
THE CEO AGENDA
THE HORIZON OF A NEW AGE OF BUSINESS LEADERSHIP

SEPTEMBER 24, 2008
CORPORATE AND EXECUTIVE EDUCATION
DREXEL UNIVERSITY, LEBOW COLLEGE OF BUSINESS



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The CEO Agenda: The Horizon of a New Age of Business Leadership

A discussion focused on a research initiative undertaken by LeBow College of Business with 17 chief executives representing a variety of industries in the Philadelphia area. Dr. Narayanan, member of LeBow College of Business, will discuss insights resulting from that focus group and moderate a roundtable discussion.

Executive Summary

The CEO Agenda is the first in an ongoing series of interviews with top level executives from Fortune 1000 companies in the mid-Atlantic area. As a top private research institute, Drexel University's LeBow College of Business instruction and research maintains relevance to an evolving corporate world. The results of the research generated by The CEO Agenda will enhance our students' education and improve the economic prospects of Greater Philadelphia.

The CEO Agenda researchers consisted of top faculty from LeBow College of Business:

- Dr. V.K. Narayanan, Stubbs Professor of Strategy and Entrepreneurship, Associate Dean for Research
- Dr. Rolph Anderson, Royal H. Gibson Sr. Professor Marketing
- Dr. Jeffrey Greenhaus, William A. Mackie Professor of Management
- Dr. Bert Rosenbloom, Rauth Professor of Marketing Management

From the College's substantial pool of business contacts, 17 CEOs were selected to be interviewed over a period of several months to determine if there were commonalities in the business challenges they faced. Representatives were from 12 Fortune 500 companies, four mid-sized and one startup from across diverse industries. Four major themes emerged:

1. The Shifting Context
2. Managerial Issues
3. Leadership Challenges
4. Daily Dilemma of Firms

The findings proved to be a catalyst for research that forecasts trends and creates ideas. (Actual interviews took place two years ago.)

Shifting Context: Rapid changes in the marketplace that affect company operations.

- **Speed of Change:** As the business context shifts various operational factors change more rapidly than others.
- **Interconnectedness:** Regulation and operation issues create significant information processing demands on companies.
- **Emerging Factors:** Businesses are confronting three crucial issues: security (physical and cyber), sustainability, fear of fiscal crisis

Managerial Issues: Firms face various opportunities and threats.

- **Human Resource Management:** Employment has become more specialized; CEOs focus on skilled, technical labor.
- **Managing Global R&D:** Locating R&D overseas has become increasingly necessary as has the need to manage global teams.
- **Corporate Governance:** Companies note the high cost of compliance; others see opportunity to improve processes.

Leadership Challenges: Effective Leadership is confronted by forces that add complexity and present obstacles.

- **Managing New Organizational Forms:** Firms are forming joint ventures and strategic alliances.
- **Building Culture in Short Time Frames:** It is important to build organizational culture: international firms may experience cultural differences.

- Loss of Personal Privacy: Relentless scrutiny is placed on CEOs; loss of privacy has affected their personal lives.
- Daily Dilemma of Firms: The probably direction in which firms position themselves.
- Balancing Lifestyle with International Assignments: The clash between lifestyle and globalization could minimize the benefits of globalization.
- Too Much Data Not Enough Information: CEOs are not obtaining solid, actionable information on what is important to them.
- Plan for the Future, Execute for the Short Run: The time frame for action plans has to be considerably shorter than before; the old models don't work. The average CEO tenure is slightly over three years.

Implications of The CEO Agenda for the Greater Philadelphia business community:

- Firms must engage in succession planning across all organizational levels and in specialized areas of expertise
- Globalization requires increased attention to cross-cultural understanding
- Companies can effectively use technology in management operations and not have to place executives in foreign locales
- The region has industry clusters that allow companies to develop strategic alliances
- Public and private leadership can work together to bolster industry sectors for economic growth

Questions raised by the audience:

Why was R&D discussed? Why not supply chain?

Probably because management (CEOs interviewed) do not deal with supply chain issues except with the possible exception of purchase of raw materials.

In outsourcing R&D, the organizational structure is changing. Isn't protection of IP an issue?

This did not come to the top of the list of discussions, but it probably is an issue.

Are global politics an issue?

They are referred to as "public relations." Participants were reluctant to go into details.

Were issues and challenges global?

Yes.

Round-table discussion

To stimulate discussion about issues facing today's CFO, Dr. Narayanan asked participants, "Where are the tensions between CEOs and CFOs? Feedback from the participants' discussions follows.

Table 1

The "CFO does the 'perp' walk."

What's the CFO's role to the CEO?

What's the CFO's role to the Board?

The CFO works for the CEO/Board.

Being CFO is a great role until there is a crisis.

The situation with the company determines the CFO's role with the company.

Tenure doesn't matter; when the situation requires it, you have to do your job.

Table 2

The CFO must make sure the company doesn't get in trouble.

The CFO partners with the CEO.

The CFO introduces key performance indicators; gets the company on board with what they are; has to push concepts; should be consistent unless the industry changes.

There is an information overload for CFOs.

Table 3

Talked about the tenure of CEOs and CFOs; a lot of changes at the top creates tension.

Table 4

Conflict between revenue recognition and profit recognition and what CFO does to keep it clean – pre and post Sarbanes.

Globalization and impact on international accounting standards; spending a lot of money on IFRS and may end up gravitating back to GAAP.

Table 5

CFO's role has changed over the years; plays a more significant role.

Business partnership role with all of company, stakeholders and investors.

The company is a wheel; the CFO is the hub; conduit of information.

CFOs have a reputation as bean counters, but today their skill sets as politicians are being tested.

The CFO can influence the investor but is usually put in a position of delivering negative information while the rest of management puts out a rosy picture.

Dr. Narayanan concluded the session by inviting attendees of the CFO Alliance to participate in the upcoming **CFO Agenda Project** led by Dr. Michael Gombola, Chair of the LeBow College of Business Finance Department. Further information will follow.



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