



VIEWPOINT May 18, 2010, 12:01AM EST

What Chief Executives Really Want

A survey from IBM's Institute for Business Value shows that CEOs value one leadership competency above all others. Can you guess what it is?

By [Frank Kern](#)

What do chief executive officers really want? The answer bears important consequences for management as well as companies' customers and shareholders. The qualities that a CEO values most in the company team set a standard that affects everything from product development and sales to the long-term success of an enterprise.

There is compelling new evidence that CEOs' priorities in this area are changing in important ways. According to a new survey of 1,500 chief executives conducted by IBM's Institute for Business Value ([IBM](#)), CEOs identify "creativity" as the most important leadership competency for the successful enterprise of the future.

That's creativity—not operational effectiveness, influence, or even dedication. Coming out of the worst economic downturn in their professional lifetimes, when managerial discipline and rigor ruled the day, this indicates a remarkable shift in attitude. It is consistent with the study's other major finding: Global complexity is the foremost issue confronting these CEOs and their enterprises. The chief executives see a large gap between the level of complexity coming at them and their confidence that their enterprises are equipped to deal with it.

Until now creativity has generally been viewed as fuel for the engines of research or product development, not the essential leadership asset that must permeate an enterprise.

NEEDED: CREATIVE DISRUPTION

Much has happened in the past two years to shake the historical assumptions held by the women and men who are in charge. In addition to global recession, the century's first decade heightened awareness of the issues surrounding global climate change and the interplay between natural events and our supply chains for materials, food, and even talent. In short, CEOs have experienced the realities of global integration. The world is massively interconnected—economically, socially, and politically—and operating as a system of systems. So what does this look like at the level of customer relationships? For too many enterprises, the answer is that their customers are increasingly connected, but not to them.

Against that backdrop of interconnection, interdependency, and complexity, business leaders around the world are declaring that success requires fresh thinking and continuous innovation at all levels of the organization. As they step back and reassess, CEOs have seized upon creativity as the necessary element for enterprises that must reinvent their customer relationships and achieve greater operational dexterity. In face-to-face interviews with our consultants, they said creative leaders do the following:

- **Disrupt the status quo.** Every company has legacy products that are both cash—and sacred—cows. Often the need to perpetuate the success of these products restricts innovation within the enterprise, creating a window for competitors to advance competing innovations. As CEOs tell us that fully one-fifth of revenues will

have to come from new sources, they are recognizing the requirement to break with existing assumptions, methods, and best practices.

- **Disrupt existing business models.** CEOs who select creativity as a leading competency are far more likely to pursue innovation through business model change. In keeping with their view of accelerating complexity, they are breaking with traditional strategy-planning cycles in favor of continuous, rapid-fire shifts and adjustments to their business models.

- **Disrupt organizational paralysis.** Creative leaders fight the institutional urge to wait for completeness, clarity, and stability before making decisions. To do this takes a combination of deeply held values, vision, and conviction—combined with the application of such tools as analytics to the historic explosion of information. These drive decisionmaking that is faster, more precise, and even more predictable.

Taken together, these recommendations describe a shift toward corporate cultures that are far more transparent and entrepreneurial. They are cultures imbued with the belief that complexity poses an opportunity, rather than a threat. They hold that risk is to be managed, not avoided, and that leaders will be rewarded for their ability to build creative enterprises with fluid business models, not absolute ones.

Something significant is afoot in the corporate world. In response to powerful external pressures and the opportunities that accompany them, CEOs are signaling a new direction. They are telling us that a world of increasing complexity will give rise to a new generation of leaders that make creativity the path forward for successful enterprises.

Frank Kern is senior vice-president of IBM Global Business Services.