

MAKING THE LEAP:

TRANSFORMING FUNCTIONAL LEADER INTO ENTERPRISE CEO

EVOLVING FROM LEADING A FUNCTION TO HEADING UP AN ORGANISATION

THE ASCENT PROGRAMME | ADVICE FROM ABOVE

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The move to CEO changes everything

Plenty of senior leaders arrive at the top expecting to carry out a larger version of what they did before. They're poised to deliver deeper expertise, sharper functional judgement, broader decision-making. But, as one door closes behind them, the enormity of their new role hits home. It soon becomes clear the skills that made them stand out in finance, operations or commercial are now the baseline, and what's needed now is the ability to carry the whole thing.

From bitter past experience, boards across the country tell us they lack confidence in the next generation to run the enterprise rather than a function. Meanwhile, those being promoted often feel under-equipped for the step.

We're interested in building robust levels of leadership confidence, ahead of individuals landing the top job. Squarely focused on N-1 leaders being asked to make the next leap, this paper draws on a handful of top CEOs who both mentor on Holmes Noble's flagship CEO-skills programme 'The Ascent', and appear on our Advice from Above podcast, hosted by Amy Speake, CEO of Holmes Noble.

Moving from influencing decisions to owning them

The CEOs who informed this paper described a broadly shared experience of life before leadership: for most of your career, you influence, build the case, make the argument, and then someone above you makes the final call. Ultimately, it's a comfortable place to stand and you can be right without ultimately having to be responsible.

However, stepping into the CEO role removes that comfort as Darren James, CEO of Aureos, puts it, describing it as "one of the loneliest and completely accountable jobs there is". Even when you consult widely and the board is with you, the decision is still yours to make.

Sébastien Desremaux, CEO of Dawsongroup TCS, describes the same weight from the inside. When it comes to a big call, he says, "you are on your own, and nobody can do it in your place". Whilst you can bring your team in when you are uncertain, the decision, and the responsibility for its impact on the business, its people and its customers, comes back to you.

Although in general agreement, Gavin Wesson at RLC Aerospace has a different take. He expected his first CEO role to lean on his own capability, then found he needed capable people around him, because he could no longer do all the necessary work himself. Likewise, James Wroath, who has led businesses including Wincanton and Keller, frames the misunderstanding neatly. "People assume the CEO job is the hardest in the business, when the job of a good CEO is actually to marshal the team, to be the coach and the manager rather than one of the players".

That has to be the first shift in mindset, moving from being the person with the answer to being the person accountable for the answer, whoever happens to find it. It sounds like a small distinction, but in practice it changes how you spend every hour of your week, and it is one of the hardest habits for a high-performing functional leader to unlearn.

Starting to make enterprise judgements

Being the best in your discipline can become a trap, as Harld Peters, CEO of Renewi knows all too well. In fact he was blunt about it, pointing out that specialists often cannot let go. For example, the finance leader keeps solving finance problems and the operations leader keeps optimising the plant, leading from their old strength because it feels safe, and the enterprise view never fully arrives.

James Wroath had the opposite experience and found it liberating. When he moved into Keller, a technical engineering firm full of qualified civil engineers, he knew he would never out-know 700 or 800 specialists, so all he had to fall back on were his core leadership skills and that turned out to be a defining moment. He realised a CEO is there to lead the best engineers, accountants and salespeople, rather than to be one.

Importantly, enterprise judgement is a different thing from expertise, yet both are regularly confused with each other. At its core, enterprise judgement is the ability to weigh a decision across every function at once, knowing that a win in one place may cost you in another.

Peter France, until recently CEO at TT Electronics, makes the case that you cannot get there without breadth, simultaneously understanding sales, operations, profit and loss line. He recommends managing a P&L before you sit at the top, because that is the language the whole organisation runs on. He describes his own turning point in exactly those terms, moving from managing a cost centre to running a true P&L, and learning that you pull the revenue lever as hard as the cost one to create value.

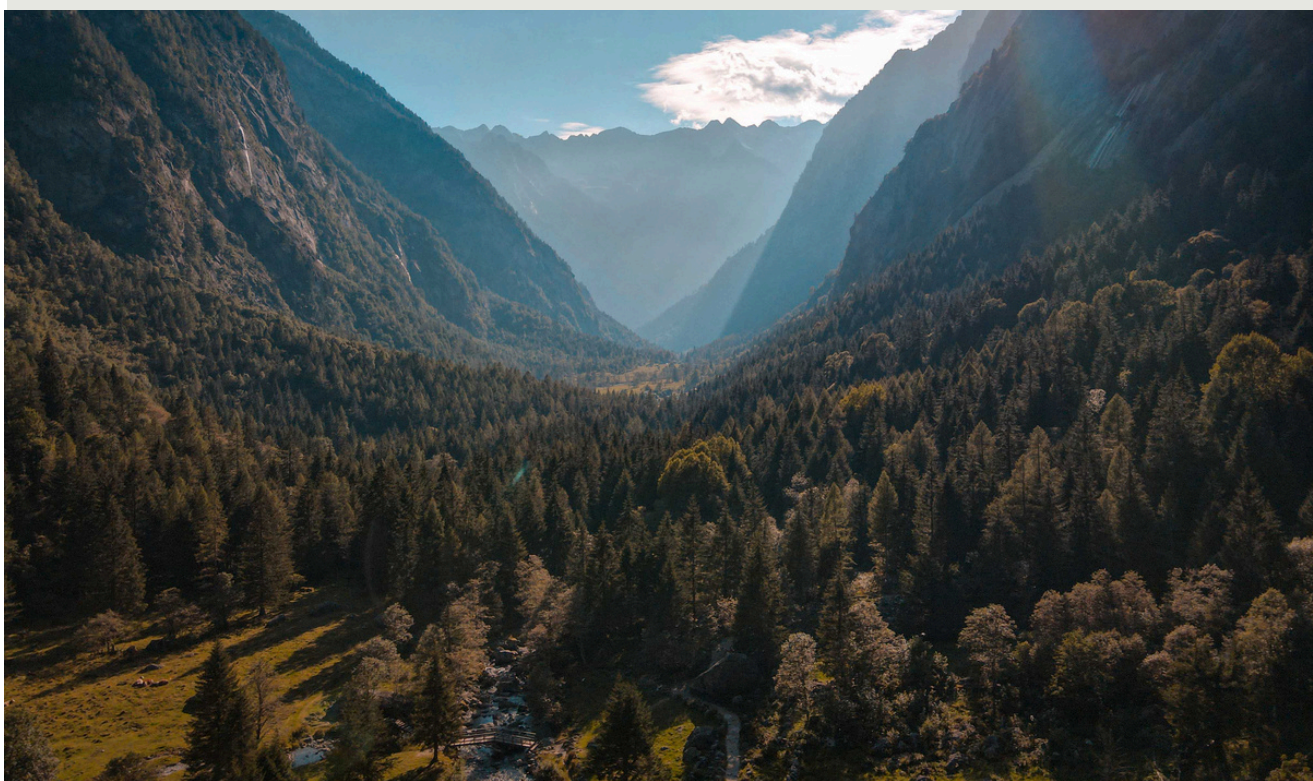
Several of the CEOs we work with took the same route to breadth, 'doing' the role before they were in the role. They took stretch assignments in unfamiliar functions and postings in geographies they did not know. This is the move from expert specialist to generalist leader, and it is one of the things that prepares someone for the C-suite. It is a deliberate act of self-disruption, and the leaders who do it early are the ones who look capable when a CEO role becomes available.

Broadening your commercial thinking

Your commercial instinct also needs to become more attuned with the wider brief. For Gianfranco Sgro, CEO of Arriva Group, building diverse international experience across geographies and verticals is essential, because each one teaches a different way that value is made and lost. It helps you see the business as a portfolio of bets rather than a single machine to be tuned.

Sébastien Desremaux offers a good tip which helps keep that instinct sharp. He argues that any leader should have moments in the diary with nothing scheduled, not to sit idle, but to think. He notes that “you can be a busy fool”, and he works hard to avoid it. That point is easy to lose at the top, where the calendar fills itself. Yet commercial judgement needs space to reach a sensible decision.

Here financial and strategic capability becomes a core CEO skill and you need to read the numbers as well as knowing which ones matter this year, what strategy the current board can actually deliver, and where the gap sits between the two. It’s something that’s only learned by exposure and reflection.



Leading through ambiguity

Many new CEOs soon discover that the higher you go, the less certainty you get. For Nicola Hindle, CEO of Matrix Group, senior leadership is “a place of greater uncertainty rather than less”. For her, the CEO brings together information flow, applies judgement and gut feel, and keeps checking the assumptions rather than pretending to know everything. Darren James, in turn, frames the core skill “as unpicking ambiguity, taking genuine complexity and translating it into a direction people can understand and act on”.

Sébastien Desremaux goes further, offering a way to stay steady at times of uncertainty. Confidence, he says, comes from holding the right balance between doubt and belief: “You need enough conviction to move and enough humility to keep questioning yourself”. It perfectly encapsulates that, whilst vision is a gift, doubt is his best friend, as it stops overconfidence turning into a serious mistake.

James Wroath makes a related, less comfortable point: UK business culture has become too risk-averse, and it shows in how we develop leaders. As he says, “The anxiety that comes with it is not something to be smoothed away, because it is often the very thing that drives you to succeed”. It matters that at some stage in your career you were handed a job you did not think you could do.

The CEOs were at pains to point out that even the greatest candidate will not always have the obvious answer, and often there is no obvious answer at all. But leading through that, calmly and clearly, is the real mark of confidence and informed leadership. It’s also the capability that the cohort on The Ascent programme spend a year building, because it cannot be handed over in a single conversation, rather it develops through exposure, reflection and honest feedback over time.

Gianfranco Sgro offers a practical discipline for the hardest moments: “When one route to your goal is blocked, build several scenarios towards the same end rather than fixating on the path that just closed. It keeps you moving when the obvious answer disappears, and it stops a moment of ambiguity hardening into paralysis”. He also notes that the most difficult stretches feel acute for only a couple of days, before they resolve into something you can act on.

Managing the executive team as a collective

Eric Born, CEO of Grafton Group, warns against two of the most common CEO pitfalls, when approaching the management of an executive team, and it boils down to the large ego and the instinct to micro-manage. “Manage outcomes”, he says, “rather than methods, and let people work directionally towards the goal”. Darren James, in turn, creates a sharper image, describing the CEO as the conductor of an orchestra. He says: “You do not play every instrument, and you may not even know how. Instead, your job is to know when to bring each talent in, and how to make eight players sound like one thing”.

James Wroath offers the same idea using a sporting analogy, describing the CEO as the coach and the manager rather than one of the players, and warning that the leaders who forget this end up “doing everyone else’s job badly, and their own barely at all”.

However, it’s as much the composition and quality of the team itself, and getting there starts with who you hire. Sébastien Desremaux says he tries to recruit people who bring him better knowledge from day one, and he treats that as a recipe for success, advising “never surround yourself with mediocrity”. It’s vital to treat the executive team as a single unit with a shared result, rather than a set of functional leaders defending their patches. That is one of the hardest transitions to make, and the CEOs we host on Advice from Above return to it again and again.

There is a practical test for whether you have made this shift. When something goes wrong in a function, do you reach for the problem yourself, or do you reach for the leader who owns it? The instinct to solve it personally is the specialist talking. The enterprise leader holds the person accountable, supports them to fix it, and keeps their own attention on the whole. Gavin Wesson describes this as the biggest surprise of his first CEO role, that leadership became about building capable, trusted teams rather than relying on his own capability. He says, with some reflection, “the moment you accept that, the job changes shape”.

Amy Speake, who hosts these podcast conversations, pressed guests on the human cost of CEO unpreparedness, asking what keeps them awake at three in the morning, and what they would not take to the boardroom. The answers tended to concern people, and whether the leader is doing right by them, and that’s the weight an executive team really places on a CEO; something worth understanding before you sit in the chair.

Building relationships with the board, chair and investors

Your relationship with the board changes completely as you approach the top. For years the board is a distant thing you occasionally present to, and as CEO it becomes a working relationship you manage daily in spirit, if not in the diary.

Gianfranco Sgro describes working with the board through vibrant discussion, real disagreement finishing in a unified decision once the call is made. Nicola Hindle reframes stakeholder management as the core CEO skill, influencing a broad audience towards a conclusion you have already reasoned through, much like managing upwards earlier in a career, only now the audience is the people who can remove you.

James Wroath adds an oft-missed dimension: Treat the board as pure governance and you waste it, especially in a PLC where “there is a wealth of advice and experience in that room. Handled well the board becomes a source of mentorship as much as oversight. The CEOs who thrive use it as both”.

Darren James adds a crucial nuance where the CEO title means very different things, whether in a PLC, a privately owned business or a private equity backed company. Governance, reporting and the pace of decision all shift accordingly, where “boards sometimes want a specific kind of CEO, so knowing your ownership model and tailoring how you work with the board is a core part of being ready”.

There is also a harder truth beneath the relationship which Darren James also notes: boards are risk-averse and tend to focus on your gaps rather than your strengths when they select a CEO. He notes: “They assume the strengths are covered, so they probe what is missing and that’s worth knowing before you sit in front of one”. The aspiring CEO who has already gone looking for their own development gaps, and can point to how they have filled them, is far more convincing than the one who arrives hoping their track record speaks for itself.

What good governance actually looks like

High-performing boards balance collective agreement and disagreement in equal measure, challenging hard, then fully committing once a majority decision has been reached. Future CEOs need to understand board governance and, ideally, learn to coach a board. Yet most never get the chance to observe one up close.

Unfortunately, you cannot lead a board effectively if you have never seen a good one work.

Board effectiveness reviews are one of the most practical ways to overcome this shortfall, giving a structured, honest look at how the board makes decisions and recognising where the challenge is real, and where it is polite theatre. They also examine whether the board composition can actually deliver the three, five and ten-year strategy, a check that should come before talent pipelines are built beneath the board.

Fundamentally, if the current board cannot deliver the strategy, it is the uncomfortable yet essential conversation to have first. As it's exactly this kind of honest reflection that separates a functioning board from a decorative one.



Accelerating readiness before the role

You do not have to arrive at the CEO chair cold, and those who have had regular board exposure will be at an advantage; it's all about spending time with executives, and watching how decisions actually get made.

Non-executive director appointments can provide valuable insight too, with Darren James calling a NED role the cheapest training you'll ever get. It really helps you understand board dynamics from the other side of the table and build credibility with the boards you will one day answer to.

Then there is the question of who backs you. James Wroath is clear that the single biggest factor in his own rise was mentorship, particularly people who gave him opportunities before he felt ready, including the necessary support to achieve goals. He tells the story of Terry Leahy, the former Tesco CEO, saying he got to the top because people kept handing him jobs he did not think he could do. However, Wroath's warning to organisations who prefer the paddling pool approach is pointed. "We have become so cautious that we only promote people once they are demonstrably ready, which is often the moment they have stopped growing, the most useful development happens just ahead of readiness, rather than after it".

He offers a simple personal test for whether you are still moving forward, which is rewriting your latest job on your CV every year, and if you cannot replace what was there twelve months ago with something new, you are coasting.

Structured development does the rest of the heavy lifting and leadership assessments give an honest read on where you stand against the enterprise role. Executive coaching builds the self-awareness and judgement that tenure alone will not. In particular, executive transition coaching supports the difficult first months when someone steps into enterprise responsibility for the first time.

The pattern across our guests is consistent with only a small minority of leaders investing personally in their own development, and they tend to be the ones who are ready when the moment comes.

A word on why you want the job

Not everyone should want it and James Wroath is quick to name the people who should not: The ones who want to be CEO for the title, the power or the status because they lead through the authority of their position rather than the strength of their skills. Sébastien Desremaux makes the same point from another angle; a firm believer in meritocracy, and he has seen a CFO become a very good CEO. As he puts it: “You earn the role because you deserve it rather than because you have served your time, and you keep earning it by how you treat people, including the ones who leave”. He argues that culture is shaped as much by how you handle exits, as by how you handle wins.

Amy Speake has noticed another thread across the series of discussions and it's that the CEOs who last are the ones who can switch off, protect their downtime and keep some perspective. She notes: “The role will take everything you give it, so the best leaders decide, deliberately, how much that will be”.

The shift deserves timely support

Transitioning from deep functional knowledge to broad company vision can be a huge challenge and, as our experienced CEOs have explained, first-time leaders often fail by trying to control every small detail instead of developing and trusting their team.

Most of this rests on sound judgement, fresh perspective and building strong relationships which are all skills that should be learned before a CEO takes up the role. That's exactly what The Ascent has been designed to do, helping future leadership achieve readiness long before a CEO position becomes vacant.

