

Lessons from the top: what we hear from CEOs

This Eric Salmon & Partners, ‘Lessons from the top’ is a thought leadership article based on interviews with Luca Savi, CEO of ITT Corporation, Gonzalve Bich, CEO of Société BIC, Gerrit Marx, CEO of Iveco Group and Benedetto Vigna, CEO of Ferrari.

The way that the most effective CEOs lead their organisations has been changing rapidly, catalysed by an intense period of uncertainty and volatility. There’s a lot that business leaders can learn.

Whether it’s been the global pandemic, supply chain disruption, climate change, the war on talent, the Russian-Ukraine conflict and energy price spikes or digital and data-led, business transformation, chief executives faced a lot to deal with over the recent years. It means the rules of management have had to evolve fast and bosses have also had to adapt at speed.

Many recent events have been unprecedented, which means there’s been no blueprint for how management should cope. In fact, the nature of the leadership role has been disrupted. Confronting this unique moment in time, successful CEOs have shifted how they lead. They have focused on adapting a new toolkit, which has great potential beyond these crises and for the future. Hopefully, a fresh new approach will inspire leadership in the third decade of the 21st century.

Understanding how successful CEOs are navigating economic, social and technological changes matters. Firstly, there’s a recognition at the top that the pace of change is accelerating in all aspects of business. It means that bosses need to focus on creating a resilient organisation that is able to deliver consistent services, but also has the ability to evolve fast.

“Leadership needs to be more situational, shared and connected and the company culture not afraid of failures”.

“Act as mental coach and train other leaders to act as such; build a company culture where people are not afraid of failing, exploring new territories or facing change,” suggests **Benedetto Vigna, CEO of Ferrari**.

Luca Savi, CEO of ITT Corporation also has advice: “With everything that’s

happening, businesses have to be much more agile. Your leadership needs to be much more situational, and you also need to adapt quickly to changing circumstances.”

Therefore, calibrating a fast-moving organisation becomes increasingly important. The value of data to CEOs should not be underestimated, especially as businesses become increasingly digital-first. The capability to use, interpret and exploit data is now a vital skill. This requires taking a scientific rather than a traditional managerial approach, since data can be used to prove or disprove ideas and innovations.

A paradigm shift to inclusive leadership

A scientific approach requires an increasingly open mind from those at the top, as well as a willingness to explore new ideas and celebrate diverse views. This also involves listening to others and pursuing the truth that data unveils, rather than making decisions based on conviction and gut feel. CEOs must then have the ability to drop business initiatives, when proven wrong.

“The more open minded and curious you are, the better leader you are,” states **Gonzalve Bich, CEO of Société BIC**. He adds: “One of the things that we do internally is to educate ourselves, so we bring in outside thinkers and speakers -- they talk, we listen.”

Part of this more inclusive form of leadership involves opening up decision making to the whole organisation. Top CEOs increasingly realise that they don’t have all the answers. Businesses are becoming more complex. With greater automation and digitalisation, the strength of a corporation is also increasingly to do with its people, their collective knowledge and innovation.

This inclusive process involves putting employees and their voice at the centre of an organisation, as well as creating the conditions that allow every individual from the junior recruit to the back-office, including line-managers, the ability to express themselves and for top management and CEOs to take note.

“Leadership must be shared and connected. No single leader in today’s world can think of resolving problems alone – independently or top down,” details Benedetto Vigna.

While **Gerrit Marx, CEO of Iveco** believes in consensus building: “One of the first things I did is a firm wide engagement survey. We extracted purpose and values, taking into account also customer feedback, people feedback, all kinds of different aspects to define who we really are.”

A bottom-up approach to empowerment is now increasingly prevalent in successful businesses. Facilitated by the CEO, this is where all employees are empowered to be responsible and accountable, as well as innovate. Businesses increasingly have to be ecosystem players, even the best chief executive must count on many stakeholders for success, otherwise they will be swamped.

“Everybody wants to talk to the CEO, all the time on all topics, and technology has enabled this. Decisions have to be made closest to the point of highest knowledge, which is why it is so critically important as a business leader to have a great team around you,” says Gonzalve Bich. He continues: “to be a good leader, you also have to learn to be an excellent follower. A CEO must pivot to be an enabler of things. I think it is about energy and focus, that's what motivates people.”

Embracing a wider ecosystem

Stakeholder capitalism doesn’t just stop at the factory gate or the office reception, it is increasingly expanding. The idea that businesses don’t just look after their own interests, but that of society as whole is gaining momentum, where CEOs are driven not only by value creation, but by values.

“CEOs dedicate more time and attention to selecting long-term oriented investors”

“In the long term, you need to look at all stakeholders. We now think more about our customers, our employees and about the communities we are operating in. There is also a greater focus on investors. As CEO you need to

dedicate an important amount of time and attention to selecting your investors, those who show longer-term expectations,” details Luca Savi.

Certainly, profit, people and planet are now big focal points for chief executives, going beyond quarterly financial reporting. There’s now a focus on a greater sense of ‘purpose.’ This is about creating sustainable businesses for the future and involves a new approach from the top.

“You need to credibly talk about the purpose and the values to your people, to stakeholders and to new recruits. You also need to invest long-term for a more sustainable future and chief executives might need to make investments in capacity, time and money that may not have any return in the next year or two. This is simply a fact, which involves running trade-offs,” explains Gerrit Marx.

While Gonzalve Bich believes purpose is also about wider society goals as well: “When goals are set with a single-minded focus it’s amazing how quickly teams can achieve progress when those goals are doing good for a lot of other people. It’s good to set targets, reach them, and then reset. As a working example, BIC committed to improving the learning conditions of 250 million school children around the world by 2025. By the end of 2022 we reached more than 187 million. When you’re

talking about creating value, you’re creating value at the community level, you are giving back.”

“Certainly, the role of CEO is tougher now than at any point in history”.

Bich continues: “More employees, especially younger workers, are seeking out purpose-led organisations to work for. Top executives are increasingly having to lead with this concept in order to attract

talent and deliver more. Today it is about creating value, it is about creating opportunities and doing so is a force for good. I think that’s the role of the CEO.”

Being the CEO of a business in 2023 requires an ever-expanding list of competences and credentials. It’s not just financial, data and digital literacy, strategic acumen, as well as inspiring communication skills. Executives are expected to understand supply chains, ESG strategies and much more besides. They must also ensure that their workforces are diverse and inclusive.

Good leadership in the 21st century also means being good coaches to employees, building a company culture where people are not afraid of failing, innovating and facing change. “Today, as a CEO I focus a lot of energy and time on how to best inspire and motivate people,” concludes Gonzalve Bich.

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