

# THE REWARDS OF CEO REFLECTION

By Roselinde Torres, Martin Reeves, Peter Tollman, and Christian Veith

**C**EOS LIVE ON A nonstop treadmill. They are under constant pressure to perform, live in a 24-7 spotlight of social-media attention, and swim in a deep pool of information. One CEO told us that she had received some 1,000 pieces of advice during her early days as the chief executive.

Corporate organizations are more complex than ever before. BCG's "index of complication" of major companies has been rising by nearly 7% per year for the past 50 years.

Deep thought and reflection are casualties of this high-pressure and high-stakes environment as CEOs rush from event to event and decision to decision. Downtime is often regarded as wasted time.

CEOs who do make time to reflect, however, say that it is time well spent, and our research on CEO success validates that view. Reflection leads to better insights into innovation, strategy, and execution. Reflection gives rise to better outcomes and higher credibility with corporate boards, leadership teams, workforces, and other stakeholders.

The most famous and successful practitioner of reflection is, perhaps, Warren Buffett, who says that he spends about six hours a day reading. "He has a lot of time to think," says his partner Charlie Munger. "You look at his schedule sometimes, and there's a haircut. Tuesday: haircut day." Tuesday, in other words, is a thinking day.

Most CEOs do not have the luxury of limiting their daily calendar to a single act of reflection, but many of them could spend more time reflecting. It takes discipline, practice, and structure, but by routinely setting aside time in their calendars, CEOs can reap the rewards of reflection.

## The Value of Reflection

Reflective thinking is thinking turned in on itself. In reflective thought, a person examines underlying assumptions, core beliefs, and knowledge. Unlike critical thought, which is aimed at solving a problem and achieving a specific outcome, reflective thought enhances the framing of problems, the search for meaning, and pat-

tern recognition. Mary Helen Immordino-Yang, an associate professor of education, psychology, and neuroscience at the University of Southern California, has written about the role of “constructive internal reflection” in “making meaning of new information and for distilling creative, emotionally relevant connections between complex ideas.”

Reflective thinking engages the medial prefrontal cortex, the part of the brain involved in self-referential mental activities. At rest, this region exhibits the highest metabolic activity and during goal-oriented thinking, lower levels of activity. In other words, reflective thinking and critical thinking exist at opposite ends of a digital switch. When one is “on,” the other is “off.”

CEOs should engage in both types of thinking. As complexity rises and the pace of change accelerates, CEOs need to engage in critical thinking to solve immediate challenges and in reflective thinking to clarify the big picture and imagine untapped opportunities.

## The Roadblocks to Reflection

The world of business is typically seen as the world of action. Leaders *drive* performance and *deliver* results. Action indisputably makes the world go around. But it is important not to mistake motion for effectiveness. Computer scientist Cal Newport writes that many people mistakenly view “busyness as a proxy for productivity.”

Signs of busyness abound. A 2011 Harvard Business School study showed that CEOs spend 60% of their time in meetings and 25% on the phone or at public events, leaving 15% for everything else, including travel, email, reading, and reflection.

This busyness has a cognitive cost. The human brain has natural limits in its ability to pay attention, remember, and process information. Multitasking breaches those limits faster.

One of the large challenges for CEOs is breaking away from the busyness—the nec-

essary formalities of being CEO—in order to reflect. CEOs cannot lead monastic lives, but they can learn to be organized and disciplined about engaging in deep thought. For those who practice it, reflection can become routine.

## The Three Rules of Reflection

How do busy people find the time to reflect and derive the most benefit from the investment? Our advisory work with CEOs has shown that three factors facilitate insightful reflection.

**A Structure and a Schedule.** Unstructured and unguided thought tends to dwell on immediate worries and familiar conundrums rather than fundamental and foundational issues. Thought focused on solving immediate problems is critical—not reflective—thought. Reflective thought sets the stage for long-term success.

Time for reflection should be a regularly scheduled and protected event on the CEO’s calendar. With discipline, CEOs can learn how to reflect on their own. In our work with CEOs, we have discovered that they can acquire the foundational habits and practices of reflective thought in as little as 14 hours.

Reflection is a skill that keeps on giving. Once CEOs learn the skill, they can practice on their own or with somebody they trust. One CEO told us, “It has been very valuable for me not to be beholden to anyone and still gain a structured approach on issues.”

To help CEOs establish the foundation for reflection, we lead them through a series of questions on strategy, organization, leadership, and personal vision. The following is a sampling of core questions from our work with one CEO:

- Are there underlying patterns within your company or industry that are rarely acknowledged?
- What are your intuitions and hunches about potential sources for new value creation?

- What new business models from outside your industry intrigue you?
- If you could start with a blank slate, how would you describe the ideal culture of your organization? How does that ideal compare with your actual culture?
- What is the conception of success and the leadership style that you would like to convey?
- What are the unstated and less refined ambitions and dreams—both personal and professional—that you would like to achieve?

**A Trusted Dialogue Partner.** A CEO has to maintain a persona. In front of their people, CEOs need to project confidence, optimism, and command. In public—and even with their most senior executives—they rarely exhibit signs of self-doubt, admit uncertainty, or question core beliefs. Scrutiny in social media amplifies this tendency toward heroic stoicism.

Reflection, on the other hand, requires introspection and honesty that are difficult for CEOs to convey in their day-to-day activities. Having spent their careers hitting targets and achieving other outward signs of success, CEOs themselves may be uncomfortable with the idea of reflection.

To inspire and refine objective, reflective thought, a CEO can benefit from conversations with a trusted partner who is deeply steeped in the industry and with whom the CEO is comfortable being frank and open. If their relationship is strong, this partner can prompt the CEO with questions, observations, and challenges.

An effective dialogue partner needs both counseling skills *and* knowledge of the CEO's industry and organizational context: the partner's advice must be grounded in the CEO's specific situation. The partner and the CEO can flip back and forth between the big picture and the details, surfacing links among strategy, organization, and leadership topics. In other words, an

effective dialogue partner can mirror the CEO's thinking.

This combination of content and counseling ensures that the reflection ultimately informs value creation. One CEO told his dialogue partner, "You combine empathy and uncompromising guidance. Your experience in the industry really came out in our discussions."

**A Catalytic Conversation.** Many executives and other stakeholders who meet with the CEO want to focus on their own agenda or are simply executing the CEO's agenda. Their conversations are a critical part of corporate life, but they are unlikely to lead to reflective thought.

Dialogue partners bring an entirely different mindset and set of materials to their discussions with CEOs. CEOs benefit from new and unbiased information in order to stimulate and catalyze their thinking. By having an independent eye-level relationship with a CEO, a dialogue partner can provide perspectives that otherwise are unlikely to be aired. These may include case studies that demonstrate disruption or pivotal leadership decisions; scenarios that ground thinking in the past, present, and future; and frameworks that challenge conventional thinking and ways of working. One CEO told us that in our work with him, he had found our "insights to be truly valuable to my thinking, and they propelled my ability to deliver on the right outcomes."

## The Clarity of Reflection

Reflection is anything but passive. It leads to insight, action, engagement, and emotional commitment. CEOs confirm that the time spent reflecting on their business and organization produces positive results. In our work with CEOs, the insights that they have generated during reflective thought form the basis of a 12-month plan with quarterly commitments that are built into their calendars.

CEOs say that structured reflection helps them make bold moves, avoid crises such as proxy fights, and establish the sequence

and pace for delivering the most value. “I feel good about this course of action because I’ve really thought it through,” one CEO told us.

On a personal level, CEOs have told us that structured reflection has helped them manage the demands of the job more effectively because they have learned to allocate time and energy more intelligently. “In the past,” one CEO said, “I was more operationally focused. This CEO role gives me the opportunity to be more strategic and visionary. I need to think differently to change.”

**D**URING A CEO’S typical day, finding time to reflect can be challenging. It’s not possible to reflect in 15-minute increments, and it’s not productive to reflect and then forget the insights that were generated. According to one CEO, structured reflection “has been driving what we have been doing in the corporation as a whole.”

The reflective CEO is a productive CEO who is capable of both imagining and executing rewarding strategies.

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