

Second Century

The Role of the CEO



When I was young and knew everything, I thought the hardest problems to solve were technology problems. I believe my opinion was typical of people who had just spent 4 hard years getting an engineering degree. At some point later, I realized that managing people was more difficult than mastering technology.

As I rose through the ranks in the military, I was comfortable knowing that managing people was the highest skill. I could observe and practice these skills in the military, and later in civilian organizations. While the titles changed — Lieutenant, Major, Department Head, Corporate Vice-President — the responsibilities were the same. The levels of responsibility and specific purposes of the organizations were different, but fundamentally, people were managing other people to achieve a goal.

But when I aspired to become President and CEO of IEEE, and later as founding Chief Technology Officer (CTO) at a Chinese robot startup, I thought about how a CEO is different from all other employees, even the COO. According to Forbes¹, the typical CEO pay at an S&P 500 Index firm in 2018 was 361 times more than the average rank-and-file worker, and according to CAP Thinking², a typical CEO earns two to three times what a COO earns. Clearly, there must be a difference in the role of a CEO.

The way I see it, the role of the CEO is to assess the present and envision the future. The CEO needs to make that future vision real, in his or her mind, with all the associated details. The vision needs to be more than a vague illusion. It needs to be a real destination for the organization, with all the warts and blemishes alongside the beauty. I would argue that the founding CTO in a tech startup is very much like a CEO because they are partners in creating the future.

Then the CEO needs to create a path in his or her mind, from where the organization currently is, to the destination he or she envisions. A successful CEO needs to get everyone in the organization to follow him or her along a path that they may not understand, to a destination they may not see. And the CEO needs to do this without capsizing the organization.

COOs and vice presidents can manage toward the destination, but the CEO must first envision the

destination. This is the distinction. The CEO creates something from only an idea, while everyone else in the organization follows. This is the value added by the CEO.

Perhaps this is what Steve Jobs meant when he said, "Somebody once told me, 'Manage the top line, and the bottom line will follow.' What's the top line? It's things like, why are we doing this in the first place? What's our strategy?" As I discussed last month, I have outlined my strategy in a series of "Second Century" editorials since becoming ARRL CEO.

And as I am writing this editorial in August 2019, I have just finished reading the newly revised Business Roundtable *Statement on the Purpose of a Corporation*³ signed by nearly 200 CEOs. They answer, in the broadest sense, the question, "Why are we doing this in the first place?" They state, as might be expected, that it is to deliver value to their customers and to generate long-term value for their shareholders. But they also go on to say it is to invest in their employees and to support the communities in which they work. I am happy to see this revision, this vision, in corporate America. It aligns with the vision that nonprofit associations such as ARRL have. We have a fundamental commitment to all our stakeholders.

I encourage your comments to me at ceo@arrl.org.

Notes

- ¹<https://www.forbes.com/sites/dianahembree/2018/05/22/ceo-pay-skyrockets-to-361-times-that-of-the-average-worker/#6ee25596776d>
- ²<https://www.capartners.com/cap-thinking/pay-ratio-revisited-ceo-vs-coo-cfo-general-counsel/>
- ³<https://opportunity.businessroundtable.org/wp-content/uploads/2019/09/BRT-Statement-on-the-Purpose-of-a-Corporation-with-Signatures-1.pdf>