

ANNUAL

CEO Benchmarking Report 2019

CEOs reveal what keeps them up at night

Hint: Business problems are people problems



Introduction

In January of 2019, The Predictive Index™ surveyed 156 CEOs, presidents, and chairpeople. We asked a slew of questions that cut to the heart of what drives them, what their challenges are, and what keeps them up at night. Their answers revealed the patterns of high-performing CEOs and allowed us to explore the executives' inner thoughts and biggest weaknesses.

We've broken our findings down into four sections:

CEO top priorities, challenges, and anxieties	3
Analysis of CEOs at high-performing companies	8
CEOs' biggest weaknesses—and what else they're secretly thinking	15
The real lives of CEOs	20
Survey methodology	29

SECTION 1

CEO top priorities, challenges, and anxieties

We begin by looking at the issues that consume CEOs. What are their biggest priorities and biggest challenges? As you'll see, strategy and talent are top of mind.

We asked our panel of 156 CEOs to identify their single biggest priority. The data tell us strategy and people come first—and then there's everything else.

**As a leader, you have a lot of important areas to focus on.
But of the following, which is your #1 priority?**



KEY FINDING: Strategy development and talent strategy are CEOs' top priorities.

We also asked CEOs to identify their top three challenges, and a distinct pattern emerged. A whopping 80 percent of the challenges they identified map back to people strategy and talent management; and their #1 challenge is finding the right talent. (In the chart below, all talent optimization challenges are highlighted in purple.)

As CEO, what are your biggest challenges? (choose up to 3)



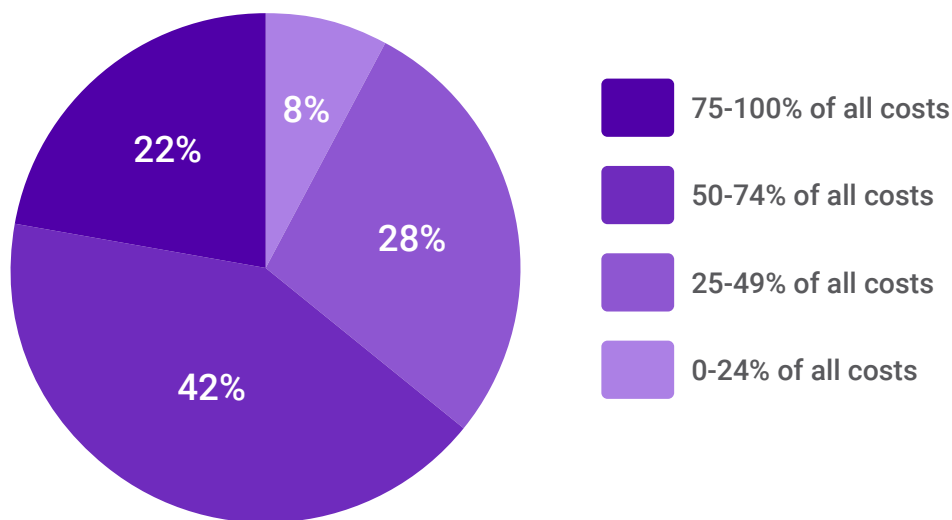
KEY FINDING: Four of the top five biggest CEO challenges relate to talent optimization.

CEOs' fixation on optimizing their talent makes sense—not just on an emotional level, but also on a financial level. In fact, if left unchecked, by 2030, the talent shortage could result in about \$8.5 trillion in unrealized annual revenues (Korn Ferry). There's the ubiquitous reality that "our people are our most valuable asset," and another truism: People are most companies' biggest expense.

We asked the CEO panel what percentage of their total costs are employee-related. For 64 percent of companies, employee-related costs constitute at least half of their overall costs.

On average, employee-related costs make up 55 percent of total company costs.

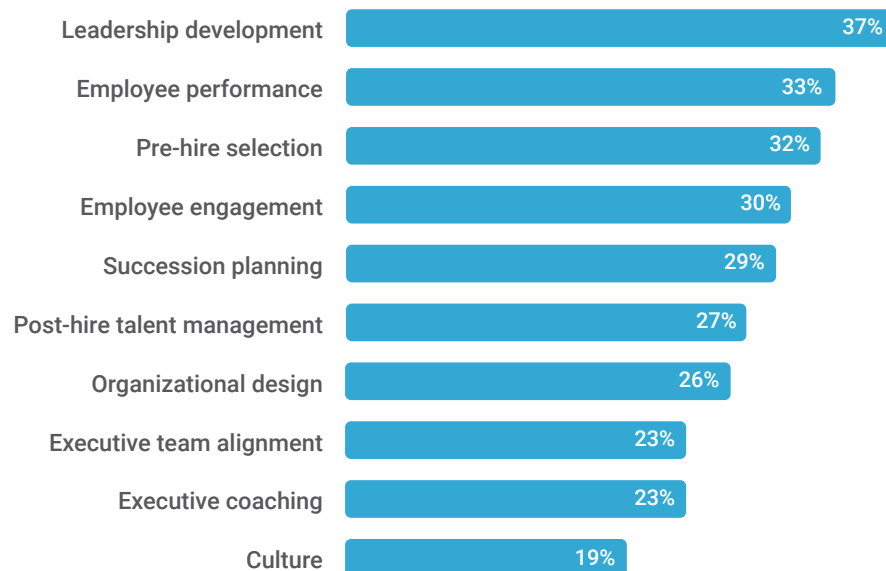
Approximately what percentage of your costs are employee-related/labor costs?



KEY FINDING: 64 percent of companies have employee-related costs that constitute at least half of their overall costs.

Given what a big challenge (and cost) talent is for organizations, we wanted to understand where CEOs feel they need help when it comes to talent strategy. Simply put—they need help across the board. Their top three answers were leadership development, employee performance, and pre-hire selection.

Where do you feel like you could use help with your talent strategy?



KEY FINDING: CEOs need help developing leaders, managing employee performance, and leveraging pre-hire assessments—i.e., talent optimization activities.

SECTION 2

Analysis of CEOs at high-performing companies

We were curious to know about the performance of the CEOs we surveyed, so we asked them to reveal how they performed against their 2018 goals. In our sample, 145 (93 percent) CEOs reported that they set goals in 2018, and more than half missed their goals.

Goal achievement



In the chart above, N= 145, representing CEOs who set goals for the 2018 calendar year.

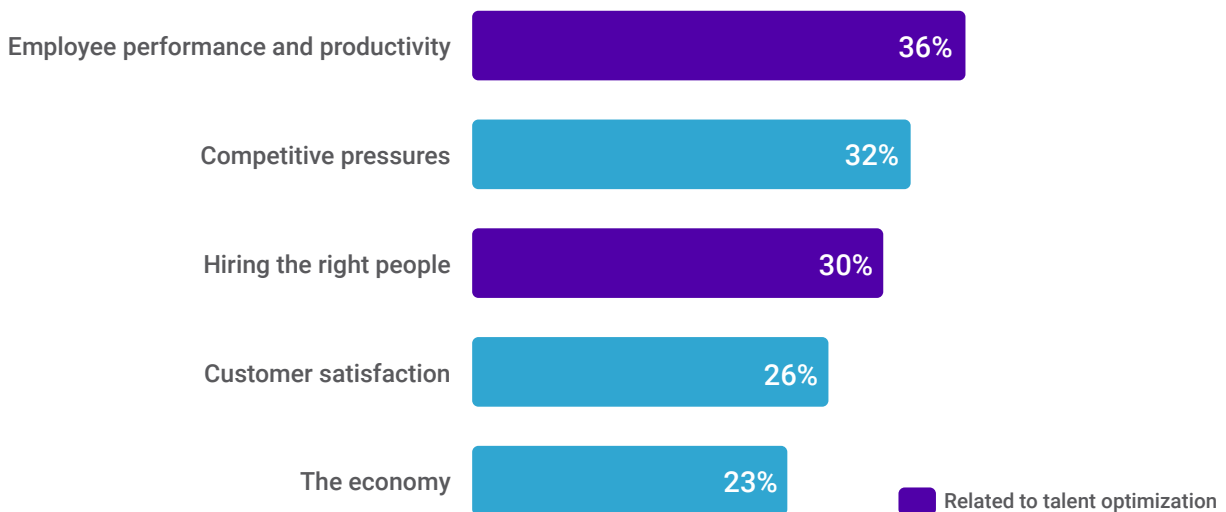


KEY FINDING: 52 percent of the CEOs who set goals in 2018 didn't achieve them.

We then analyzed the responses of high-performing CEOs (those who met or exceeded their 2018 goals) to infer what makes them successful.

Understanding what CEOs are thinking about is a good place to start. Here are the top three issues that CEOs say keeps them up at night: employee performance and productivity, competitive pressures, and hiring the right people.

What keeps top-performing CEOs up at night?



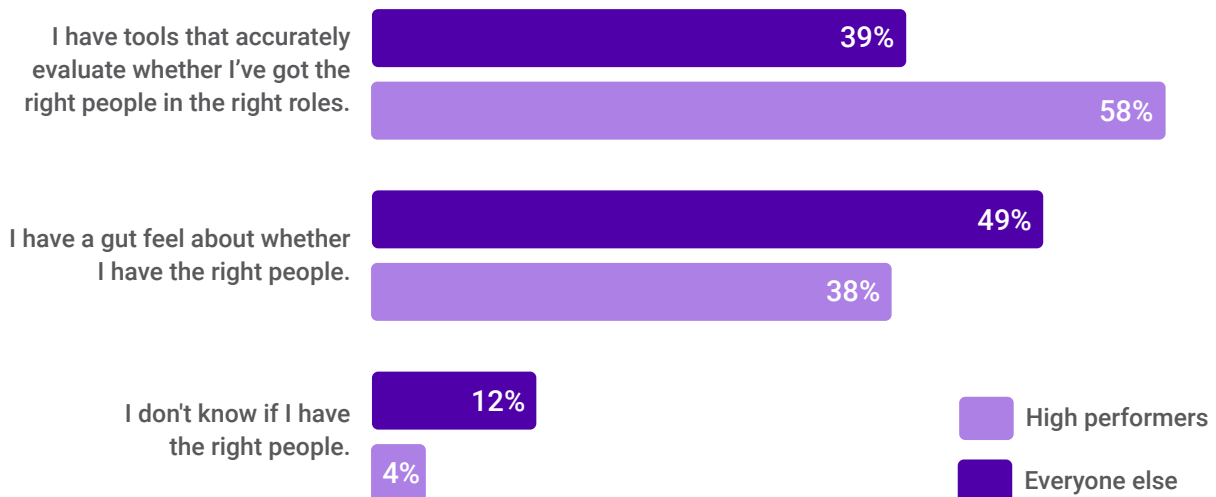
In the chart above, N = 69, representing CEOs who were designated as "top performers" based on achieving 100 percent or more of their goals in the 2018 calendar year. (All talent optimization challenges are highlighted in purple.)



KEY FINDING: Two of the three top issues keeping high-performing CEOs up at night are people problems.

High-performing CEOs are much more likely to implement tools that help them evaluate whether they have the right people in place.

Which of the following best describes how well you're able to assess if you have the right team in place for your strategy?

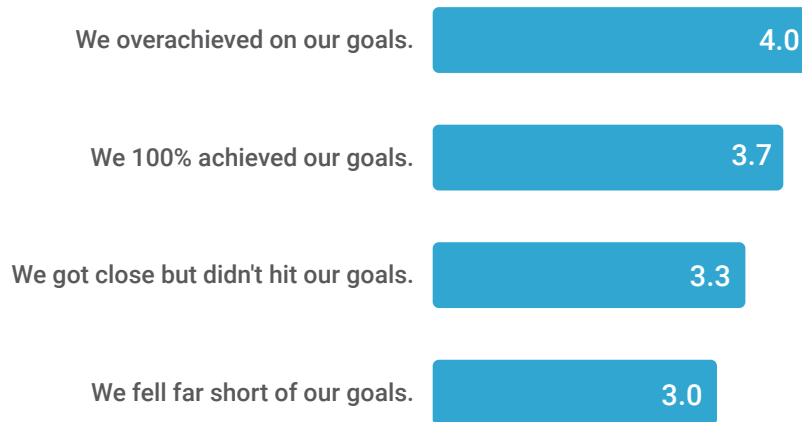


KEY FINDING: 58 percent of high-performing CEOs use tools to assess job fit and team fit.

We wondered how employees felt about working at high-performing companies. A good proxy for understanding employees' perceptions of their companies is to look at Glassdoor ratings.

As it turns out, there was an undeniable correlation between company goal achievement and high Glassdoor ratings.

What is your company's Glassdoor employee review rating?



In the chart above, N = 79, representing data from CEOs who set goals in the 2018 calendar year and whose company had a Glassdoor employee review rating. Additionally, the correlation between the Glassdoor rating and achievement of goals was $r=0.24$ ($p<0.05$, pearson 2-tailed correlation).



KEY FINDING: High-performing companies had better Glassdoor ratings than those who fell short of their goals.

We asked all CEOs whether they needed help with business strategy and execution or talent strategy and execution in the past five years. The majority needed help on both fronts.

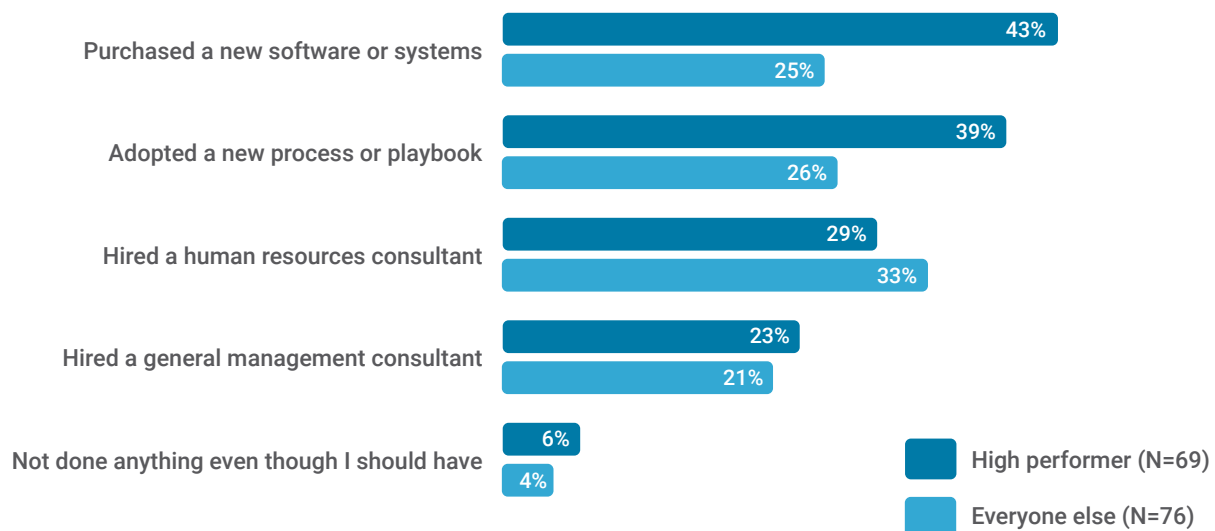
To what extent have you needed help with your...



KEY FINDING: Nearly 70 percent of CEOs needed help with talent strategy and execution; 65 percent needed help with business strategy and execution.

But when it comes to talent strategy and execution, high-performing CEOs are much more likely to have purchased new software or systems or adopted a new process or playbook than other CEOs.

When you needed help with talent strategy and execution, which of the following have you invested in? (check all that apply)



In the chart above, total N=145 (69 top performers, who hit or went over their 2018 goals, and 76 non-top performers, who did not achieve their 2018 goals), representing CEOs who set goals for the 2018 calendar year.



KEY FINDING: High-performing CEOs leverage new software, systems, processes, and playbooks to solve their people problems.

SECTION 3

CEOs' biggest weaknesses—and what else they're secretly thinking



We wanted to get inside the minds of CEOs and understand their own self-perceptions.

We were curious about what they considered their greatest vulnerabilities to be, so we asked them to identify their single biggest weakness as a leader. Considering the top two responses, it appears that even CEOs find it hard to hold the line with employees.

What do you consider to be your single biggest weakness as a leader?



KEY FINDING: CEOs' biggest weakness is holding people accountable.

Another topic we wanted to understand was CEOs' ultimate drivers. The number one answer (of the 10 options provided) was building a lasting company; the least-selected answer was amassing personal wealth.

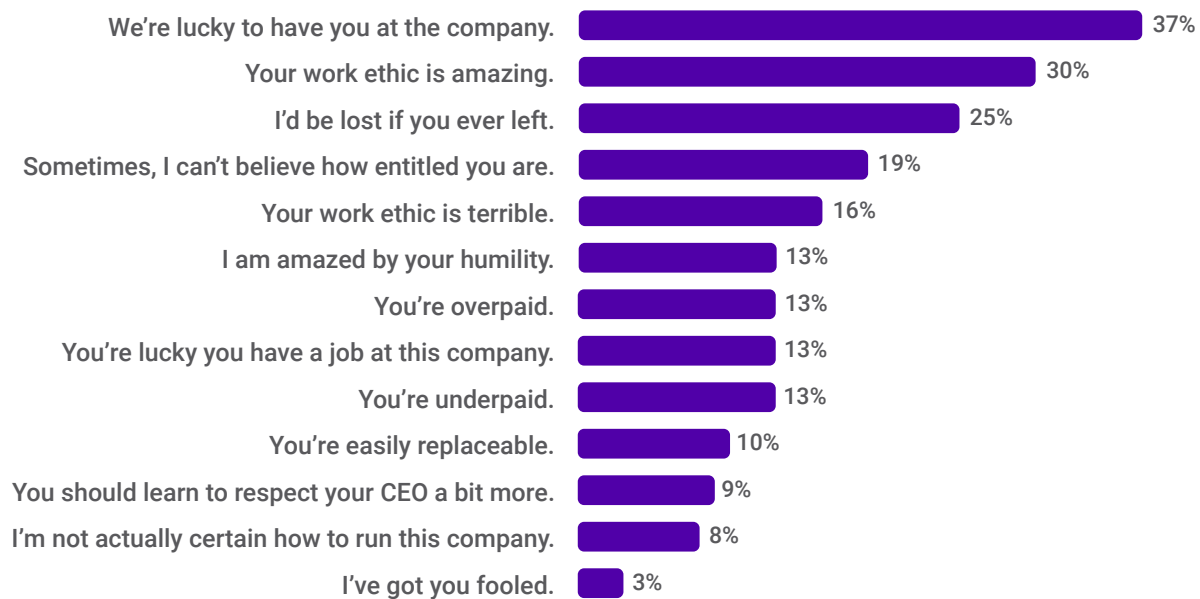
When it comes to work, which single thing do you really care about the most?



KEY FINDING: CEOs aren't in it for the money; they care about creating a company that lasts.

We also wondered what CEOs really think about their employees—but don't necessarily say to them. It turns out that most of those thoughts are more likely to be positive than negative.

Which of the following do you frequently find yourself thinking about some of your employees--but not saying to them? (check all that apply)

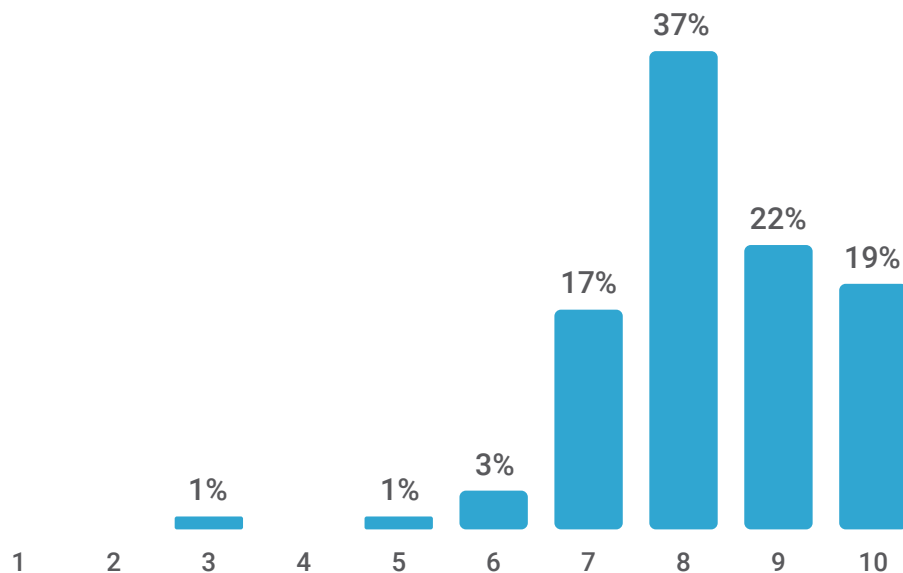


KEY FINDING: CEOs generally think positively about their employees, but don't necessarily share their thoughts.

The general perception of CEOs is that they're confident and self-assured. We tried to validate that perception with data by asking the following question: "On a scale from 1-10 (where 1 is least effective and 10 is most effective), how would you rate your effectiveness as a leader?"

Indeed, the stereotype of CEOs having confidence seems to match reality. The average score CEOs gave themselves in terms of their own leadership effectiveness: 8.25

On a scale from 1-10 (where 1 is the least effective and 10 is the most effective), how would you rate your effectiveness as a leader?



KEY FINDING: 78 percent of CEOs rate themselves an eight or above for their leadership effectiveness.

SECTION 4

The real lives of CEOs



Lastly, we thought it would be interesting to inquire about the lives of CEOs—including the kinds of questions we ponder but generally don't have license to ask. Here's what we found.

Let's start with money. On the base salary front, the CEOs in our panel had a mean average annual salary of \$178,454 and a median average annual salary of \$149,000 (N=135; extreme outliers were excluded).

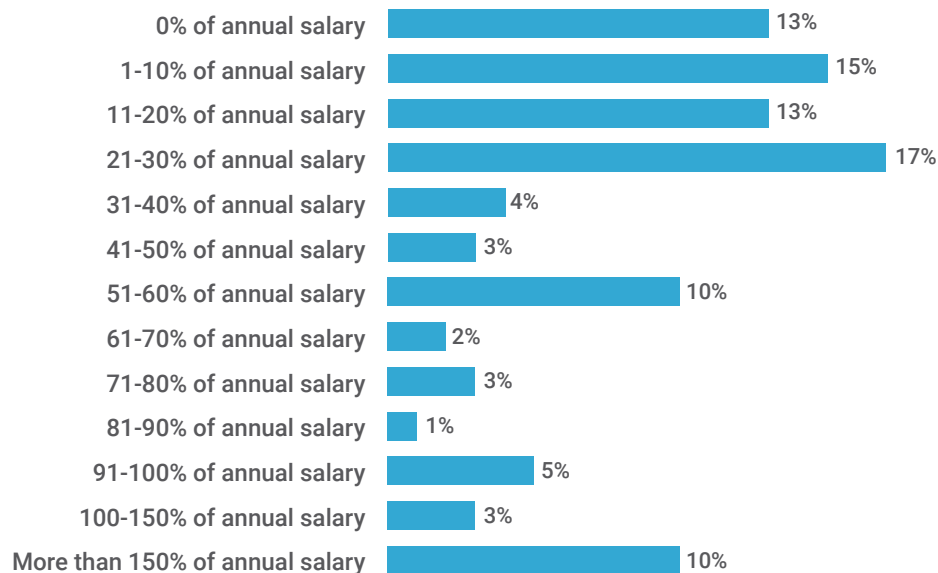
What's your base annual salary?



KEY FINDING: 43 percent of CEOs earn a base annual salary of at least 150k.

Next we asked the question: “On top of your base salary, what’s your additional annual earnings potential?” The vast majority of CEOs also had major additional annual earnings potential. Thirty-four percent could earn an additional 51 percent or more of their salary.

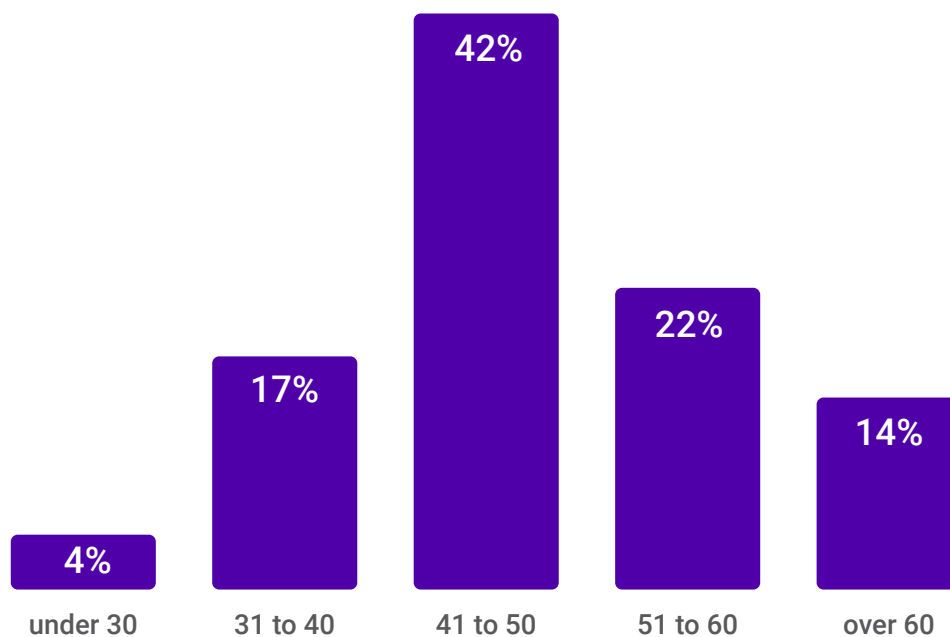
On top of your base salary, what’s your additional annual earnings potential?



KEY FINDING: 87 percent of CEOs have the potential to earn additional annual income.

Not only did we gain a sense of how much they make, but we also learned a lot about how hard they work—or at least how many hours they work. The mean average: 50.01 hours per week.

On average, how many hours a week do you work?



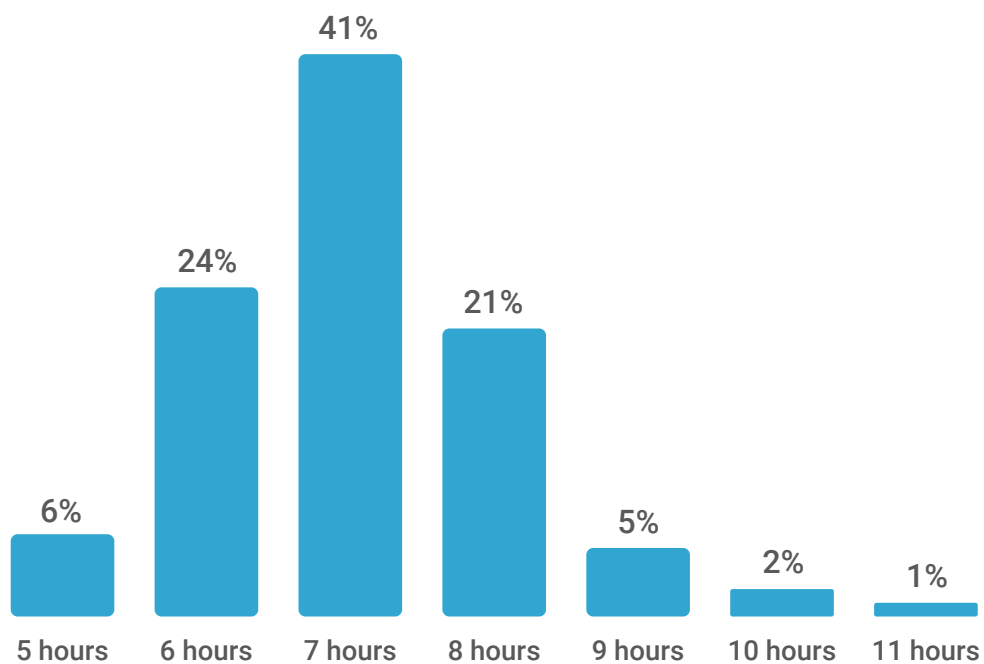
N=153. Three outliers who reported working under 20 hours per week were excluded.



KEY FINDING: 42 percent of CEOs work between 41 and 50 hours per week.

And are they getting sleep at night? On average, just a wink or two more than seven hours a night.

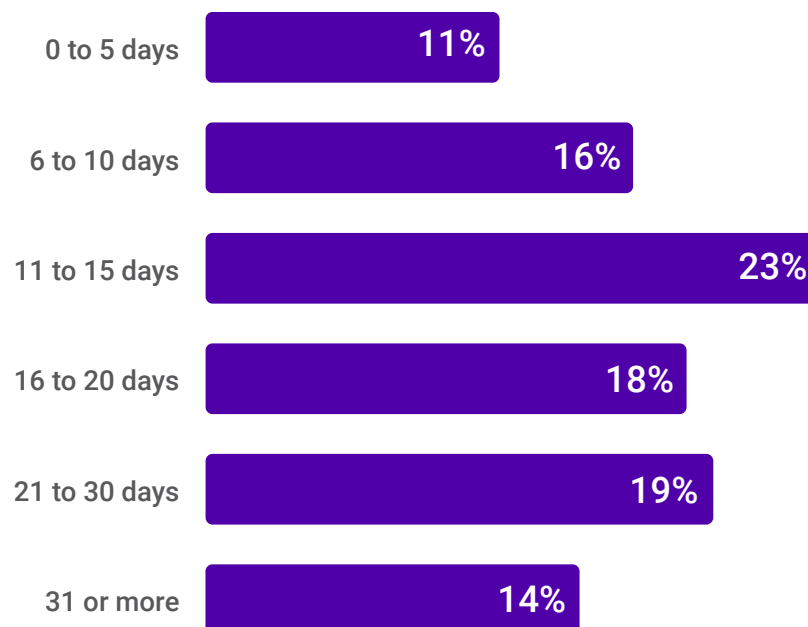
On average, how many hours of sleep do you get a night?



KEY FINDING: 41 percent of CEOs sleep for seven hours per night.

How do CEOs do when it comes to escaping the daily grind? The average amount of vacation time CEOs took in 2018 was 18.9 days.

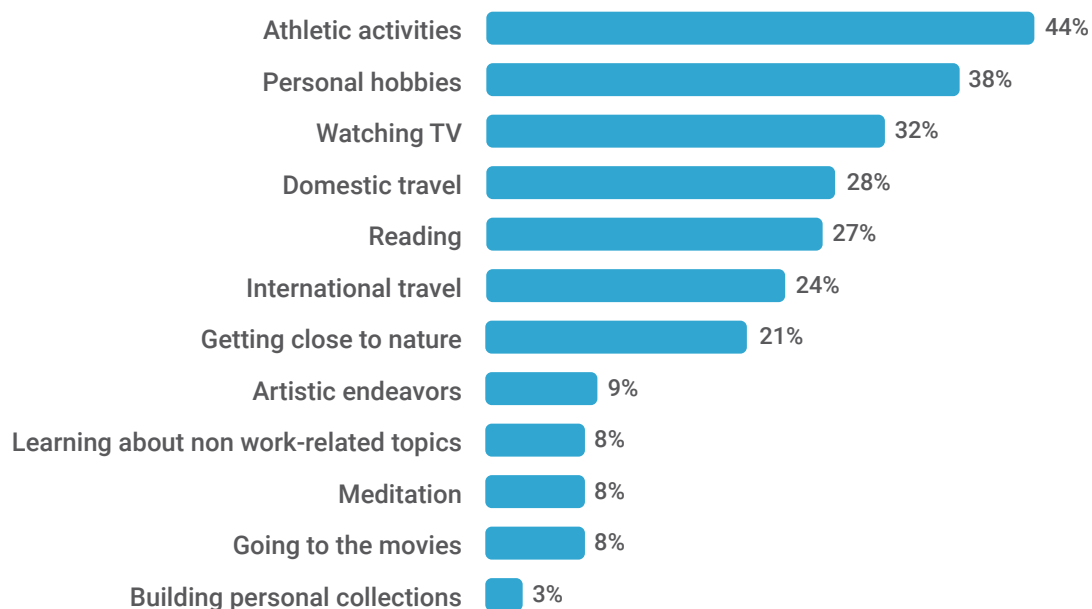
How many vacation days did you take in 2018?



KEY FINDING: CEOs take nearly 19 vacation days per year on average.

When CEOs aren't working, what do they do to unwind? We asked them to identify their top three activities. The most popular choices: athletic activities, personal hobbies, and watching TV.

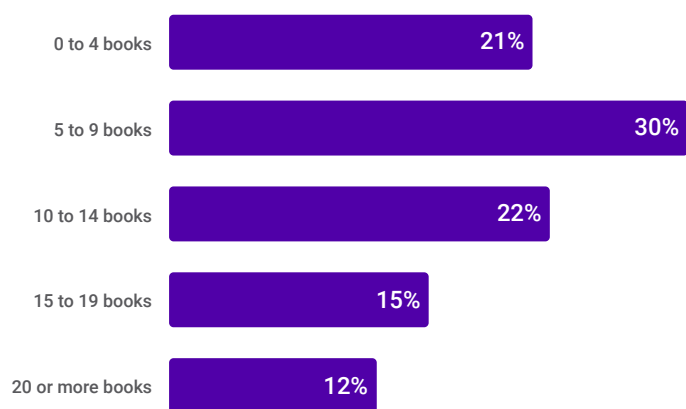
Which of the following do you enjoy doing the most outside of work? (Select up to 3)



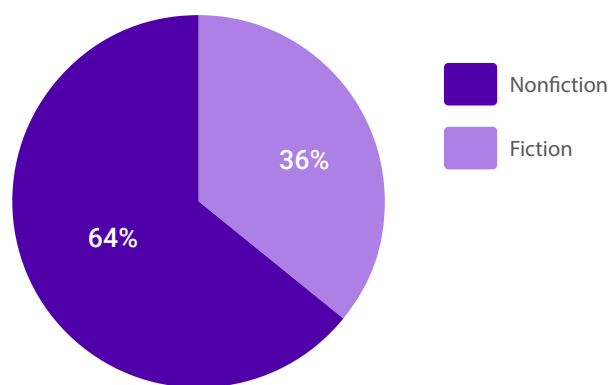
KEY FINDING: CEOs tend to enjoy sports; 44 percent participate in athletics when they're not working.

We wanted to learn how many books CEOs read (and what kind of reading they do). The average number of books these CEOs read in 2018 was 9.7—with a strong preference for non-fiction over fiction.

How many books did you read in 2018?



Which are you more likely to read?



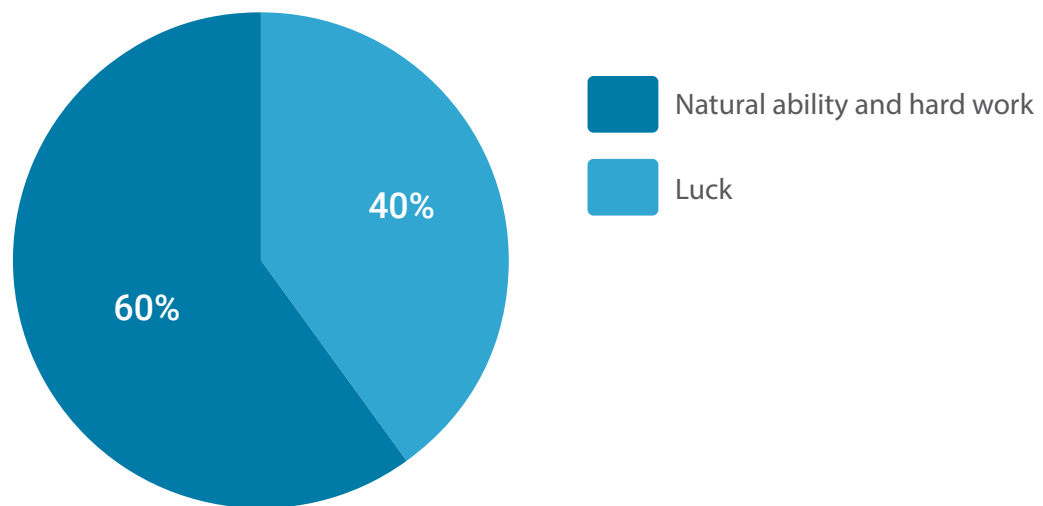
In the above charts N=154 (two responses were blank)



KEY FINDING: 49 percent of CEOs read 10 or more books per year, and about two in three CEOs prefer to read nonfiction books.

Last but not least, we wanted to know how much CEOs attributed their career success to natural ability and hard work, and how much they attributed it to luck. On average, they reported it was 39.8 percent luck (and by inference, 60.2 percent natural abilities and hard work)

A lot of people aspire to become CEOs, and you've become one, so we're curious to ask you a question about your success. If you assume that becoming a CEO is part natural ability and hard work, and part luck, what percentage of your success is attributable to luck?



KEY FINDING: Hard work trumps luck when it comes to becoming a CEO.

SECTION 5

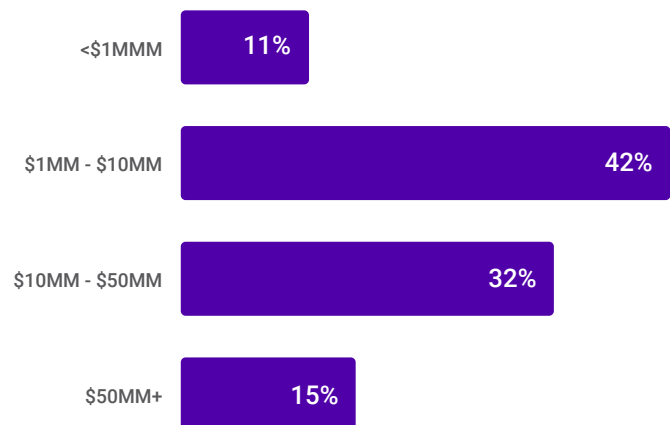
Survey methodology

In January 2019, The Predictive Index conducted a survey of company CEOs, presidents, and chairpeople. We secured respondents through three sources:

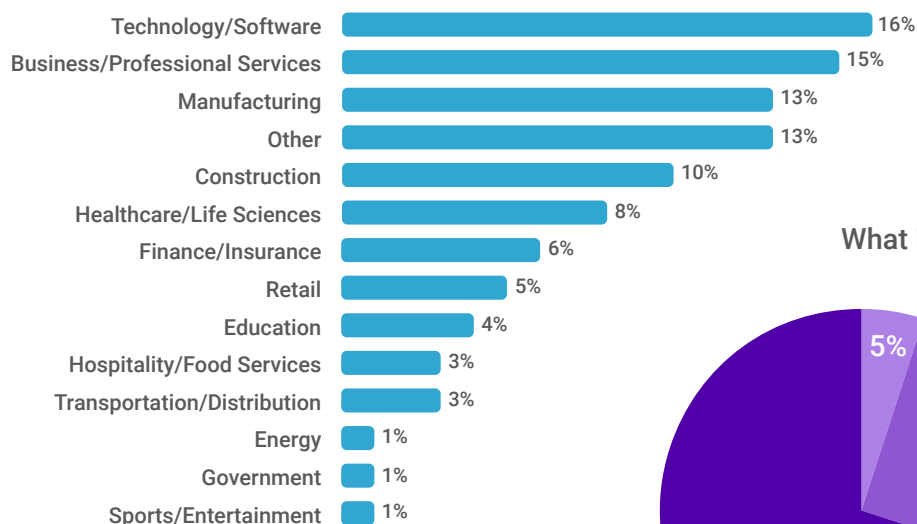
1. Emails to those with the job title “CEO” or “Chief Executive Officer” in our existing contact database (both clients and prospects)
2. Responses from CEOs via a panel provider called Critical Mix
3. Through Respondent.io., which is a platform that connects researchers to reliable and credible respondents

Through those means, we collected 156 completed survey responses. Here is some information about the respondent pool:

Expected annual revenue:



Industries:



What is your job title?

