

Expanding Pathways to CEO Leadership: The Emergence of Product Leaders

— Volume 37, March 2023

By Anna Auerbach

CEOs can come from a variety of places. Traditional trajectories to the top spots—Chief Operating Officer or Chief Financial Officer posts, for example—have been changing over the past 10 years. What many are calling a “new zeitgeist” requires leadership that is capable of dealing with shifting and expanding external and internal forces; honing keen abilities to sense and channel emergent economic opportunities; and leading non-hierarchically in a more collaborative and relational manner for success. These developments, especially when juxtaposed against constant market disruption and increasing complexity, mean that decisions over optimal future top leadership are expected to keep changing, and we are likely to keep seeing new patterns in CEO development and succession emerging.

Exploring this, there is a trend in leadership worthy of attention. In most industries, leading the creation and development of the Product function is not a traditional path to the top job, but technology’s disruptive role, accelerated through the pandemic, is challenging that. Recently, it has become more common to see Product leaders becoming CEOs. Leaders holding that magic mix of advanced technology experience and knowledge, with an agile and iterative Product mindset, are being sought after in a world where innovation is moving faster than ever. It is worth noting that both Sundar Pichai and Satya Nadella, two of the most revered sitting CEOs in the technology sector, came from Product backgrounds. Key appointments following this pattern continue to be announced. In December, Susan Wojcicki, CEO of YouTube, emphasized the great opportunities of “incredible product and technology innovation” that are demanding “a healthy disregard for the impossible” as she announced Chief Product Officer Neal Mohan as her successor. Similarly, Lidiane Jones, a former Salesforce, Sonos, and Microsoft executive with more than two decades of Product experience, was selected as Slack’s next CEO. A seasoned analyst praised that appointment

as “the logical option, as she has done a good job running the Marketing, Experience, and Commerce clouds, and running those is not much different from running multiple large businesses. So, ironically, she has more CEO experience as a first-time CEO than many experienced CEOs.”

Trends in the Technology sector are especially important to heed, of course. Historically, “tech” has been at the leading edge of business and a trailblazer of organizing systems and talent for success. Now it just may be paving a path to leadership that could prove instructive for others as well. In a world where software seems to power everything and companies are working hard to embrace their digital futures, there is reason to think that CEOs will want to better understand the strengths of Product leadership that are making it so desirable. There is a good chance that these skills will become more essential for top leaders widely. Who better to be poised to lead than the person at the intersection of what is technically possible, customer obsessed, and commercially viable?

What Are the Optimal Attributes of Product Leadership?

What exactly is it that Product talent brings to the table that is so needed now? What we have found is that a variety of hard and soft skills groomed in product management make particularly attractive and effective leaders. Among the most important of these are the following:

- **Exceptional Prioritization**—They ask and rank the big questions: With all these consumer demands, what do we do with them to evolve our product? Where is the greatest impact? How does this fit in our plans? What must we pursue? What must we scrap or change? They become

adept at managing the iterative processes—and the shifting terrains and multifaceted decisions that arise along the way. Any solid Product leader knows that the risk of being so close to the customer is the pressure to be responsive to every need and demand. Product leaders have a disciplined evaluation strategy for how these requests fit into a product road map. They tirelessly focus on assessing new inputs, evaluating trade-offs, testing, experimenting, and running the cycle of continual improvement.

- **Skillful Collaboration**—Product leaders lead through influence, not direction. By extension, they have greatly honed their collaborative muscles, making them incredibly desirable leaders today. They work in a non-hierarchical manner across matrixes and therefore have expanded their relational capacity to create followership and accelerate performance across multidimensions of the business. As Harvard Professor Linda Hill, one of the world's top experts on innovation (and leadership at large), has explained, “Leaders need to see themselves more as stage-setters than performers. ...[T]hey know how to make space for others to collaborate effectively and do that hard work of innovation.” Product leaders excel in this regard.
- **Customer Centricity**—Product leaders are relentlessly focused on the customer. They make it their purpose to understand the ins and outs of customer needs, their demands, and their dreams. And this is then used to create user personas—which drive everything their teams do to stay ahead of, anticipate, and rationalize customer needs. Product leaders know the market data better than anyone else in the organization, and they use it to communicate and drive decisions. Their attention to customer-centricity becomes infused in every aspect of the business.
- **Future Orientation**—They are always looking ahead, beyond the “known,” to what is possible and leading the necessary planning and processes to create product against a changing road map. They are constantly casting an eye to the next horizon and trying to stay one step ahead of the customer and market. They buttress these sights with a well-grounded growth mindset, poised for the constant,

forward-looking learning they acknowledge as necessary to keep seeing around the corner, and they encourage the same in others.

Of course, it is important to note that there is a reason Product leaders haven't been the “usual suspects” for CEOs. First, many industries don't have Product leaders—at least not yet. They are certainly most prevalent in “tech” and anything “tech”-enabled. Second, historically they often have not managed large-scale organizations, as the strength of the role is its interconnectedness, which leads to more matrix vs. owned structures. Finally, Product leaders are inherently growth-oriented, which can mean that they also tend to be more top-line than bottom-line focused. Attention to these factors certainly needs to be considered alongside their strengths and balanced out across the structuring of top leadership teams if Product leaders take on elevated positions.

In our global studies of CEOs, it has been made abundantly clear that CEO leadership has been changing immensely and that most CEOs seek more development in areas outside of their previous experience to successfully lead and transform their businesses. This may be especially true as more businesses engage in the realms of technology and digital. Therefore, as we cast an eye to the future qualities for CEO leadership, it is worthwhile to examine what seems to be emergent—and working—presently. The current Chief Product Officer trajectory in the technology sectors offers a glimpse in that direction.

Whether Product leadership will ascend in other businesses is unclear. Still, there is reason to believe that some of the attributes of Product leaders will only grow more important. Overall, great CEO leadership in the future will continue to look different from what it has been in the past. So, it is essential that we cast the net widely to better understand where and how new leaders are arising, and that we develop leadership potential at large against this knowledge.

Anna Auerbach, based in New York, is a core member of Egon Zehnder's Technology and Digital practice. Anna is an experienced advisor, founder, and operator. She has a particular focus on the intersection of product, technology and marketing for high-growth companies, and an emphasis on CEO succession and board development in the context of the sponsor-backed journey. Anna currently co-leads the Chief Product Officers practice and the PE-Tech segment.

Egon Zehnder's global CEO Practice has applied its own future-oriented, proprietary approach to help guide over 2000 CEO mandates: <https://www.egonzehnder.com/functions/chief-executive-officers>. The practice is committed to becoming trusted thought partners in the important and challenging work of identifying and developing the best leaders for our diverse and evolving world.