

Lessons from a First-Time CEO

Matthew Wright, CEO of Southern Water, talks to Criticaleye about how to make the move from line management to leading the whole business





Matthew Wright first became a CEO when he started his current role at Southern Water. He explains: "When I inherited the company it wasn't performing terribly well. I knew it was going to be tough, and it was." But there were lessons among the problems and here, Matthew relays the insight he acquired as a new CEO.

What was your experience of becoming a first-time CEO?

The thing you don't appreciate until you're CEO is that the buck really does stop with you. You have the board to share the burdens with and you have the chairman to confide in, but you feel the sense of personal accountability much more than you would in any line management role.

Highs and lows are magnified because they are inextricably linked to your own reputation. To a degree, performance is a reflection of yourself, so you might feel that a lot more personally.

CRITICLEYE COMMENT

"Hiring a new CEO is a high-risk process that requires detailed preparation. As well as having an impact on the individual, it can have long-term repercussions on the strategy, culture and performance of an organisation.

As such, the board and executive team should provide careful, dynamic and positive management during the transition. It is crucial to have an effective programme to improve executive and organisational capability in order to reduce risk during the critical first six to 12 months."



Tom Beedham
Director
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That's both a positive and a negative, depending on your perception. The personal satisfaction you get from doing a good job and the desire for personal success is probably what drives a lot of CEOs to want the company to succeed.

Why is it important for CEOs to accept accountability?

I have seen situations in which chief executives have somehow detached themselves from the performance of the company, as if it wasn't a reflection on them, or as if it was something out of their control.

Companies need CEOs who take things personally and who really care about the success of the business, otherwise it's likely to suffer as a result.

What should a new CEO prioritise during the first few months of the role?

You've got to decide whether or not the executive team you've inherited contains the right people to take the company forward. Do they fit culturally with the style of leadership you want to create? Is there a good balance of skills and experience? Are they people you can work with?

You also have to evaluate the company's strategy. Ask yourself: 'Are we going in the right direction?'

The reason these issues are a priority is because, as a new CEO, you have a moment of high influence – a 'honeymoon period' in which you can easily introduce new ideas. This dissipates pretty quickly. If you don't make your mark for several months because you're taking time to contemplate things, people may interpret it as a vacuum in leadership.

First-time CEOs tend to think: 'I've only been in the job for six months,'

but six months is a long time at the senior level of an organisation.

Have you witnessed this type of decisive action?

Yes, look at the Group CEO of Tesco [Dave Lewis]. He got all the bad news on the table. He wrote down the value of the property portfolio and he took a big, one-off hit [of \$6.4bn].

Getting this out of the way at the beginning means you can reset expectations. If you delay, you actually risk legitimising the current state of the business, which might not be sustainable.

What should first-time CEOs consider when communicating their strategy?

A popular assumption is that when you come into a company as CEO, because you're in charge, people will hang on your every word. You imagine that you issue some kind of instruction and suddenly the whole organisation will fall into perfect alignment. That's not how it is.

You have to continually reinforce your messages by getting out into the company and communicating what you hope to do in the next year, over the next five years, and what you've already delivered. ■



Matthew Wright
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Matthew was appointed as Chief Executive of Southern Water in February 2011. He has more than 25 years of experience in both UK and international markets and has held senior management positions in regulation, corporate strategy and operations.

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