

The CEO's background. What happens when accountants run organizations?

I recently came across some research that indicated more and more CEOs come from a financial background. A study by Robert Half, a UK consulting firm, found that nearly half (49 per cent) of serving Chief Executive Officers (CEOs) in the current FTSE 100 Index have financial backgrounds, compared to only 31 per cent in 2008.

In many ways it's not surprising. Post-recession jitters will naturally lead boards to appoint those they think can best guarantee the financial health of the organization. Those with a background in finance are obvious candidates.

But is this really the best thing for an organization? A CEO whose experience lies in finance will naturally pay attention to the balance sheet. However, how much time and energy will he or she put into the people side of the business – despite the fact we know happy people mean profitable companies? Sometimes I despair that we really haven't come a long way in our development beyond mechanistic thinking. Executive meetings and board discussions are typically focused on numbers, on the bottom line and, of course, on shareholder expectations. Those representing human resources [if they are even present at these discussions] often chime in with a commentary on labor negotiations or succession planning. Rarely, if ever, do the discussions focus on organizational culture or employee engagement. How often is there a vigorous debate about the behaviors that are required of leaders and what the organization must do to develop these?

I'm not saying that the numbers should be ignored. Clearly it's essential that the organization is financially healthy and thus close attention must be paid to the financial sustainability of the current enterprise. The problem is that in most organizations such discussions dominate and the appointment of CEOs who were formally CFOs simply compounds the problem.

It is a rare CFO who truly understands behavioral change and organizational culture and how to ignite the organization with an inspiring vision. Unfortunately, the dynamics of the top frequently preclude such newly minted CEOs from acknowledging this is not an area of strength for them and seeking help in this regard. And those lower down the organization are unwilling to challenge the new leader when they see these issues not being given the attention they deserve. And so it is that those things organizations declare they value such as the employee experience, work life balance, and employee engagement are rarely, if ever, present on the CEO agenda. And the trend towards accountants becoming CEOs is, I believe, going to make the situation much worse.

How might it be different if the CEO came from a background of organizational development? If he or she truly valued the development of leaders and made it a critical strategic thrust of the organization? If the CEO understood relationships and had the skill and passion to build a truly collaborative executive team [as distinct from the group of competitive high-performers we typically see in most organizations]? If executive compensation were driven not by share price but by employee engagement? I believe it would set a different tone for the organization and ironically would result in better bottom-line results.

Many a CEO declares that employees are the greatest asset of their organization. But, if this is anything other than lip service, then let me ask - are discussions around the executive table reflective of this

belief? Certainly most senior groups I work with seem to value their shareholders a whole bunch more than their employees.

Clearly the financial health of the organization cannot be ignored. But until those at the top pay equal, if not more, attention to the cultural health of the organization opportunities for financial success will be compromised. And I believe this starts by rethinking the skills we need in the leaders of today's organizations. Sorry accountants, it's time to move over and let some with a different background take over the top spot.