CEO needs a good start but also needs to deprogram people from the belief that they are experiencing a culture war.

The CEOs we spoke with admitted that they probably underestimated this in most cases. Most employees have a tremendous loyalty and commitment to the business, their customers, and the company’s long-term success. Employee commitment is rarely in question, and a lack of engagement and performance is often due to not knowing what to do, how best to do it, or not being equipped by the organization to be successful.

“As the CEO, a whisper sounds like a roar throughout the organization, so you need to be very purposeful in the messages you send and the words you use.”

-Matthijs Glastra
In addition to interviewing highly successful CEOs, we turned to the Korn Ferry Institute to see what our data and science could tell us about technology CEOs. The Korn Ferry Institute analyzed competencies (i.e., observable skills and behaviors) and traits and drivers (i.e., hard-to-observe inclinations and natural tendencies) for more than 3,000 technology executives, against norms containing approximately 4.5 million assessments, to identify almost 500 profiles that together represent the blueprint for successful technology CEOs.

**Big data analytics corroborates winning CEO insights.**

Most sought-after competencies.
The results were striking in their reinforcement of our six core findings:

- Winning technology CEOs are **courageous**, having the capability to step up and address difficult issues, saying what needs to be said, and doing what needs to be done.

- They can **engage and inspire** others, creating a productive environment for their teams and the organization to succeed, and enabling them to develop productive relationships with multiple stakeholder groups.

- They demonstrate a capacity, comfort, and willingness to **make decisions** in an environment of uncertainty and complexity, often in new and innovative ways.

- The best technology CEOs have a “**never say die**” attitude, combining tenacity, curiosity, a need to succeed, and a tendency to overcome significant challenges that would hold others back.

- They have tremendous ability to **influence** others, persuading them and motivating them toward a certain way of thinking and acting.

- They also have the ability to remain **calm and poised** in stressful, difficult, and ambiguous times.

**Closing thoughts**

Highly successful technology CEOs helped us identify the six highest priorities for any new technology CEO. Deep analytics by the Korn Ferry Institute of more than 4.5 million assessments provided additional context and color for those priorities. Together, these insights create a powerful blueprint to accelerate and sustain the impact of a new CEO, and to maximize the return and minimize the risk associated with the single most important decision every board makes. We urge all our clients to actively consider these insights during CEO selection, onboarding, and development processes.
Contributors

Lee Esler
Managing Partner, CEO and Board Services
Managing Partner, North American Region
Global Technology Markets
+1 (404) 222-4055
lee.esler@kornferry.com

Paul Dinan
Senior Client Partner
Advisory Leader, Global Technology Markets
+1 (312) 544-4451
paul.dinan@kornferry.com

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

© Korn Ferry 2018. All rights reserved.