9 LESSONS FROM 9 GREAT CEOS

CRISP ADVICE FROM THE

CEO ACADEMY®

DENNIS CAREY & ED BREEN

"When things are going well,
you're over-rated;
when they're going badly,
you're under-rated."

– A.G. Lafley,
Chairman & CEO, The Procter & Gamble Company

9 LESSONS FROM 9 GREAT CEOS

CRISP ADVICE FROM THE CEO ACADEMY®

DENNIS CAREY & ED BREEN

Edited by Sean Donovan

AUTHORS' NOTE

For the past nine years we have worked together to lead sessions for CEOs who wanted to leave their familiar surroundings for a few days and engage directly and discretely with other CEOs who have consistently outperformed their peers, won praise from all stakeholders for their leadership, and have survived the battles of business warfare with their reputations fully intact.

We met initially in the wake of the Tyco disaster, one of us as recruiter, and one of us as CEO to be. We believed that Tyco represented a green field opportunity. That is, if one was to build a new company from scratch, what would it look like? What would a new Board look like? How would the management team be formed and assessed? What processes would be put in place to ensure a proper balance between risk and reward? What would management do to properly communicate with shareholders? How would the company define its strategy to optimize shareholder value and build a system to execute against that strategy? Tyco is now a success story due to getting good answers to these tough questions.

The Tyco story led us to conclude that if we were able to assemble truly great CEOs on a regular basis and gain their insights on how best to lead, we could put together the ready reference you now hold in your hand.

We are of the view that companies need to continuously ask the question "if we were to start our company again from scratch, what changes would we make?" This reference book sets out to guide us in that exercise. Further, although we recognize that it is difficult to fight inertia, leaders who emerge as great CEOs do just that. The 9 CEOs we feature, one herein who tried to avoid the great CEO leader title bestowed on him by his co-author, present a compelling vision for how all CEOs, short- and long-term tenured alike, can learn from the best and build more value in their own companies.

We hope you enjoy this ready reference and find value in learning from the experiences of those very few CEOs who have earned the title of Great CEOs.

Dennis Carey is Vice Chairman of Korn/Ferry International and the founder of the CEO Academy®

Ed Breen is Chairman and former CEO of Tyco

CONTENTS

What follows is an editorial synthesis and paraphrasing of the ideas expressed at the CEO Academy®. While written conversationally for ease of reading, it does not necessarily reflect the direct views of the discussion leaders, any particular executive in attendance or the group as a whole.

The CEO Academy® is a forum exclusively for early-tenured CEOs. Over the course of three separate roundtable sessions, nine exceptionally accomplished CEOs shared their hard-won wisdom and insights with dozens of their newly appointed peers. This book provides a compendium of their advice and counsel, which serves as a valuable and timeless reference for new and future corporate leaders.

THE DISCUSSIONS WERE LED BY:

- **ED BREEN,** Chairman and former CEO, Tyco
- **DENNIS CAREY,** Founder, CEO Academy and Vice Chairman, Korn/Ferry International
- **GEORGE DAVID,** former Chairman and CEO, United Technologies Corporation
- **A.G. LAFLEY,** Chairman and CEO, The Procter & Gamble Company
- **ROBERT LANE,** former Chairman and CEO, Deere & Company
- **ANNE MULCAHY,** former Chairman and CEO, Xerox Corporation
- **IVAN SEIDENBERG,** former Chairman and CEO, Verizon Communications Inc.
- **KEVIN SHARER,** former Chairman and CEO, Amgen Inc.
- **MAGGIE WILDEROTTER,** Chairman and CEO, Frontier Communications Corporation
- **RON WILLIAMS,** former Chairman and CEO, Aetna Inc.

FIRST THINGS FIRST

"Focus on long-term value instead of fixating on short-term performance and share price. Make bets that are right for the institution – they should last longer than any CEO."

– Ed Breen,
Chairman and former CEO, Tyco

1. EVERY DAY IS DAY ONE

You'll always make mistakes – just don't make the same ones twice.

LISTEN AND LEARN
Understand the business completely. Visit your key customers; your top ten investors; and every director, in person and at their office. Spend time with your management team on their turf to put them at ease. Ask everyone for feedback on the business, on the operating environment and on yourself.

DECLARE AMNESTY
Get the skeletons out of the closet.

DON'T OVERPROMISE OR OVERCOMMIT
When you're new, you tend to want to please. It takes absolute integrity and self-confidence not to promise what you don't know. With every early commitment you make (particularly with the board), you run the risk of squandering trust. Don't overcommit to investors. Earn credibility by delivering consistently.

LAY OUT YOUR VISION
Get board buy-in quickly – you can't do it soon enough. Then set a clear roadmap for employees and customers to evaluate you against, rather than leaving them to define progress, or lack thereof.

BE THE CATALYST FOR CHANGE
Make a compelling case for change, set the agenda, remove obstacles, give people permission, and convince them that they can win.

HAVE A SENSE OF URGENCY
Find 3-4 quick wins to pivot the organization and make a statement that you're going to move quickly and decisively.

IMPOSE YOUR WILL AND PICK YOUR TEAM WISELY
Trust your instincts. If you're wrong, you'll pay the price, but if you're right, it can be very powerful. The company needs leadership. They're looking to you to break the ties. If you're slow to pull the trigger, it confuses the organization.

2. SET STRATEGY AND IDENTIFY PRIORITIES

Strategy is about making choices – get the big things right.

GET IT DIRECTIONALLY CORRECT
The correct strategy is a minimum condition for a successful enterprise. Strategy boils down to your business portfolio and capitalization. Get the big things right and then relentlessly drive execution.

FOCUS ON 3-5 TOP PRIORITIES
Effective new CEOs set their major priorities very quickly and maintain a laser-like focus on them. Avoid the nonsense of trying to do everything at once. It's impossible to run 30 big initiatives concurrently.

BE CONSISTENT
Strategy should not shift constantly. Beware the impulse of boards and consultants to incessantly review and change strategies. Constant monitoring of progress against strategic priorities is great, but don't make the strategy itself a moving target.

MAKE IT SIMPLE
Digest the strategy down to a few clear and compelling points – it must be real, actionable and testable, and it should fit on one page.

HAVE A LONG-TERM OUTLOOK
Instead of fixating on short-term share price, focus on long-term value. Make bets that are right for the institution – they should last longer than any CEO.

BEWARE "PORTFOLIO ANXIETY"
Don't think that the grass is always greener and that you constantly need to add or lose some businesses. Remember that you can't escape a bad acquisition.

SPEED IS A STRATEGY
Things move much faster today. Be realistic, but accelerate as much as possible.

FOCUS ON INNOVATION
R&D and innovative capacity should be fundamental components of strategy. The company's future depends on it. It takes a different mindset to invest in R&D for the long-haul (i.e., no immediate short-term P&L benefit).

AVOID COMMODITIZATION
To counteract the market's pressure toward commoditization, focus on defending your advantage in four ways: 1) innovate constantly, 2) invest in brand equity, 3) connect with the customer, 4) deliver value on the customers' terms.

3. COMMUNICATE CLEARLY AND OWN THE CULTURE

The power of aligned, focused and motivated people is a real multiplier for the company.

SAY IT STRAIGHT
Avoid "happy talk" and be clear about the why, what, how and when. Set the context by articulating a compelling need for action, then communicate priorities with specificity on actions and timing. If it could apply to any company when you say it out loud, it's useless because it's too generic.

KEEP IT SIMPLE
The simpler it is, the more powerful it is. Remember the old axioms: "If I had more time, I'd write a shorter letter," and "If you can't say it on one page, don't say it."

STAY ON MESSAGE
Maintain an intense and consistent focus on the priorities. You're like a running politician on the stump. Don't get bored or distracted – repetition is essential. When people say, "Hey, that guy needs a new message," you know you've got it right.

KNOW YOUR AUDIENCE
Calibrate your communications with the right level of prioritization and detail for each unique constituency.

FOCUS ON CREATING THE "SOCIAL ARCHITECTURE"
You play a vital role in setting the cultural parameters of the organization: the mission and purpose, values and behaviors, aspirations and strategic priorities. The mission must be visceral – What's your defining purpose? The values are a behavioral compact – "If you're an unrepentant values felon, I'll fire you."

3. COMMUNICATE CLEARLY AND OWN THE CULTURE

continued

THIS STUFF MATTERS
The power of a strong culture (aligned, focused and motivated people) is a real multiplier for the company, particularly when combined with deep operating experience and strong execution.

UNLOCK THE DISCRETIONARY ENERGY
Appeal to your people's desire to contribute to something meaningful and good. The more they understand how and where they fit, the faster you can go. Be accessible to them and they'll give you valuable feedback. They're the key to achieving large-scale change and institutional alignment.

BE BIGGER THAN YOUR OPERATING RESULTS
The CEO's job is certainly about creating shareholder value. But think of that as table stakes. What is the company's higher purpose or it's societal good? Getting the purpose and culture aligned is directly correlated with value creation.

OWN IT
If you don't care, it won't happen. If you don't live it, no one will. And if you're deriving your social architecture from a consultant or a book, you're lost.

THREE MANAGEMENT IMPERATIVES

"You're a lion tamer and the directors are the lions. Respect them, but if you let them eat you, they will."

– Kevin Sharer,
former Chairman & CEO, Amgen Inc.

4. GET THE MOST OUT OF YOUR BOARD

Working with the board is unlike anything you've done before.

YOU'RE A LION TAMER AND THEY'RE THE LIONS
Respect them, but if you let them eat you, they will. Working with the board is vital, complex and beyond your prior experience – unlike anything you've done before. Get the relationship right, or it will hurt you. Eventually, when stuff hits the fan (and it will) you don't want to be on your back foot with the board.

BEWARE THE SHIFTING SANDS
You'll have to figure it out anew once you become CEO. What was true yesterday may not be true today, as interpersonal dynamics, alliances and loyalties shift. Before your first board meeting as CEO, level-set by taking time to speak with each director. Let them know how you view your role and what you expect from them.

MANAGE THE BOARD'S EXPECTATIONS CAREFULLY
Be open with them. No secrets, no surprises. Share all the downside potential and let them feel your pain – running the company isn't easy.

INGRAIN THE STRATEGY
It's critical to get the board fully committed to the strategy. Under pressure, they will rally around you if they understand and support it. Review it carefully with them, provide a simple framework to help them understand it, gather their feedback. Put it on one page and in every board book to orient their discussions and focus them on what really matters.

KNOW WHEN TO INVOLVE THEM
Always ask yourself, "Is this an issue that rises to the level of the board?" Sometimes you get caught up in things and forget to share with the board. And other times, you share things with them that you don't really need to.

BIG DECISIONS SHOULD BE OLD DECISIONS
It takes a board time to get up to speed to make big decisions. Socialize an issue with them over multiple meetings or via interim communications before they have to pull the trigger. Don't wait until the last minute.

4. GET THE MOST OUT OF YOUR BOARD

continued

THEY'RE NOT THERE TO RUN THE COMPANY, YOU ARE
The board must satisfy itself that the right team is in place, the right processes are in place and the big strategic decisions are made wisely. Beyond that, they don't have a detailed role in operating the company, because they typically don't have the necessary depth of knowledge. If the board is clear on its role, it's less likely to creep into executional detail or encroach on management. Engage them at the right altitude.

LET THE BOARD KNOW THEY'VE BEEN HEARD
Boards want to know that you've listened to them when they've expressed a point of view. That doesn't mean you always have to follow their advice. They'll leave it to you as long as they feel you've listened, particularly if you seek out their advice and counsel on a regular basis.

DEVELOP A RAPPORT WITH YOUR LEAD DIRECTOR
Their job is to make you better. You need someone with gravitas to help you manage the board and who's willing to help keep the board out of the weeds. They can really make your life easier.

DON'T TRY TO PLEASE ANY ONE DIRECTOR
It will inevitably get you into trouble. When a director expresses an opinion, it's not necessarily the sense of the board. You don't have to mobilize resources to respond to or act upon every opinion.

GET TO KNOW DIRECTORS OUTSIDE THE BOARDROOM
Not to curry favor, but to develop a level of trust and respect beyond just the numbers. Take the time to build individual relationships with each director to learn their dynamics and get deeper insights. Visit them once a year on their turf. Some directors will become close advisors to you over time. But always remember, there's no substitute for performance – no relationship alone will save you.

BOARD FIELD TRIPS ARE VERY USEFUL
Have individual directors visit key field locations and then provide reports to the full board. It helps them understand the business and get a handle on the talent bench. Line managers also benefit from direct access to director expertise.

4. GET THE MOST OUT OF YOUR BOARD

continued

KEEP THE CHAIRMAN AND CEO ROLES TOGETHER

There's no evidence that separating the roles helps in any way. A non-executive chairman can't possibly know enough about the company and its strategic issues to help the board be most informed. Boards spend too much time on unproductive issues when the roles are separated. Strong, independent committee chairs are the crux of good governance.

RUN EFFECTIVE BOARD MEETINGS

- Think of meetings as a strategic retreat. Focus on longer-term issues and avoid getting caught up in the day-to-day stuff.
- Organize your thoughts and brief the board with a short, informal, monthly update call/note, and provide a summary before every meeting so they're up to speed and ready to engage.
- Help them prioritize by controlling the volume of written material and avoid "death by PowerPoint."
- Make the meeting about idea sharing, not downloading. Give them a clear set of pre-read materials on each topic (executive summary, 5-10 slides, appendix), and then allow only 2 slides per topic at the meeting.
- Start with an unstructured executive session to share your "what keeps me awake at night" concerns with them. It creates an open dynamic of trust.
- At some point in every meeting, clear the room of everyone except you and the board, so you can calibrate their understanding and expectations.
- Don't allow the meeting time to expand, or it will never end. Set a clear time limit to focus the directors' attention.
- If you're chairman, review all committee agendas and attend all meetings. Empower your staff officers to work closely with the committees, but you should never be surprised.
- Demand a positive tone. No boardroom acrimony in front of your executive team - a lack of harmony and alignment can debilitate them.

4. GET THE MOST OUT OF YOUR BOARD

continued

FOCUS ON BOARD COMPOSITION AND DIRECTOR TALENT MANAGEMENT

- Companies don't get into trouble overnight. Problems arise when boards don't understand the changing landscape, strategic imperatives, and competition. It's not uncommon for a company to change over time, leaving the board misaligned with what's needed to take the company forward.
- The CEO needs to own the director talent issue, examining strengths and gaps via a regular director review process. It's tough to get rid of misaligned or under-performing directors, but it's up to you to initiate the conversation with your lead director or nominating chair.
- Your board members know who's good and who's not carrying their weight. Gather feedback in one-on-one meetings. Ask them individually and hypothetically who they'd invite to serve on a future board – they tend to leave the same people off the list.
- Sometimes the nominating and governance committee is part of the problem, so it's important to get the whole board to think about director talent management in a disciplined way.
- Develop a bench of director candidates, particularly young CEOs and up-and-coming executives or division heads at big companies before they're CEOs.
- Board composition should include a diversity of industries and geographies, as well as people who will challenge you (and sometimes make you uncomfortable). Active CEOs can be a very calming influence on a board, helping navigate tough situations when they arise.
- Boards that work have a certain magic – a critical mass of members with absolute dedication who say, "This board is going to be different."

5. DRIVE TALENT MANAGEMENT & SUCCESSION

**Best efforts are for intramural sports.
This is varsity: "Do you want to play or not?"**

DON'T COMMIT TOO EARLY

At the start of your tenure, if someone asks you whether they're on your team, or how you view their performance, the answer is, "I don't know yet." Don't commit until you're ready, but move quickly to determine who's going to make it or not. Meanwhile, challenge the team to either sign up for a higher purpose or opt out – those that need to go will often self-select out.

FIX PEOPLE MISTAKES QUICKLY

Staffing mistakes are typical, particularly waiting too long or not acting. Sometimes we look past shortcomings or put good people in jobs that are a mismatch for their skills. Time doesn't help – fix it. The organization is aware when people are failing and will judge you harshly. If people fail because you're not clear about what you expect, it's your fault.

FOCUS INTENSELY ON TALENT MANAGEMENT

Talent management always should be at the top of your "to do" list. Conduct thorough talent planning with the board at least once or twice per year, looking at the top 100 leaders. Get this team right and you'll be okay, but get it wrong and you'll never overcome it. You can't be better than your team – it's like being an editor and having a bunch of bad writers.

DEVELOP SUCCESSION PLANS FOR THE TOP 20

Know your options in a "hit by a bus" scenario for the top 20, focusing on 2-3 internal and 2-3 external candidates. Some companies pair their top leaders with board member mentors, rotating every two years, which gives the board visibility on the bench strength.

LOOK FOR LEADERSHIP SKILLS

At the top of good companies, everyone performs well on business results. Don't make key appointments based on financial metrics. Look at leadership capability. If you need an operator, get the best operator. If you need a strategist, get the best strategist. If you need someone with cultural sensitivity, go for that.

THERE'S NO SUBSTITUTE FOR GREAT LINE LEADERS

No company can be better than its vice president population. Like NCOs in the military, they run the company, drive the values and make the hiring decisions.

5. DRIVE TALENT MANAGEMENT & SUCCESSION

continued

BEST EFFORTS ARE NOT ENOUGH
High performing teams back each other up, but if you consistently are not pulling your weight, you're out. B-minus players don't get better. Best efforts are for intramural sports. This is varsity: "Do you want to play or not?"

REMOVE BLOCKERS
Don't let headquarters-based functional heads block change. Good business unit leaders view it as emancipation when poor-performing HQ people are replaced.

UNLOCK HIDDEN POTENTIAL
The hardest job in talent management is to identify and unlock the people down the line who have been there all along, are ready for a new strategy and culture, and can take on more leadership.

STRIVE FOR ORGANIZATIONAL CLARITY
The fundamental principle for organizations is clear lines of authority and responsibility. Matrix organizations are anathema to effective leadership.

DEMAND ACCOUNTABILITY FROM THE OPERATING LEADERS
You're the conductor and facilitator, but performance pressure should be shared appropriately with the operating executives. Make sure that all assets and P&L responsibility reside in the operating units. Develop clear metrics and remain consistent. Hold unit heads accountable to the board and the Street.

PEOPLE ARE WATCHING
When making tough moves – removing leaders, laying people off, closing plants – remember that the whole company is watching. Treat them with dignity and provide as much support as possible. You want partnerships with your people, not transactions.

5. DRIVE TALENT MANAGEMENT & SUCCESSION

continued

YOU ARE THE DRIVER OF STRONG CEO SUCCESSION PLANNING

- CEO succession planning starts immediately, in your first year. It's your responsibility to have multiple candidates ready, well before the earliest date of your reasonable retirement – candidates the board knows well and in whom they have confidence. Plot out potential candidates and their readiness against various age-based retirement scenarios for yourself.
- Collaborate with the board on a list of criteria for the "perfect CEO." Focus on the skills and attributes the company will need for the future, not the past or even the present.
- The process of developing potential successors and sharing power is hard for a long-tenured CEO. The board must play a role to ensure a disciplined approach.
- Try to take social judgments off the table – sometimes directors fall in love with their own candidates to the detriment of the process. Keep the board focused on results, not personalities. Character and behavior are more important than personality. It's about values being aligned with the organization.
- Neutralize the influence of HR. A slick HR process can make everyone sound like they have a perfect resume. Build a catalog of performance data for each candidate and share the results as part of the routine succession planning process.
- You pick the slate, you don't pick your successor. Don't bet on a horse – you want all horses to run past the finish line. The board will push you to commit and name your preferred successor. Give them the information they need, but resist committing, at least until late in the process.
- Make sure the board knows all the players – not just from their formal interactions, but personally. Site visits and overseas travel provides a good opportunity to build relationships.
- It's hard for the board to let go when things are going well, and the prospect of adjusting to a new CEO's expectations and processes can be daunting for them. Get yourself and your board ready for the transition. When you're ready, communicate it clearly. Sometimes the board won't take it seriously until they really believe that you're going to leave.

6. MANAGE INVESTOR EXPECTATIONS

Maintain your credibility by telling it like it is.

MINIMIZE "CEO TALK"

Maintain your credibility by telling it like it is. Avoid the trap: "Nothing but good news. Things are wonderful and getting better."

YOU'RE A LION TAMER HERE, TOO

You may be operationally prepared to be CEO, but you're probably not prepared to deal with activist shareholders.

ARTICULATE YOUR STRATEGY

Take the time to communicate your strategy at a level that the sell-side will understand. Manage their expectations, deliver what you promised, repeat.

GUIDANCE – YES OR NO

- It's a very industry- and company-specific decision, depending upon the predictability of your earnings. Whether you issue guidance or not, there will always be expectations to manage.
- It's hard to say empirically that companies that give guidance receive higher earnings multiples, and there's no evidence that starting or stopping guidance has any impact on value.
- Some companies, like Microsoft and GE, have stopped issuing guidance. Instead, they give directional input on macro business drivers, but let the analysts' develop their own modeling assumptions.
- Guidance does provide good internal discipline. It forces you and your team to commit to goals, and it helps establish a consistent annual operating rhythm.
- If you do give guidance, consider only annual guidance, with some expectation management during the year. Quarterly guidance can become too much of a distraction internally.

6. MANAGE INVESTOR EXPECTATIONS

continued

THE BOARD'S ROLE WITH INVESTORS

A 2012 survey indicated that 15% of companies let directors talk to investors in some capacity. CEO Academy® panelists are of two camps regarding the role directors should play:

- **Viewpoint 1:** Board members should not talk to investors about the business. They're simply not engaged at the operational level to know the details. It's okay to have directors in the room to learn how investors perceive the company, but they should not comment or opine. Find a way to not have a director represent the company while still being responsive to investor requests, e.g., use the CFO or outside consultants instead. Go overboard communicating with shareholders, just not via directors.
- **Viewpoint 2:** Times are changing. We're naïve if we think we can put up a "no director" boundary. While a director should never represent the company, there are situations where directors can play a role, such as on governance and compensation philosophy issues. You need to define a clear, finite set of circumstances under which you'd put certain directors out there.
- There was consensus, however, that dealing with the press can be an even bigger challenge than dealing with shareholder activists. Back and forth sniping between the board and press can be damaging. Consider putting a "no talking to the press" clause in your board governance documents – you'll need it.

PERSONAL DISCIPLINE

"You're going to be humbled by this job if you're in it long enough. Remember, it's about the company, not you – companies live for centuries and you're only a steward for 10-15 years."

– George David,
former Chairman & CEO,
United Technologies Corporation

7. PRACTICE EFFECTIVE TIME MANAGEMENT

Focus on the vital few rather than the trivial many.

SOME THINGS ARE YOURS ALONE
Look for things that only you can worry about – stuff that is essential to get right, but no one but you will think about or be accountable for. Make a list of what won't happen if you don't do it.

GET THE BIG ONES RIGHT
You may only have 10-15 critical decisions a year. Give them the time they deserve and know when to push lesser decisions to the back burner. Focus on the vital few rather than the trivial many, and don't let the urgent squeeze out the important.

PRIORITIZE GROWTH
Every employee, partner, and stakeholder holds you accountable for growth, so spend your time on whatever drives growth. Focus on the things that actually move the needle.

CHOOSE BETWEEN TASKS AND IMPACT
The crush of tasks can be relentless – speeches, appearances, site visits, media, emails, etc. Look back every few months to assess if the time you spent on various matters matches their impact.

MANAGE THE MESSAGING FLOW
Beware the ubiquity and "always on" nature of electronic communications. Develop a plan to handle the constant deluge, or it will bury you. When someone sends you a lot of information, only send a little back, lest your response start another avalanche of communications and work.

SPEND MORE TIME ON WHAT'S IMPORTANT
There are probably fewer than 10 things that you'll absolutely need to get right during your tenure – bias your time toward those musts. Looking back, CEOs often feel that they didn't spend enough time on truly important things. They frequently regret not devoting more time to: board relations; leadership talent development (top 100); long-term strategy and competitive dynamics; R&D; government relations; risk management; key investors.

STAY FOCUSED ON EXECUTION
But maintain the right altitude – develop controls to help you determine how deep you need to go.

7. PRACTICE EFFECTIVE TIME MANAGEMENT

continued

WHO YOU SPEND YOUR TIME WITH IS EQUALLY IMPORTANT
Customers and front line employees are the heartbeat of the business and an early warning system. Don't waste your time telling your story to anyone else. Seek customer interaction, and spend a vast amount of time communicating with employees.

TIME ALLOCATION IS SITUATIONAL
It depends upon strategic context and where the company is in its lifecycle. Have your head in the clouds and feet on the ground, and know when to be where. Reallocate your focus periodically (perhaps every 90 days).

PROVIDE THE RIGHT LEVEL OF LEADERSHIP AT THE RIGHT TIME
Figure out what's just right. For the sake of your leadership team, however, be consistent. Spend more time with new leaders or leaders who are tackling big issues, while giving others more rope.

STAY FRESH
You may be thinking of the company all the time, but pace yourself. Don't let the job eat you. It's tough to make good decisions if you're constantly grinding. Find a way to recharge and keep your energy up.

DON'T IGNORE REGULATORY ISSUES
Regulatory issues demand ever-more attention from senior leadership. But don't allow them to smother your forward agenda or squeeze out value creation. That said, getting into the regulatory penalty box can be incredibly distracting and time consuming, so make sure you spend the time necessary to avoid any problems.

OUTSIDE BOARD EXPERIENCE CAN BE A GOOD USE OF TIME
It gives you perspective on operating issues and shows you how a board thinks and how they view the CEO. Being on the right board (i.e., a high performing board, alongside a strong management team) can be a tremendous learning experience.

RECONSIDER CORPORATE AIRCRAFT
Despite the public outcry, private aircraft can be extraordinary time management tools, particularly if you have far-flung operations and constituents.

8. MAINTAIN SITUATIONAL AWARENESS

If you sense danger, listen, because it's probably worse than you think.

DEVELOP A NOSE FOR DANGER
In the military, they call it maintaining situational awareness. You need to be constantly vigilant for significant danger, with a combat-tough view of your environment. Nobody trained you for it, but you're in combat now.

YOU'RE NOT IN KANSAS ANYMORE
In your old job, if you missed your numbers your boss would be mad. In this job, if you miss something big it can be devastating for the company.

IF YOU SENSE DANGER, LISTEN
Because it's probably worse than you think.

RELY ON YOUR TEAM'S INSTINCTS
Sometimes it takes a collective to see a train coming – listen to your team and your board on risk awareness.

YOU HAVE NO FRIENDS ANYMORE
Danger today can come from anywhere – compliance, policymakers and regulators, investors, media, suppliers, distributors, customers. Realize that a lot of people may be rooting against you. That said, don't be paranoid.

PREPARE FOR INTENSE SCRUTINY
Every aspect of your life will now be scrutinized. It's hard. Everything you say, write and do will be watched closely. Self-editing is tough, but it's crucial.

LAY LOW
Don't draw any additional attention to yourself. If you dine at the cult of CEO personality all day, it will eventually get you. CEOs on blogs, Facebook or Twitter – they're nuts. And think twice before you hit "send" on any email.

8. MAINTAIN SITUATIONAL AWARENESS

continued

KNOW WHERE TO TURN FOR TRUSTED ADVICE

- Find the one or two executives with whom you have that extra level of trust when confronting the toughest issues. It's not necessarily a personal relationship, just a trust thing.
- Rely on different senior team members situationally. Hire athletes and surround yourself with a diversity of people and perspectives. Sometimes the best advice comes from someone whose area of expertise is outside the immediate issue. Don't be predictable – go out to the field unattended and get the front-line perspective.
- Cultivate a group of trusted external advisors (e.g., lawyers, bankers, crisis managers) before you have to respond to a major event.

9. STAY GROUNDED

Keep your ego in check and remain humble.

IT'S NOT ABOUT YOU
Companies go off the rails when a CEO's ego gets intertwined with the company's direction. You're going to be humbled by this job if you're in it long enough. Remember that companies live for centuries and you're only a steward for 10-15 years.

YOU'VE GOT TO EARN IT
Some think they've reached the Hall of Fame when they get the job. In reality, you've just won a starting job in the NFL, but you haven't even completed a pass yet. Being CEO is like being a Navy SEAL – you don't have to do it, you choose to, so live up to the obligations.

WORK-LIFE BALANCE
There's no such thing as balance, you're always on call. So learn how to compartmentalize – it takes discipline, but it's incredibly important. That said, when you're in the office, be a good role model – don't spend endless hours in the office just for show.

PRIORITIZE FAMILY AND FRIENDS
Have people in your personal life who understand, give you flexibility, and continuously refresh and support you. Be in the moment with them. If there's a work emergency, it will find you.

YOU'RE STILL THE BOSS
Lots of leaders have a need to be loved by their subordinates – resist it. Your team should trust, respect, and even like you. But don't cross the line – it's not a locker room. You don't need to be loved by all.

DON'T BE AFRAID TO FAIL
Every once in a while, you've got to bet your job to advance the enterprise. But don't bet the company.

HAVE FUN
You've got your shot, so enjoy it and maintain your sense of humor. Winning teams tend to be joyful. If you're not joyful at your job, you shouldn't do it.

"Maintain laser-like focus on your top 3-5 priorities – avoid the trap of trying to do everything at once."

– ***George David,*** *former Chairman & CEO, United Technologies Corporation*

"When you're new, you tend to want to please – don't overpromise or overcommit. Earn credibility by delivering consistently."

– ***Maggie Wilderotter,*** *Chairman & CEO, Frontier Communications Corporation*

"There may only be 10 truly critical decisions in your entire tenure – focus on the few things that can really move the needle."

– ***Ed Breen,*** *Chairman and former CEO, Tyco*

"Being CEO is like being a Navy SEAL – you didn't have to do it, but you chose to, so live up to the obligations."

– ***Ron Williams,*** *former Chairman & CEO, Aetna Inc.*

"You're the catalyst for change – set the agenda, remove obstacles, give people permission to change, and convince them they can win."

– ***Anne Mulcahy,*** *former Chairman & CEO, Xerox Corporation*

"Remember that financial metrics are just reflections of underlying factors that can be changed. Economic profit is like the moon – it has no light of its own."

– ***Bob Lane,*** *former Chairman & CEO, Deere & Company*

"Every once in a while you've got to bet your job to advance the enterprise – just don't bet the company."

– ***Kevin Sharer,*** *former Chairman & CEO, Amgen Inc.*

"Trust your instincts and impose your will – the company needs leadership – if you're wrong, you'll pay the price, but if you're right, it can be very powerful."

– ***Ivan Seidenberg,*** *former Chairman & CEO, Verizon Communications Inc.*

"Becoming CEO is a jump-shift. There's no real preparation for the job."

– A.G. Lafley,
Chairman & CEO, The Procter & Gamble Company

For more information please contact
Donna Gregor at 215.656.5348 or donna@theprium.com.

www.ceoacademyinc.com

PUBLISHED BY PRIUM

EDWARD BREEN
Chairman and Former CEO
Tyco

EDWARD D. BREEN was the Chairman and CEO of Tyco International for the past ten years, from July 2002 until September 2012, when the company separated into three public companies. Mr. Breen is currently non-executive chairman of the Tyco Board of Directors. Prior to joining Tyco, Breen was the president and chief operating officer of Motorola from January 2002 to July 2002, and before that executive vice president and president, first of Motorola's Broadband Communication sector (January 2000 to January 2001), and then Motorola's Network Sector (January 2001 to January 2002). From December 1997 to January 2000, Breen was chairman, president and CEO of General Instrument Corporation (GI) and before that president of GI's Broadband Networks group. He is a member of the Advisory Board of New Mountain Capital, a private equity firm, and also serves on the Board of Trustees of Grove City College, where he earned a bachelor's degree in business administration and economics. Breen served on the Comcast Board of Directors from April 2005 to November 2011. In 2009 Breen was named by Ethisphere as one of the 100 Most Influential People in Business Ethics.

DENNIS CAREY
Vice Chairman
Korn/Ferry International

DENNIS CAREY is Vice Chairman of Korn/Ferry International. He specializes in the recruitment of chief executives and corporate directors. He has conducted searches for the CEOs of 3M, Tyco International, MCI, American Standard, and many other companies; assisted numerous boards in CEO succession projects; and completed searches for directors of Allied Signal, American Express, Amgen, CBS, Glaxo-SmithKline, Goldman Sachs, Merrill Lynch, NCR, Sprint, and Tyco International, among others. He has served as Delaware Secretary of Labor, as Vice President of the University of Delaware, and on boards of publicly traded firms, and is the coauthor or coeditor of *CEO Succession, The Human Side of M&A, How to Run a Company*. His most recent book, *Boards That Lead*, published by Harvard Business Press, 2014, is co-authored with Ram Charan and Michael Useem. He founded or co-founded the Chairman Academy, CEO Academy, Lead Director Academy, CFO Board Academy, CHRO Board Academy, Prium, and G100.

EDWARD BREEN
Chairman and Former CEO
Tyco

DENNIS CAREY
Vice Chairman
Korn/Ferry International

GEORGE DAVID
Former Chairman and CEO
United Technologies Corporation

A.G. LAFLEY
Chairman and CEO
The Procter & Gamble Company

ROBERT LANE
Former Chairman and CEO
Deere & Company

ANNE MULCAHY
Former Chairman and CEO
Xerox Corporation

IVAN SEIDENBERG
Former Chairman and CEO
Verizon Communications Inc.

KEVIN SHARER
Former Chairman and CEO
Amgen Inc.

MAGGIE WILDEROTTER
Chairman and CEO
Frontier Communications Corporation

RONALD WILLIAMS
Former Chairman and CEO
Aetna Inc.

CEO ACADEMY®