



**ALEXANDER HUGHES**

**C-Suite'21**

*What kind of leadership are we **HEADED**  
**TOWARDS?***

*Survey of **100 CEOS, BOARD MEMBERS &**  
**SHAREHOLDERS***



*At Alexander Hughes we are proud to make available to you the information provided by our clients over the past few weeks, in which the entire planet has been fighting (and continues to do so), against one of the greatest pandemics suffered by humankind.*

*Covid-19 had brought tough times to every corner of the world. But this catastrophe had also offered us an unusual opportunity: to test leadership by comparing different responses to similar shocks.*

*We have already learned profound lessons about the role of leaders and what does and doesn't work managing teams in adverse situations.*

*Alexander Hughes Iberia has led a survey over two months to find out the keys to current and future leadership.*

*The strategy to lead organizations on the path of recovery incorporates cross-cutting measures, but requires leaders capable of identifying future scenarios and leading teams in line with corporate strategy.*

*The purpose of this report is to gather and share the opinions, needs and expectations of C-Suite members.*

*We hope that it will be useful for your decisions that you might take in the immediate future.*

*Best regards.*

*June 2020*

*Miguel Codina*

*CEO Alexander Hughes Iberia*



Global Survey  
Overview



2

months



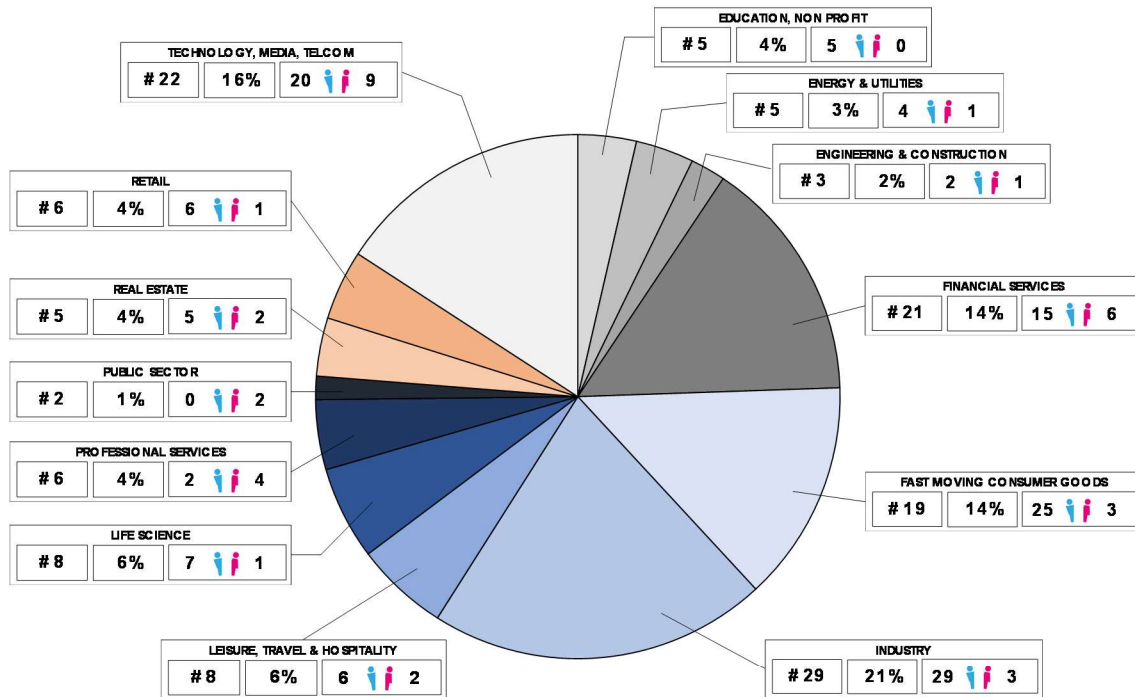
139

companies



161

interviews



66 EU Companies



22% executive women



95 Global Companies



65 Family Owned Business



56 Listed Companies



13 Sectors



### Study Type & Scope:

The confinement of the economy as a result of the pandemic has affected all industries, although in different ways. Ours isn't an exception. As a Consulting firm with the purpose of helping organizations in the strategic field of Talent and Organizational Culture, the team of partners and consultants of Alexander Hughes Iberia wanted to take advantage of the unusual, but much appreciated, time that this pandemic has given us, to consider how we can better help our current and future clients.

Although this pandemic has placed most companies in the short-term dimension and the fight for their survival, it has also taught us a new lesson: the importance of not underestimating the uncertain future, and the need to find ways to anticipate it. And we see that in organizations the function of supervising the short term, as well as anticipating and preparing for the future, resides in the C-Suite. For this reason, we wanted to get an idea of the level of satisfaction companies have with their current C-Suite, and see what actions will be needed to face the new challenges that lie ahead.

To take the pulse of the situation, over the past few weeks, we have conducted 100 interviews of CEOs and other C-Suite members, as well as the bodies that supervise the C-Suite, Board members and Shareholders/Investors.

Regarding the **Type and Scope** of the present study, to begin with, we must point out that it is purely qualitative and has no claim to quantitative representation in its results. However, we consider the qualitative value of the contributions of the participants, collected anonymously and aggregated in here, to be of great interest.

Finally, the 100 participants who took part in our survey come from a variety of industries, company sizes, and ownership types (private, family, public), that all have their C-Suite in Spain or Europe, although they may operate internationally.



### Previous thoughts:

In his book "Sapiens" 2011 (1), Yuval Noah Harari gave us some recent and highly acclaimed thoughts on the development of organizational models. The ability to generate complex organizations in order to mobilize a large number of people with a common purpose is innate to humankind. And these abilities, which have allowed us to achieve this dominant position, have a lot to do with Leadership.

Our leadership has evolved from more primitive and hierarchical forms, to more advanced ones in the shape of teamwork. The larger the size of the organization, the greater the number of teams that interact under the same purpose. The path towards excellence leads us from the Individual to the team and finally, to the Organization, as its maximum exponent. Today any organization, no matter the size, has its leadership team, the C-Suite, or, when we refer to a state, the government.

A high performing C-Suite should have a **structure** with all key areas of competency of its business properly represented by its members. This is a necessary condition, but it is not sufficient, as the C-Suite must also be efficient and agile in its **functioning** as a team. We are going to reflect on both these subjects with participants in this survey.

The CEO is responsible for choosing the members of his team, the C-Suite. However, the CEO is not chosen by C-Suite but by the supervisory body of the Organization which holds all responsibilities, the Board of Directors, or in its formal absence, by the Shareholders.

When considering the C-Suite today, we must recognize that, except for small changes, we haven't known how to help it evolve as needed. In large part, this probably explains the evolution in the average lifespan of companies. In 1964, the average life expectancy of companies in the S&P 500 index was 33 years. Today it is 22 years, and if nothing changes, it is expected that in 2027 it will be 12 years (2). This is something that may seem futile to us, so did the SARS virus.

In any case, it seems to us that the average life expectancy is too short to justify a purpose that would help move our organizations and society forward with sufficient strength and conviction. We know that the environment is volatile, uncertain, complex and ambiguous. However, we should not settle for and normalize this downward spiral,



as it leads to a troubling short-termism. Does our C-Suite spend sufficient time on planning valid and efficient strategies for today's uncertain and changing environment? Or is it, perhaps, a victim of the current situation of its industry, functional silos, and a lack of cultural, international, and gender diversity, balance between freshness/experience, etc.?

Just as the human brain benefits from will and behavior to make changes in its way of thinking so that, little by little, it internalizes this change in its new automatisms of behavior, organizations have also benefited from economic/social changes, as well as technological advances. Thanks to the will and effort of their teams, they, in turn, allowed changes in the way of working and behavior that, little by little, became internalized as automatisms in their Organizational Cultures. We have examples such as the Consumer, Marketing and, later on, Computer Technology and the Internet revolution, and, most recently, Digitization and Artificial Intelligence.

However, we are not sure that the numerous changes that are happening at great speed in society and in the economy which have to do both with behaviors (Diversity, Ecosystems, Value Chain, Multi-Stakeholders, relationships with Clients and the Consumer), as well as with technology (Innovation, Digitization, Data Science, Artificial Intelligence, etc.) are sufficiently reflected in the competencies of today's C-Suite and the Culture of our Organizations. Probably the organizations that have best adapted to these changes are those with a high-performance C-Suite, where Vision, Strategy and Culture are well-aligned with a solid purpose, proven over time, and, consequently, better results and long-term life expectancy for their organizations. All of these are important aspects that we also want to investigate with this study.

Finally, and as Sir Winston Churchill said "Never let a good crisis go to waste". Today we are probably facing the worst crisis that we know of, both in terms of health and the economy. Largely due to the absence of necessary leadership, lack of vision, foresight and anticipation, in the case of too many leaders (Governments) and current leadership bodies (Institutions). The COVID-19 crisis is unique because of its size, its exogenous nature, the fact that it affects all governments without exception, large and powerful, or small with fewer resources, and it impacts the ecosystem of the business world in the same way. As far as possible, we will try to use this unique opportunity to make comparisons in types of leadership and the results that we are seeing every day.

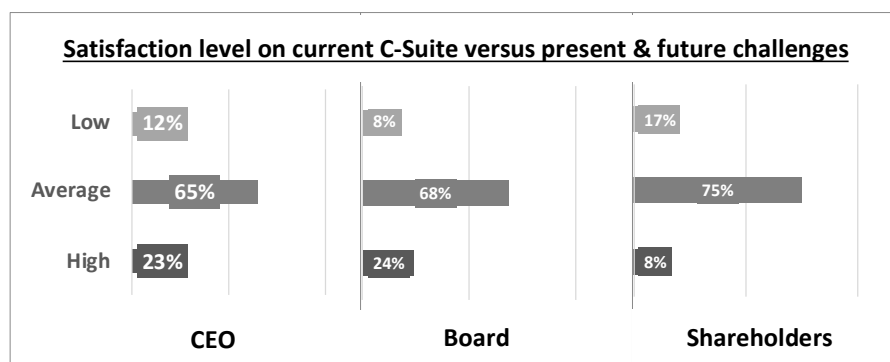


## Study Results:

### 1. The current C-Suite:

Before proceeding with the results, we should point out that the participants' observations in response to the first question, have been overwhelmingly favorable in terms of satisfaction with the way in which their C-Suite and Organizations have reacted in the face of the current crisis, and it is only fair that we acknowledge this.

Obviously, this should not distract us from the objective of this study, which is to find out how satisfied the participants are with their current C-Suite in terms of facing the future and possible changes to come. The results collected from the three segments -- CEO's, Directors and Entrepreneurs -- are quite illustrative:



It's quite clear that in most cases there is concern about the structure and functioning of the current C-Suite in terms of facing current and future challenges. In all cases, **more than 80% of the respondents** express their satisfaction level with their current C-Suite as **medium or low**.

We can understand that the CEOs and members of C-Suite interviewed have a better view of the team that they have tried to build the best they could in recent years. We will also see in the next section that CEOs have been quite busy making changes to their C-Suite recently. However, it seemed positive to us that said leaders of C-Suite continue to be highly demanding of their teams and in general terms, think that the C-Suite is the team with the greatest responsibility in the organization and, therefore, is the team that should have the highest level of demand placed on it. As one of the participants said: "The C-Suite is the key leadership team to keep the organization from



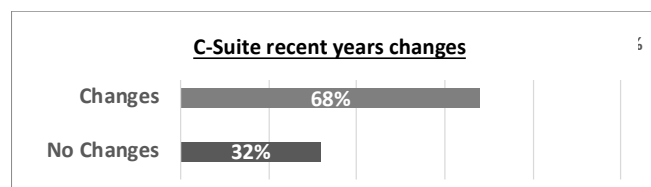


falling into comfort and complacency, and acts as a driver, making decisions, setting expectations, demanding both upwardly and throughout the organization, continuously pushing it in the direction of its purpose."

It is also understandable that the opinion of the Board Directors is rather well-aligned with that of the highest executive officer of the organization, the CEO, as most of them have gone through this position and know firsthand the difficulties of having a good C-Suite aligned with the Purpose of the Organization.

Finally, the Entrepreneur/Investor is more critical in his assessment of the current C-Suite. In some way, they must ensure that the organization is sufficiently aligned with its purpose, which is not easy and requires high levels of demand. Sometimes, as some Directors tell us, "the difficulty is not in the competencies of the C-Suite but in knowing how to align the purpose of the C-Suite with that of the Owner".

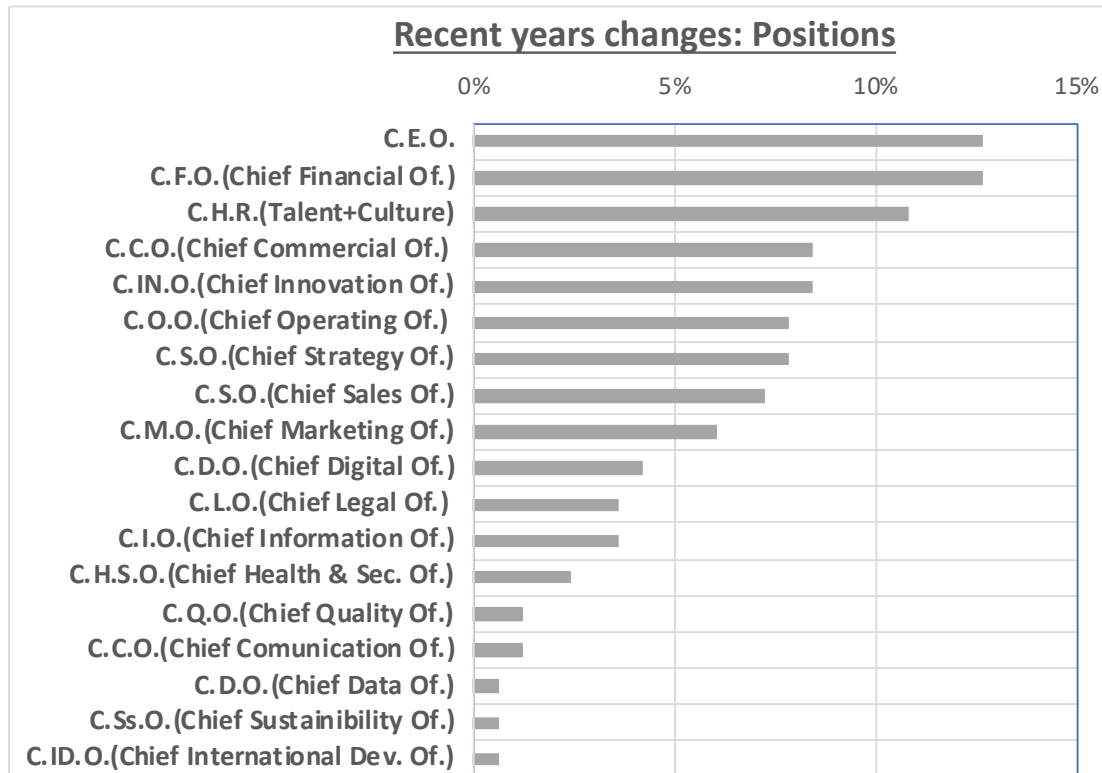
As we have previously said, CEOs have been very active in recent years, almost 70% of the respondents acknowledged having made changes during this period, as can be seen in the following table:







If we analyze the types of positions or areas of competence in which these changes were made, we see that it has mainly affected the following positions:



We see that positions directly related **to business growth** (CEO, C. Sales. O., C. Marketing O., C. Strategy O., eCommerce, Communication, and International), stand out with almost **50%**, followed by Corporate Services (Finance, IT, Legal, etc.), then Operations (Operations, R&D, Quality, etc.) and finally, Talent and Culture.

Different results were obtained in a similar study carried out in the SP500 companies in the USA in 2019 (2) regarding the C-Suite, where the conclusion was that the priorities in the recruitments of recent years to the C-Suite were those of **Innovation, Digital Transformation and Strategy**. A clear example pointing the way for Spanish industry to follow, as we are clearly behind in Innovation, Digital Transformation and Strategy.

Following our correlative analysis with what is happening with the management of COVID-19, we see that leaders and their government teams in general, and especially in the most powerful and advanced countries where one would hope to see an example, both in foresight and ability to respond to this crisis, with far too few exceptions, have shown little effectiveness in performing their most important function:



that of protecting the population (more than 350,000 deaths to date, too many for such a short period of time).

As we said in our previous article, "COVID-19, Leadership, Strategy and Culture" (3), in this crisis we have seen few examples of good leadership and teamwork among governments, with the exception of smaller states such as Taiwan, New Zealand, Finland, Norway, Denmark, Iceland, Portugal, Greece, and other larger states such as Germany and South Korea, most of them led by women.

On the other hand, companies in these countries, whose function is not to protect the population but to produce wealth, are the ones who have shown greater responsibility and effectiveness in protecting their workers by canceling travel events, etc., when the majority of average citizens did not fully understand why, as well as outpacing governments in implementing measures of social distance, hygiene, protection, etc.

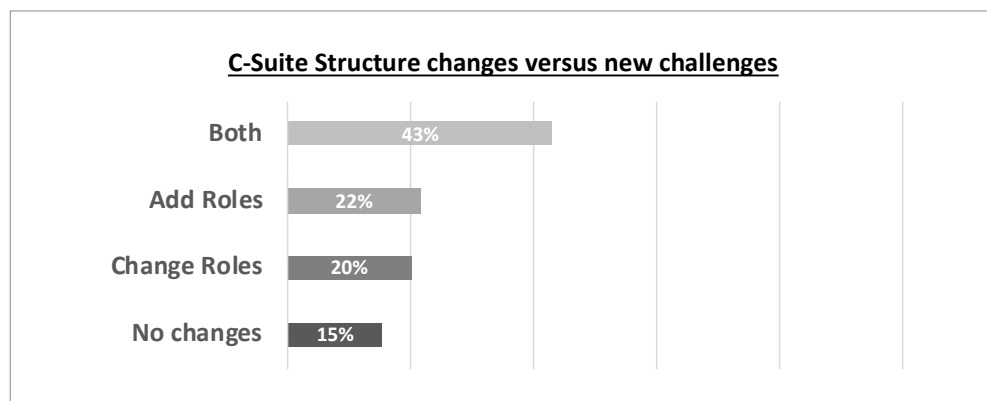
In fact, in the next question, where we intend to find out what type of C-Suite we are heading towards, we will see significant differences in which it is possible to see how both the experiences prior to COVID-19 as well as the crisis itself, have led to accelerating changes that, although they were on the minds of many, few of us had dared to carry out.

## 2. Towards C-Suite 2021:

This study indicates that the level of demand of the C-Suite leaders, the Board members, and the body with ultimate responsibility regarding the Purpose of the organization, and which assumes the greatest risk, its Shareholders, is poorly or insufficiently met when it comes to satisfaction with the structure and functioning of their current C-Suite. In general, they concluded that they must act and make corrective changes regarding their structure in the short term.

### 2.1. Changes in current C-Suite STRUCTURE:

Around **80% of CEO's, Directors and Shareholders** consider that changes are needed in the structure of their current C-Suite in order to face the challenges that lie ahead for their companies.



**Only 15%** want to keep the structure of their C-Suite as it is. **20%** would not add members, but new functions that they consider important and are not sufficiently represented in their current C-Suite .

Finally, **more than 65% of those interviewed** have the opinion that **significant changes** in the structure of the C-Suite **are necessary**:

- ✓ Where **22%** consider that it is necessary to add new functions and roles to their C-Suite with new people able to contribute in different areas of competence, keeping the rest as it is.
- ✓ and **43%**, the largest group, consider that it is necessary to do both, re-structure roles within the current structure and add new roles and people to their C-Suite which are necessary for the challenges that lie ahead.

Let's see now which roles or Areas of Competence are the most necessary according to the answers received:



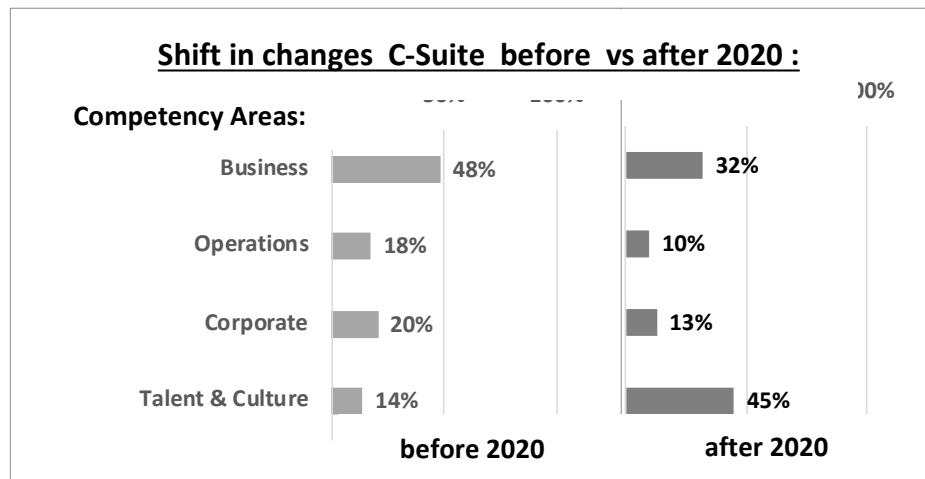
- ✓ **Talent, Culture and Mind Set** such as: Talent and Organizational Culture, Digital Transformation, International Cultural & Gender Diversity, Health, Safety and Risks, move up to the first place in importance with more than **45% of the needs to be fulfilled** in the coming years.
- ✓ **Business Growth**: Commercial, Data Intelligence, Strategy/Growth/M&A, Sales and Marketing, etc., ranked first in importance before 2020, now in second place, with **32% of needs to be fulfilled**.
- ✓ Finally, the rest between Operations and Corporate represent **23% of the needs to be fulfilled** where those directly related to Operations, Quality, Innovation, Finance and General Services stand out.

Here the results are more similar to the survey carried out for the companies of the S&P500 index 2019 (2), where they also prioritized the areas of competence in Cultural Transformation, in all its aspects, such as Digital Transformation, Artificial Intelligence, Innovation and what they also call "Behavioral Science Capabilities", important capabilities for driving human-centric organization from the perspectives of customers and employees.



Skills that our study participants also consider essential for getting the most out of the Culture-Technology binomial with the aim of improving the Employee/Customer experience, as well as their relationship with Brands.

However, we see an interesting shift in the focus of the changes needed for the C-Suite'21 Structure compared to those made in recent years:



Looking ahead to the changes to be made in the current C-Suite, the areas of competence that focus on Talent and Culture move from the last to the first position of importance, taking over from the Business & Commercial positions.

We read this as the need for cultural transformation, a change in the ways of doing the same things, to do them in a more agile and effective way. The technology has existed for quite some time, it was our fears and resistance to change that has slowed implementation of this change, "if it works, don't touch it."

Without a doubt, the experience of the COVID-19 crisis will accelerate the changes that we already had in mind, nothing new or probably yes. Transforming Culture and improving our leadership skills to be prepared in an increasingly volatile, uncertain, complex and ambiguous environment, which has come to stay, is something that we must bear in mind as needs for both the **Structure** and the **Functioning** of our C-Suite.

So far, we have discussed the survey results with regards to **C-Suite Structure**. Now we are going to talk about **how the current C-Suite works** as a team.



## 2.2. Changes required in current C-Suite leadership style:

Virtually all respondents agree to recognize the C-Suite as the team through which the organization is led. Where the day-to-day business and the annual budget are supervised, and also where the strategy is created and developed. And, most importantly, the body through which the Organizational Culture is cultivated to all levels of the organization, aligning the Purpose with Vision, Strategy, Leadership styles and Values.

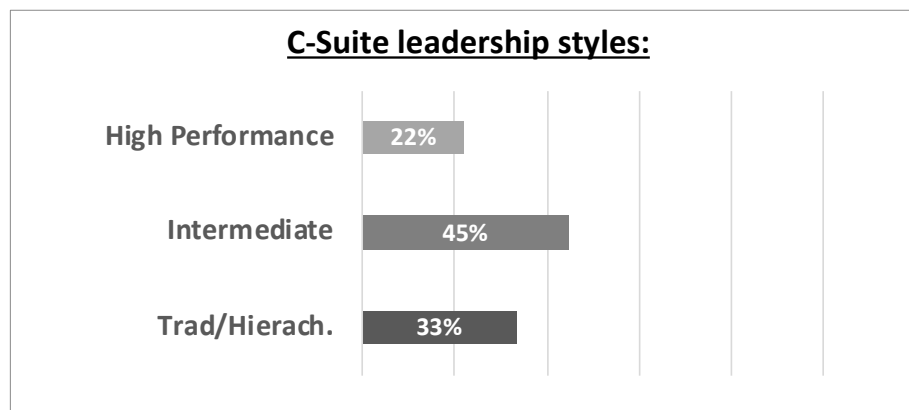
In other words, as one of the Directors in the survey mentioned to us, "the team follows the leader and the leader sets the style with his example". "In the same way as C-Suite follows its leader, the CEO, the Organization follows the C-Suite".

For this reason, we wanted to know the different leadership styles of C-Suite currently operating in the organizations we surveyed. Also, to know in which direction they are driving their C-Suite leadership style. To make it easier, we presented them with the following leadership definition scale, typical of any team. On one extreme, the Traditional and Hierarchical style, and on the other, the High Performance one, with the following definitions:

1. The Traditional/Hierarchical, functionally structured, as well as in the agenda, times and levels of participation, etc.
2. The High Performance, with more flexible agendas and higher participation, where communication is encouraged and conflicts are managed, inspiring creativity, agile performance, disruptive capacity, different ways of doing the same thing, etc.
3. And in the middle, the Mix or Intermediate, which is usually the existing path between the Traditional or Hierarchical and the High performance styles, with some exceptions that we will explain later.



We have obtained the following results:



We see that almost the majority, **more than 45%** of the respondents consider that they are in the **intermediate level**, between Traditional/Hierarchical and High Performance. However, most admit to being on their way to High Performance.

We must highlight the exception of some companies surveyed with a high growth and intensity of Talent in their ranks (here we refer to high Training & Development skills, Trust and Social Skills of its members) who enjoy a of High-Performance C-Suite, where CEOs and Directors have told us: "... with the flattening of their growth, they plan to arrive at a more structured situation of the same C-Suite"

Despite the fact that most of the respondents indicated their position in the "high performance style", many of them ended up recognizing that it was more due to their ambition than to reality. They recognized that they were working towards evolving from one style to the other, supported by various development tools. We can estimate the number of CEO's who have actually achieved it at approximately 10%.

In these cases, despite the fact that they continue being structured by traditional functions, Sales, Marketing, Finance, Operations, etc., they explain to us that "they have changed the way the C-Suite operates from functional to working effectively for cross-functional projects, integrating not only all the functional areas of the company, but also external stakeholders and the rest of their business value chain". The annual budget is made periodically, based on projects, and they have also successfully aligned their compensation system to the performance and results of those projects.



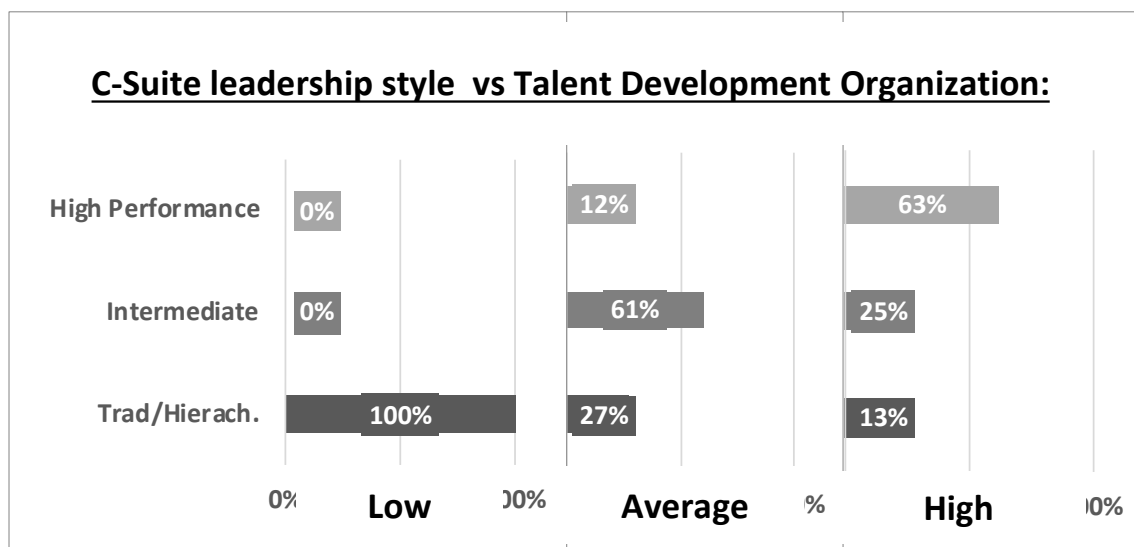


Some of these CEOs mention to us: "Every year I make the annual budget by projects assigning them to the members of the C-Suite and we jointly align the compensation system to these projects. Then I dedicate myself to offering help, support and coaching so they can get it". If the projects are successful, the organization is empowered and works transversally on them and we usually get the expected results. This way, the Organization also gets its own results, which in the end are reflected in their profits and treasury.

Finally, there is still a high percentage of over **30%, still settled in the traditional and hierarchical C-Suite**. On many occasions this is not due to CEOs's desire but for other reasons, among which are:

- ✓ Company size
- ✓ Economic situation
- ✓ Difficulty attracting the desired Talent
- ✓ Low level of internal talent, especially in those organizations that are not intensive in talent assessment, identification and development tools.

The latter can be seen in the following table where we correlate the Level of Training and Development of the members of the C-Suite with its leadership style.





We see that most of the C-Suite settled in traditional and hierarchical styles have in common belonging to Organizations and C-Suites with little investment in Talent Development Processes, and the High-Performance ones, coincide with organizations and C-Suites with high levels of investment in Talent Development Processes.

We have also been able to verify that the C-Suite of High Performance have a good correlation not only with the investment in Talent Development Processes, but also with the good economic and financial results of these Organizations.

On the one hand, it is true that it is easier to find them in the IT and Innovation driven industries.

However, it is very interesting to see that there are also enough cases in traditional sectors, such as Consumer, Pharmaceutical, Real Estate, etc. to allow us to be optimistic about it.

In some cases and more traditional industries where the company continues to enjoy competitive advantages that undoubtedly brings them good profitability, they show no interest in changing their traditional and hierarchical C-Suite in structure or style, probably leaving them to the fate of what the S&P500 companies' average life expectancy predicts for 2027, that if we do nothing it will reduce to 12 years **(2)**.



### 3. Our Conclusions:

1. **80% of the respondents were not sufficiently satisfied or very dissatisfied with their current C-Suite.** This tells us a lot about the sufficiently high levels of expectation with regards to C-Suite of CEO's and supervisory body of the Organizations (Board and Property) that fight not only to subsist in time but for leadership in their markets. A demanding attitude that will eventually allow the organization to maintain the necessary tension to achieve and develop high-performance leadership and execution teams.
2. Regarding Structure, the changes in the C-Suite have shifted their focus, moving from the **Business areas** before 2020 to the **Talent and Culture areas** today. The objective is the same, to seek business and results, but in a different fashion. The new focus is people, driving a human-centric organization from the perspectives of employees, customers and the final consumer, aligning Culture and Values with the Purpose, Vision and Strategy, and using the available technology. In other words, to better activate the available **Talent and Technology binomial** to achieve greater value and better results in their business. Here, we are clearly behind as far as **Innovation, Digital Transformation and Strategy**.
3. The task of getting a High-performance C-Suite, both at the Structure and Functioning levels, is a never-ending task for the CEO, just as the case of continuous development of the Organizational Culture, aligned with the purpose of their company business to create a legacy. Both missions are precisely part of the CEO's main function in the position he occupies, thus of the C-Suite.
4. In our study, as well as in our daily work, we see that **successful CEOs have a high-performance C-Suite** or they are on track to achieve it. They have not only **surrounded themselves with a good team** to make it happen, but **"they have managed to establish a different contract between the Company and the C-Suite members and Organization**, where the Company endeavors to respond as much as possible to their teams and reasonable expectations of C-Suite, investing as much as possible in their potential growth within the



Organization, and in exchange their teams and C-Suite endeavor to respond as much as possible to the Company's expectations from them", as mentioned by one of the CEOs participating in this survey.

5. We also see the mistake of thinking that the possibilities of reaching a High-Performance C-Suite is only the prerogative of large companies or companies with large resources, Multinationals, Global, etc.

- 0.1. The task of aligning Culture with the Purpose of an Organization is easier to do precisely in smaller organizations and with lesser resources. Let us not forget that in this COVID-19 Pandemic, with very few exceptions, small states as diverse as Taiwan, New Zealand, Finland, Iceland, Denmark, Norway, Iceland, Portugal and Greece, have managed to better align their resources to the real Purpose of their role as government in their countries, which was to save lives, and to confine or not, to the minimum degree necessary, their economies. In the end, their economic results will be much better than the rest.

- 0.2. With a good Organizational Purpose and a good Culture, it is much easier to attract and retain the necessary talent and at an affordable cost.

- 0.3. Too often we see small and medium-sized companies overpaying to attract and retain talent rather than investing in the development of their teams, condemning themselves to the permanent decapitalization of their talent in a vicious circle.

- 0.4. Just as the permanence and lifespan of a company are of paramount importance for its shareholders, the permanence of talented executives in Organizations is likewise an important indicator. Not precisely because of their duration, but quite the opposite. Greater interest in our talented teams indicates that we are on the right track. Retaining those who should not leave is another key task of the CEO and thus the C-Suite.

Finally, we repeat the wise words of Winston Churchill "**Never let a good crisis go to waste.**" COVID-19 is probably going to be the biggest crisis that several generations will experience, and it will determine and accelerate changes that no company can consider itself to be exempt from.



Doing so can be decisive and make the difference between true and false for the estimate on the average life of companies reducing to 12 years by 2027 from the 22 years we are today (2). Whether it is true or not, in any case, none of the respondents wanted to be part of this negative statistic.

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- (1) **Yuval Noah Harari**, SAPIENS "a brief history of humankind".
- (2) **John de Yonge, MD** at EYQ: "Has your C-Suite changed to reflect the changing times" [https://www.ey.com/en\\_lu/growth/has-your-c-suite-changed-to-reflect-the-changing-times](https://www.ey.com/en_lu/growth/has-your-c-suite-changed-to-reflect-the-changing-times)
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*Survey prepared by Alexander Hughes Iberia between April and June 2020*