SAMPLE

Building Tomorrow's CEOs

Building the Chief Executive Office for the Machine Era of Tomorrow

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INTRODUCTION

Every organization gets the chief executive its selection process deserves, and every era gets the chief executive its environment demands. This book is about the second sentence: what the chief executive role demands now that the machine era has arrived in every function the role supervises -- the analyses, the forecasts, the drafts, the dashboards, the briefs that used to justify much of the executive layer's time -- and what, in that environment, the office of the chief executive still uniquely is.

The question is not whether chief executives will use the new tools. They will, and the ones who refuse will lose to the ones who do not. The question is what happens to the role when the work surrounding it is automated -- and the answer, developed across the ten chapters of this volume, is the same answer the last decade gave about every profession the machines entered: the role's routine products fall in value, and its judgment products rise. The chief executive's routine products were always substantial: the summarizing, the reviewing, the presenting, the repeating of the organization's message until it stuck. The machines make those products abundant. What the machines cannot make abundant -- and what this whole volume treats as the office's core -- is the small set of decisions that cannot be delegated because no one else in the organization holds both the authority and the accountability to make them: where the organization goes, what it funds, who leads it, and what it will not do.

The series this book belongs to treats every profession structurally, and this volume applies the same treatment to the chief executive. Chapter 1 defines the office -- the four duties that make the role what it is, wherever it appears, in whatever size of organization. Chapter 2 defines the judgment portfolio: the categories of decision that belong to the chief executive alone, and the disciplines of preparation, option formation, and commitment that turn each category from an improvisation into a practice. Chapter 3 treats the information environment -- the strange position of the person at the top of a reporting structure designed to please them, and the machine era's double effect on that position, at once better instrumented and less trustworthy. Chapter 4 takes capital allocation, the discipline the finance profession treats as its own but that the chief executive exercises daily in a currency broader than money. Chapter 5 treats the top team -- the bench of leaders the chief executive appoints, the machine era's changes to that bench, and the operating rules of a team whose members all could hold the top job. Chapter 6 treats the board -- the one relationship the chief executive cannot staff, cannot delegate, and cannot afford to discover late. Chapter 7 treats strategy in the machine era: what happens to the leader's work of setting direction when forecasting, scenario generation, and plan drafting are abundant. Chapter 8 treats the operating cadence -- the rhythms, reviews, and escalation rules that let a single person stay current across an organization too large to know personally. Chapter 9 treats formation -- the career design that produces a person able to hold the office, in an era when the traditional path through the middle of the organization is thinning. Chapter 10 assembles the operating discipline: the daily, weekly, quarterly, and annual program that holds the whole practice together, and the character the office requires, because at the top of an organization the character of the chief executive is indistinguishable from the conduct of the organization itself.

Two boundaries hold throughout. First, this is an evergreen book: it names no products, no vendors, no market figures, because the disciplines it describes are the durable parts and the named parts are the perishable ones. Second, it is a book about the office rather than the personality: the literature of CEO charisma is large and mostly wrong, because organizations that depend on an individual's gifts fail when the individual leaves; the chapters that follow describe a role that can be held by design rather than by heroics. The volume treats the chief executive the way the series treats every subject: as a discipline, with instruments that can be named, taught, and audited. What the reader builds from it is their own practice -- and the organizations led by the readers who do will be led better than the ones led by talent alone.

CHAPTER 1: THE OFFICE AND THE PERSON

1.1 What the role actually is

Strip away the compensation, the title inflation, and the mythology, and a chief executive officer is a defined thing: the single person who holds an organization's undivided authority over its direction, its resources, and its key people, and who answers for the outcome of that authority to the body that appointed them. Every clause in that sentence does structural work. The authority is undivided -- committees advise, boards approve, but somewhere in every functioning organization there is one person whose decision is final while they hold the role, because organizations with genuinely divided final authority do not decide, they negotiate. The scope is named -- direction, resources, key people -- and it is a shorter list than the role's daily calendar suggests, which is the first clue that much of what chief executives do is not what they are. And the accountability is personal: the body that appointed the chief executive can dismiss them, and every decision they make is made under that standing possibility.

The distinction that organizes this entire book is the one in the chapter's title: the office and the person. The office is the structure -- the set of duties, decision rights, and accountabilities just described. The person is whoever currently holds it. Organizations weaken themselves in two symmetrical ways around this distinction. The first weakens the office by building it around a person: the founder who never defines the role's boundaries, whose decisions, tastes, and instincts become the institution's operating system, until the organization discovers that it cannot survive the founder's departure because there is no office to succeed, only a vacancy shaped like one individual. The second weakens the person by under-building them for the office: the accomplished specialist, promoted into a role that does not run on their specialty, discovering that the skills that earned the appointment are not the skills the appointment requires. The chapters that follow are written for the second problem, but they hold their discipline for the first: the chief executive who builds a practice rather than a personality leaves behind an office the next person can hold.

1.2 The four duties

The office's work reduces to four duties, and the reduction is useful precisely because it is short enough to audit against. The first is direction: the duty to answer, continuously and credibly, the question of where the organization is going and what it will not do to get there. This is not the duty to write the strategy -- Chapter 7 treats who actually drafts it -- but the duty to own it: to choose among the directions the organization could take, to state the choice in public, and to hold the choice steady long enough for the organization to act on it, while holding it loosely enough to revise when the evidence demands. The second duty is allocation: the duty to decide what the organization funds, at what level, for how long, and what it defunds -- the discipline of Chapter 4. An organization's strategy is visible in its allocation long before it is visible in its documents; the chief executive who does not personally own the major allocation decisions has delegated the strategy without saying so.

The third duty is the appointment of leaders: the duty to choose, develop, and if necessary remove the small set of people through whom the organization is actually run. Chapter 5

treats this in full, but the structural point belongs here: the chief executive's span of real control is not the whole organization but the top team, and the organization beyond the top team is run by that team, not by its chief. A chief executive who manages three levels down is not supervising more of the organization; they are supervising their own top team poorly, at the expense of the layer they actually own. The fourth duty is the signature: the duty to be the accountable party -- to the board, to the law, to the public, and to the organization's own word. Some of the signature is formal: filings, certifications, the acts that only the chief executive can perform. Most of it is substantive: when the organization fails, the explanation the outside world receives comes from this office, and when the organization commits, the commitment is held to this office's word. The four duties define the office the way four legs define a table; the rest of this book is the carpentry.

1.3 What the office is not

The role accumulates myths faster than any other in organizational life, and clearing three of them does useful work before the chapters that follow. The first myth is the visionary: the chief executive as the lone author of the organization's future, conjuring direction from genius. In practice, direction-setting is the most collective of the four duties -- the work of absorbing the analyses, patterns, and proposals of many people and selecting among them -- and the organizations that run on a single unaided imagination are the ones whose direction dies with its author. The chief executive's contribution to direction is judgment and commitment, not invention; Chapter 7 draws the line precisely.

The second myth is the chief doer: the chief executive as the most productive executor in the building, closest to the work, doing the job and leading it. The temptation is structural -- most people reach the office by being excellent doers, and doing is the source of their confidence -- but the office's arithmetic is unforgiving: an organization of any size produces more work than one person can do, and the chief executive who competes at doing is spending the office's scarce hours on someone else's comparative advantage. The test is not whether the chief executive can do the work but whether the organization's work gets decided, funded, and staffed well when the chief executive does none of it personally. The third myth is the culture personality: the chief executive as the embodiment of the organization's values, the human brand whose conduct substitutes for the institution's systems. Culture is real, and the office's conduct is its loudest signal -- Chapter 10 returns to this -- but the personality version fails its own succession test: values that live in one person's charisma leave with them, and the organizations that endure encode their values in decisions -- what gets funded, who gets promoted, what gets refused -- rather than in the personal style of the person at the top.

1.4 The scale invariance of the office

The office appears at every scale of organization, from the two-person startup to the enterprise of hundreds of thousands, and one of the more useful discoveries of modern organizational practice is how much of the role does not change with scale. The four duties are the same at both ends. The founder of the small company owns direction, allocation, key appointments, and the signature, personally, daily; the chief executive of the giant enterprise owns the same four duties, mediated by layers, staff, and cadence. What changes with scale is the instrument set -- the reporting lines, the review structures, the delegation of

preparation -- not the duties themselves. This scale invariance is why the same small set of failure modes recurs at both ends: the founder who never builds the top team around them because "we're small"; the enterprise chief who loses the allocation discipline because "finance runs that"; both discovering, at different scales, that the office does not forgive the abandonment of a duty just because someone else was nearby.

The machine era sharpens the scale invariance. The tools that automate the preparation of decisions -- the analysis, the drafting, the monitoring -- are available at every scale, which means the smallest organization now runs on instruments that used to require a giant's staff, and the smallest organization now faces the same central question as the giant: when the preparation is automated, what is left at the top is the judgment and the accountability, and the office stands or falls on those two. A useful discipline for the reader at either end of the scale: write down, for your own organization, who holds each of the four duties, and whether the holder knows they hold it. The number of organizations -- of every size -- where direction is nobody's explicit duty, or where the signature is held loosely by a person who assumed the office without assuming the accountability, is the number of organizations one audit question away from an unwelcome discovery.

1.5 The era's shift: routine products down, judgment products up

Every office produces products, and the chief executive's products divide the same way every profession's do in the machine era: routine products, whose value the machines have collapsed, and judgment products, whose value has risen. The routine products of the chief executive were always substantial. The summarized briefing -- the chief who read the analysis and repeated its conclusions. The delivered message -- the chief who carried the same speech to the same audiences with slight variation. The attended review -- the chief whose presence at the meeting was its outcome. The machines have entered all of it: the briefing is drafted, summarized, and translated before it reaches the top; the message is composed, personalized, and distributed at a scale no traveler could match; the review is monitored, flagged, and escalated by systems that watch continuously where a person could only visit. The chief executive who spends the office's hours producing these things is competing, at ruinous cost, with tools that produce them better.

What the machines do not produce -- and what the era has repriced upward -- is the judgment portfolio of Chapter 2: the decisions that require the office's undivided authority, the commitments that require the office's standing, and the accountability that no machine can hold because accountability is not a task but a relationship between the organization and the world, with a person's name on it. The shift has a hard consequence for how the office's time is spent, and the chief executives who manage the shift well are the ones who audit their calendars against it: every hour of routine production is an hour the machines cover, and every hour of judgment work is an hour only the office can spend. The audit is uncomfortable -- most calendars, examined honestly, show a chief executive working extremely hard at products the organization no longer needs from them -- and it is the single most reliable early indicator of which offices will thrive in the era and which will be quietly hollowed out by their own assistants and tools while their holders remain busy.

1.6 The one-person character of the accountability

The last structural feature of the office needs stating plainly, because the whole practice that follows depends on it: the accountability cannot be shared. Authority can be delegated -- the office would be unworkable if it could not -- but accountability cannot, because the body that appointed the chief executive holds the office, not the delegatees, answerable for what the delegation produces. The chief executive who delegates a domain and then explains its failure by the delegation has answered the board's question and failed it: the question was never who did the work but who answered for the work, and the office's answer is fixed by its structure. This is not a call to centralize; it is a call to delegate with the accountability clearly in mind, which changes how delegation is designed: the delegating chief executive keeps the instruments that let them answer for the delegated domain -- the escalation rules, the review cadence, the direct line to the facts -- rather than keeping the decisions themselves.

The one-person character explains several otherwise puzzling features of the office's traditional practice: why chief executives keep their own channels to the organization's facts rather than relying on the reporting line that serves them (Chapter 3 treats the reason, which is that the reporting line is shaped by the fear of them); why the relationship with the board is non-delegable even when a chief operating officer runs the enterprise internally (Chapter 6); why succession is a first-class duty rather than a courtesy to the future (Chapter 9): the office's holder is, by structure, the only person who can prepare the organization for their own absence. The office's instruments exist to make one person's accountability workable -- a single person cannot decide everything, but a single person can answer for everything if the practice around them is designed for it. That design is the subject of the remaining chapters.

1.7 The role's instruments

A practice is a set of named instruments, and the office's instruments are named throughout this volume; the overview here is the map. For direction: the decision to commit, and the artifact that holds the choice steady -- the strategy the organization can act on, treated in Chapter 7. For allocation: the allocation calendar, the option ledger, and the defunding discipline of Chapter 4. For the appointment of leaders: the bench review, the appointment decision protocol, and the removal discipline of Chapter 5. For the signature: the escalation charter, the review cadence, and the board operating agreement of Chapters 6 and 8. For the self: the calendar audit of this chapter, the information discipline of Chapter 3, the formation program of Chapter 9, and the character practice of Chapter 10. Each instrument is small enough to learn in an afternoon and consequential enough to repay a career of practice; none of them requires the holder to be extraordinary, which is the point -- the office's great holders are distinguished not by gifts but by the reliability of their instruments, and the instruments can be built by anyone willing to hold the office the way it is held at its best.

The appointment and the tenure arc

How the office is entered shapes how it is held, and the entry deserves its section because the four duties meet a new holder at the door. Offices are entered three ways, and each arrives with a known distortion. The internal promotion arrives with the organization's context and the board's trust, and with the loyalty debts of every relationship the holder built on the way up -- the debts the new holder must visibly discharge, because the organization

watches, in the first months, whether the colleague became the chief or the chief is still the colleague. The external appointment arrives free of debts and free of context: the organization's facts, culture, and unwritten rules must be learned at the speed of the office's errors, and the first-year premium is paid in the mistakes the context would have prevented. The founder's office arrives with the deepest knowledge of all and the weakest office: the founder holds the authority by origin rather than by structure, which is why the founder's version of this chapter's discipline -- building the role as an office rather than a person's habit -- is the hardest and the most valuable of the three, because it is the conversion of a personality into a structure, performed while the personality is still winning.

The tenure arc is the entry's continuation, and it has a shape the holder does well to know in advance, because the shape's stages arrive regardless of the holder's plan. The first years are the credibility years: the organization extends attention it will not extend again, and the holder's early decisions -- especially the uncomfortable ones -- set the pricing of the office's word for the whole tenure. The middle years are the compounding years: the instruments of this book, if built, begin returning their yield, and the bench, the cadence, and the culture now produce outcomes the holder could not have produced personally -- the tenure's quiet peak, and its danger, because the compounding years are also the comfort years, and the office that stops auditing its own instruments here will meet the audit's findings in the last stage. The late years are the legacy years: the succession of Chapters 6 and 9, the handing of an office rather than a personality, and the choice the arc finally presents -- the holder who plans the late years early ends the tenure as the author of the transition, and the one who does not ends it as the subject of it. The arc is not destiny; it is a schedule, and the disciplines of the chapters that follow are the tools for keeping every stage of it deliberate.

The office across ownership forms

The four duties travel across ownership forms, and the travel is worth tracing because the forms change the office's texture without changing its structure. The listed company holds the office in its most mediated form: the board is elected, the ownership is dispersed, and the office's accountability runs through disclosure regimes, quarterly rhythm, and the market's standing referendum on the office's word -- a texture that rewards the office's calibrated honesty of Chapter 10 and punishes the performed kind early and publicly. The private company holds the office in its most personal form: the board is the owners, the accountability runs through a relationship, and the office's tenure is governed by the private trust the form makes possible -- a texture that flatters the office's candor and starves it of the listed form's outside discipline, which the office must then import deliberately through the channels of Chapter 3 and the peers of Chapter 9. The founder's office, treated in the appointment section, is the form where the office and the person are least separated, and the family and cooperative forms hold the office inside a membership whose continuity outlasts any tenure -- the office's structure most visible in the form where the accountability runs through generations rather than quarters.

The practitioner's use of the map is the transfer skill: the officeholder who moves between forms -- the listed officer who takes the private seat, the founder who hires the professional chief executive and joins the board -- moves the duties intact while resetting the instruments, because the cadence, the disclosure rhythm, and the candor's dialect are the form's, and the officeholder who imports the old form's habits into the new one is running the office with the

wrong constitution. The four duties, meanwhile, are the traveler's constant: direction, allocation, leaders, signature, in every form, at every scale -- and the officeholder who has learned the duties as duties rather than as the habits of one form holds the office anywhere, which is the portability the era's leadership market increasingly prices: less the industry record than the demonstrated holding of the structure itself.

The Closing Argument

The office of the chief executive is a structure before it is a person: four undivided duties -- direction, allocation, the appointment of leaders, the signature -- held by one accountable individual to the body that appointed them. The person who holds it well is not the one with the most vision, the most output, or the most presence; it is the one who spends the office's scarce hours on the duties only the office can perform, and builds instruments for the rest. The machine era has not changed the office; it has concentrated it, collapsing the value of the routine products that once filled the role's calendar and raising the value of the judgment and the accountability that remain. The chapters that follow build the practice, one duty at a time -- but the practice starts with the audit this chapter ends on, and the reader who has not yet written down who holds each of the four duties in their organization, and whether the holder knows, has not yet started.

Checklist for Chapter 1

- Write down, for your organization, who holds each of the four duties: direction, allocation, key appointments, signature. Note any duty with no explicit holder.
- Audit your last month's calendar against the routine products: briefing, message delivery, attended reviews. Estimate the share of the office's hours spent on products the machines cover.
- Test each delegation you hold: can you currently answer, from your own instruments, for the delegated domain -- its escalation rules, its cadence, its facts? If not, redesign the delegation, not the accountability.
- Name the body to which the office answers, and the last three moments you engaged it substantively rather than ceremonially.
- Mark the myth you are most at risk of: visionary, chief doer, culture personality. Ask your top team which one they would say you are.

CHAPTER 2: THE JUDGMENT PORTFOLIO

2.1 The irreducible set

The office's duties of Chapter 1 are exercised through decisions, and the decisions that belong to the chief executive alone -- that cannot be delegated away, however well the office is staffed -- form a small, stable, nameable set. This chapter's claim is that the set is a portfolio: categories of decision, each with its own preparation discipline, its own failure mode, and its own tempo; and that the chief executive who manages the portfolio as a portfolio, rather than experiencing each decision as it arrives, holds the office at a different level from the one who does not. The categories are six. The direction decisions: the organization's purpose, its chosen field, the boundaries it will not cross. The existential decisions: the acquisitions, the divestitures, the transformations, the commitments that change what the organization is. The capital decisions: the major allocations and defundings of Chapter 4. The leadership decisions: the appointments, the removals, the successions of Chapter 5. The crisis decisions: the moments -- a market break, a safety failure, a scandal, a rupture -- when the organization's response time is measured against its survival. And the precedent decisions: the small rulings that become large because the organization watches them and encodes them into its culture -- what the chief executive tolerates, rewards, and refuses.

The set is irreducible for one structural reason: every category requires the office's undivided authority, and most require its undivided accountability. A committee cannot hold the accountability for an acquisition; a subordinate cannot hold the authority for a removal; a machine cannot hold either, because accountability is a relationship between the organization and the world, with a person's name attached to it. What makes the portfolio a portfolio rather than a list is that the categories compete for the same scarce resource -- the office's attention and its credibility -- and trade against each other: the chief executive who spends all year on existential decisions has made a quiet decision to under-serve the precedent decisions that actually run the culture; the one who lives in the crises has abandoned the direction decisions that would have prevented some of them. The portfolio view begins with the count: every one of the six categories, this year, needs a decision from this office, and the plan for the office's year is the plan for the portfolio.

2.2 Preparation: the decision that precedes the decision

The portfolio's first discipline is preparation, and the discipline has a rule: the office prepares the decision, not the outcome. A prepared decision has four components, and the chief executive who receives a decision with the four components assembled -- by the team, by the staff, increasingly by the machines -- enters the judgment with the work done. The first component is the frame: what decision is actually being made, stated in one sentence, in the form "we are deciding whether to X, not Y" -- because a startling share of executive time is lost to decisions whose frames were never agreed, with half the room deciding X and half deciding Y in the same meeting. The second is the option set: not whether to do the thing, but which of the genuinely available alternatives -- including the do-nothing option stated honestly, and including at least one option someone in the room actually prefers, because

an option set with no constituency is a theater, not a choice. The third is the consequence map: for each option, what happens if it works, what happens if it fails, and what it costs to find out -- the reversibility and the exit, treated in Chapter 4's allocation discipline and applicable to every category in this portfolio. The fourth is the evidence base: what is known, what is assumed, and what was checked -- with the assumptions labeled as such, because the option set that conceals its assumptions has converted the office's judgment into a coin flip with better typography.

The machine era has transformed this discipline's economics without changing its structure. The preparation -- the frame memo, the option comparison, the consequence map, the evidence summary -- is now draftable by tools that never tire, which means the excuse for unprepared decisions has evaporated while the risk of pseudo-prepared decisions has grown: the polished document that looks like preparation and is actually the fluent rearrangement of whatever the drafter was fed. The defense is the fourth component's rigor: the evidence base must distinguish what was found from what was generated, and the office's standing instruction to its preparers -- human or machine -- is that an assumption unlabeled is a defect, whatever the document's polish. The chief executive who builds this instruction into the organization's preparation culture finds the portfolio's quality rising on its own, because the office's questions stop being "what does the deck say" and become "what did we check," and the organization learns, quickly, which of the two it will be asked.

2.3 The option standard

The second discipline governs the option set, and it deserves its own section because it is the portfolio's most common failure and the cheapest to fix. The failure is the binary: the decision presented as yes or no, do or don't, accept or reject -- a shape that flatters the presenter (who controls the binary) and starves the office (which cannot see the field). The binary decision is the unprepared decision in disguise, because a real field of alternatives is evidence that someone explored the space, and its absence is evidence that someone did not. The discipline is the option standard: no decision reaches the office with fewer than three genuine options, one of which is the honest null -- the do-nothing option priced accurately, not as a strawman to be burned, but as the real alternative it always is. The option standard does not slow the office down; it concentrates the search upstream, where alternatives are cheap, instead of downstream at the office's desk, where they are expensive. And it has a subtler effect on the portfolio's quality: the office that sees fields of options makes comparative judgments -- this rather than that -- which are auditable and teachable; the office that sees binaries makes atmospheric judgments -- yes or no -- which are neither, and which leave the organization nothing to learn from the decision after it is made.

The standard has a companion for the machine era: the provenance rule. Options that arrive generated -- synthesized by the same tools that drafted the analysis -- are acceptable as candidates and unacceptable as the field, because a generated option set inherits the biases of its generator, and the binary's modern form is the tool that always produces a tidy, well-argued, three-option deck whose third option was never real. The office's standing instruction: at least one option in every set must come from a named human with a stake in it, and the provenance of each option -- who or what produced it, and why it is on the page -- is part of the preparation the office may always ask for. The rule costs a question and

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