

# Demands of the Corner Room

## Role of the CEO

■ Rajeev M Pandia

When a Management Trainee enters a company to take up his or her first pro-



fessional assignment, one of the targets of close attention is the

Corner Room - the office of the Managing Director, the CEO (Chief Executive Officer) or the President. And it is not uncommon for this room to become the ultimate career destination of the trainee.



**T**he CEO of a company, by whatever designation, has several roles. As the head of the company, he (or she) has the overall responsibility for its working. Since authority and accountability go together, he is accountable to the Board of Directors and the shareholders for the short and long term performance of the company. One of the indicators of the company's functioning is its stock price and thus the market capitalization is one benchmark by which the CEO of a large widely traded company is often judged in the public eye. His table is where "the buck stops".

Legally, he could be the "Manager" under the Companies Act and the "Occupier" under laws governing Factories and hence the position carries with it several legal liabilities

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should there be any lack of compliance with the multiple laws of the land. He is also the face of the company and needs to interact with the media, the neighbouring community, market analysts, key shareholders, customers, suppliers, banks, trade associations, local and central Governments and other stakeholders in India and, in cases of global companies, abroad.

He creates the corporate culture in the company. While it is difficult to define precisely and is intangible, culture is the glue which binds all the employees together in an amalgam of values, approaches, attitudes and shared concerns. He needs to "walk the talk" to create a permanent culture unique to the company. He also has the fiduciary responsibility - as a Trustee of shareholders, he needs to protect the assets created with their capital and ensure a return higher than what they would have received elsewhere at a comparable level of risk.

### Areas of Strength

A leader leads a team and hence not only does he need to have great strengths in people management but he also needs to spend great time and effort in building and empowering strong teams. Often, in an existing company, a CEO inherits a team and hence does not have the luxury of creating one. He



#### What CEO Does

- Manages people
- Takes decisions
- Develops strategies
- Execute strategies
- Oversees all functions
- Keeps Government happy

then needs to find the strengths and weaknesses of each member of the top management team and reshuffle it to ensure that the strengths are exploited fully while the weaknesses are shielded until they can be reduced or eliminated. He should be the coach, mentor, cheerleader and yet the hard taskmaster for the team, demanding results and giving credit for them where due.

He should, as the chief strategist of the company, spend considerable time in defining, developing and overseeing the implementation of strategy. He should thus have a deep familiarity with the company's businesses and each of its functional areas, intellectual curiosity to watch emerging trends, a keen eye for local, regional and global developments in that space (including the activities of the competition) and thus the ability to formulate future plans.

Execution of accepted strategy as important as its formulation and the CEO needs to have exceptional skills in ensuring execution. These include the ability to see the big picture - a helicopter view - without missing important details. There is often the danger of a CEO getting into micro-management with inadequate delegation and this tendency needs to be avoided with the appropriate balance between involvement and delegation or trust.

A feel for numbers - especially profits - is a vital part of the CEO's armoury. While his focus could be long term, he needs to ensure that the daily, weekly, monthly or quarterly performance (depending on the nature of the business) is in line with budgets, course corrections are quickly made whenever it is not and that there is continued growth in revenues and margins in line with expectations.

While a detailed analysis must precede each major decision, the speed of reaching decision is equally important and hence often intuition, backed by past experience and expertise, must be used by the CEO to maintain the high demands of speed in a fast moving world. This process also includes balancing between risks and rewards,



#### Who is a CEO?

##### CEO is

- A Manager
- A Team leader
- An Implementer of law
- The Face of the company
- The PR person
- A market watcher
- The creator of corporate culture
- The sole representative of company

modern approaches to risk management and contingency planning.

Employees and stakeholders have great curiosity about each facet of the company and if there is an inadequate communication system in place, rumours and inaccurate stories lead to significant damage. Hence the CEO needs to be an exceptional communicator. He needs to use several platforms for verbal and written communication within and outside the company to deliver the appropriate messages.

Any professional remains a student through his career and a CEO is not an exception. In view of the fact that he oversees all the function in the company and in each area there are evolutionary and revolutionary changes taking place all the time, he needs to devote a part of the time learning about new developments (and in some extreme cases unlearning past obsolete practices).

Customers play a huge role in the success of a business in today's over-supplied world and hence it is imperative for the CEO to be highly customer-oriented.

Even businesses which may be local get impacted by global trends in a boundary-less world and hence a global outlook has become essential in running any business. In current times, businesses and companies change hands more often than in the past. Thus the major shareholders of a company may decide to sell their stake and a new set of acquirers could come into a company. These times demand great diplomacy from a CEO, If he manages to remain apolitical and maintains the culture and morale of the employees during the turbulent times, he could have a reasonably high success rate in overseeing this critical transition.

As the world moves to greater consciousness about ecology, ethics, sustainability and social obligations, a CEO should be inherently empathetic towards these demands and strive towards excellence in corporate governance, ethical transactions, corporate social responsibility (CSR) and sustainable operational practices.

It has been established scientifically that for people occupying very senior positions in any walk of life, the Emotional Quotient is as important as the Intelligence Quotient, if not more. This applies especially to CEOs since normally the most difficult problems come



to them for being resolved and many of these relate to people (within and outside the company) and resolution of conflicts among them. Their ability to deal with these situations, many of which could be on the fringe of developing into crises of differing magnitudes, sets them apart as successful leaders.

### Preparations

The role of the CEO and areas of strengths required, as described above, should indicate the preparations one needs to make during each stage of the career to move in the direction of the corner room. Any aspirant needs to measure himself (or herself) against these individual areas and consider changes in approaches, positions and attitudes to bridge the perceived gaps.

It certainly helps to have exposure to each facet of the company's business and hence job rotation opportunities should be sought and taken. Certain roles (such as those of Executive Assistant to the CEO, member of the Strategy team, Project Manager for a new project, leader of an ERP or MIS Task Force, Member of a margin management initiative or of a transformational team) help one get visibility as also opportunities to see the big picture. Hence these opportunities should be sought and seized.

Networking and presentations at professional conferences, writing papers for professional magazines and new initiatives/inventions are other ways of being visible and tuned to the environment.

In current times, there is significant emphasis placed on business etiquette and its impact should not be undermined.

The CEO's position is demanding, challenging and extremely satisfying. While the probability of an entrant to a company making it to the corner room during his career might appear statistically small, it is a game where everyone theoretically has an opportunity to play and win. The winner then needs to struggle daily to stay a winner and win bigger games in his career.

*Mr. Pandia is former Vice Chairman and Managing Director of Schenectady Herdillia Ltd. and now Advisor, Biotor Industries Ltd. and Neilsoft Ltd. and Chief Mentor of Knowgenix* ■ ■

