



**EgonZehnder**

# The Evolution of the Manufacturing CEO

The Journey to Gain Capacity  
to Manage Complexity

In Partnership with  
**Manufacturers**  
**ALLIANCE**  
FOUNDATION





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## What Does It Take to Be a Manufacturing CEO Today?

The extreme complexity and ambiguity of the present are making the top job more challenging. It's no wonder that CEOs tell us constantly there are fewer and fewer straightforward equations—it's more like navigating a Rubik's cube in three dimensions. As one CEO said: "Every week on multiple occasions, I now face situations that I have little to no experience in."

Because of this, CEOs know they must keep growing and transforming themselves to foster the collaboration and innovation that their organizations depend on. No CEO can be an island of authority unto themselves. They need to keep evolving and adapting to respond to the world around them. Or, as one CEO succinctly put it: "We absolutely can't have a big CEO anymore."

In the manufacturing sector, the challenges weighing upon CEOs have been especially apparent: from ongoing trade and supply chain matters to factory floor concerns and trade union issues. And then there are other emerging risks, around new, disruptive technologies (e.g. AI), as well as the many expectations of environmental, social, and governance (ESG) matters, not to mention the changing landscapes of diversity, equity, and inclusion (DEI).

On top of it all, CEOs today are beholden to a growing number of "louder" and often more polarizing voices of stakeholders vying for their attention and increasingly compounding the complexity of their decision-making.

To find out how manufacturing CEOs are addressing the added complexity and pressures of the job, Egon Zehnder and the [Manufacturers Alliance Foundation](#) embarked on a comprehensive study, composed of a survey and first-person interviews. Delving into the experiences of manufacturing CEOs, the study explores the path to the chief executive role, the level of preparedness they felt, and how their leadership and the role itself have evolved.

We found that CEOs are managing complexity and evolving in the role by uncovering new ways to balance old business polarities *and* by building greater leadership capacity in three important areas: self-awareness, relatability, and adaptability.







### Finding 1

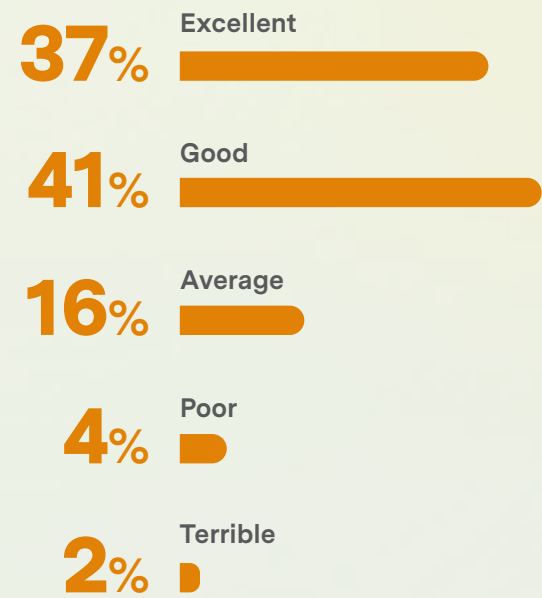
## CEOs often praise their appointment process while rating the preparation as merely average.

Despite CEOs expressing confidence in the appointment process, our research shows that preparedness levels are just adequate, even among those who have held CEO roles before. What would move CEO readiness from just OK to great?

Leader after leader assures us that no one can be fully prepared for the step up to

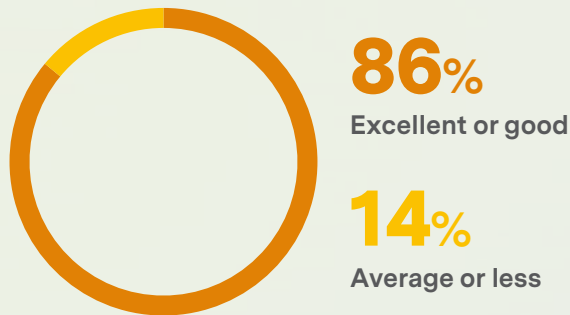
the top job—it's just like none other. Still, what this research shows is that greater attention to vertical development, or expanding mindset capacity, especially around self-awareness, relatability, and adaptability will go a long way in helping new CEOs, as well as the willingness and commitment to keep growing throughout their tenures.

How would you rate your succession process?

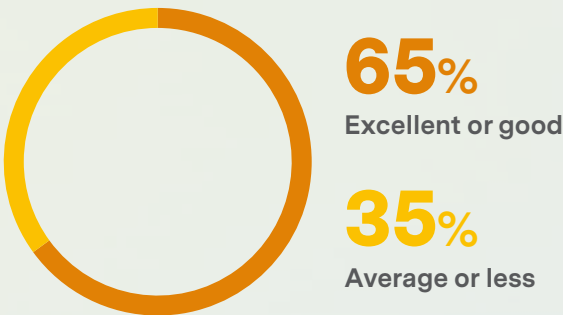


Internally promoted CEOs rated the succession process higher than externally appointed CEOs.

Internally promoted



Externally appointed

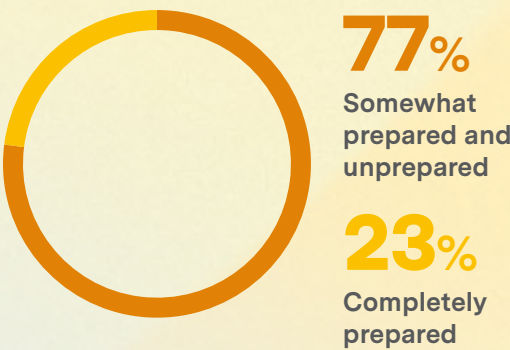


Upon reflection, how well prepared did you feel for the role?

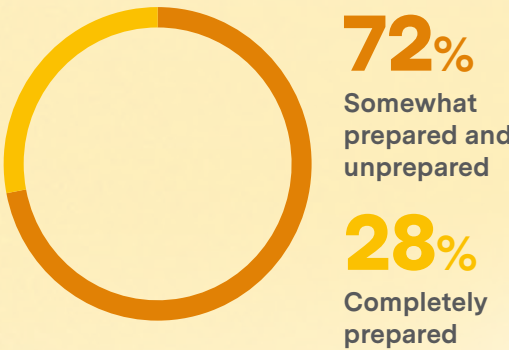


There is little difference between internally and externally appointed CEO's preparedness

Internally promoted



Externally appointed

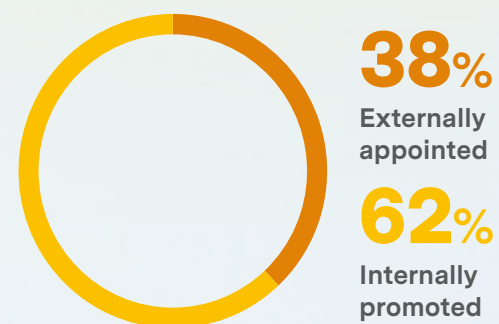




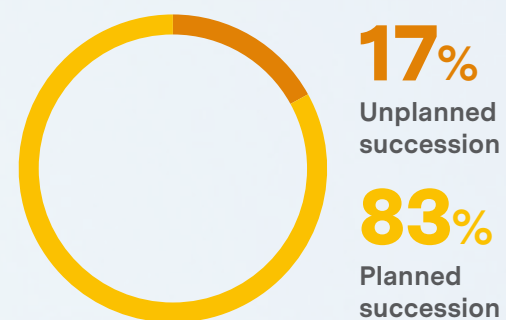
Our data also found that most internal appointments were planned successions (83%) while external appointments tended to be unplanned (83%). This underscores the need for organizations to have a pipeline of “ready-now” candidates and thoughtful ongoing CEO development for each of those candidates. The data also showed that

the majority of CEOs and boards have succession planning underway. However, 50% indicated a need for tightening up the process. In larger organizations (>\$5B in revenue), there are more planned than unplanned successions, while in smaller organizations (<\$5B in revenue), the ratio is more even.

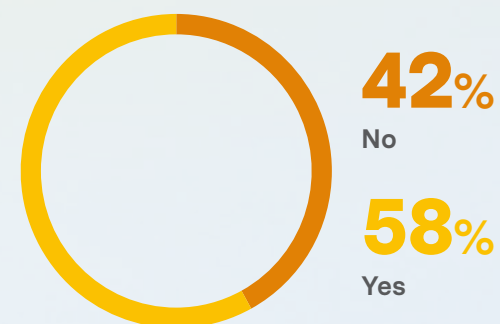
#### Were you internally promoted or externally appointed?



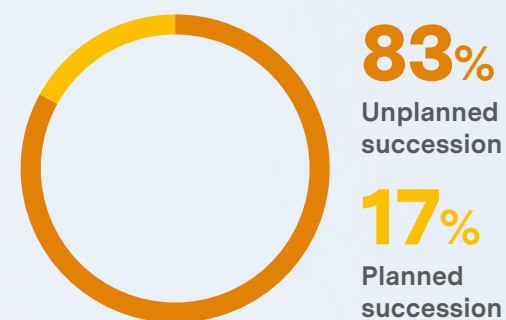
#### Internally promoted



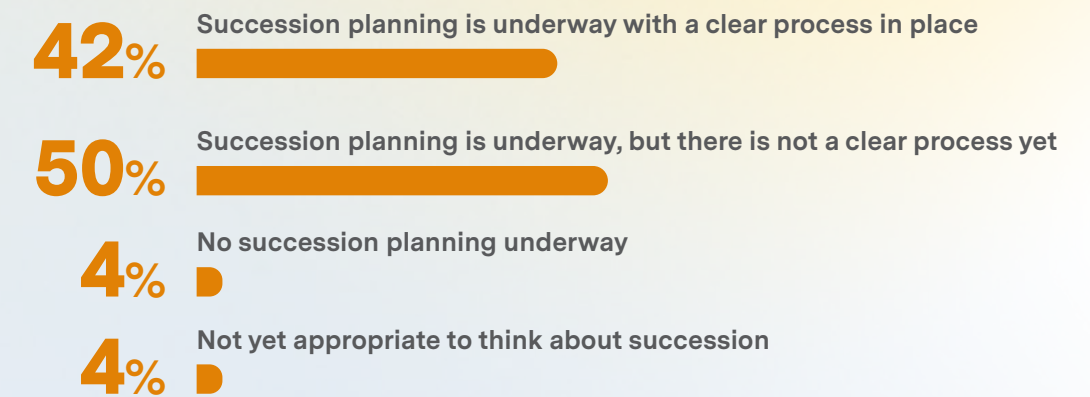
#### Was your appointment part of a planned succession?



#### Externally appointed



#### Have you and your board initiated planning for the next successor?

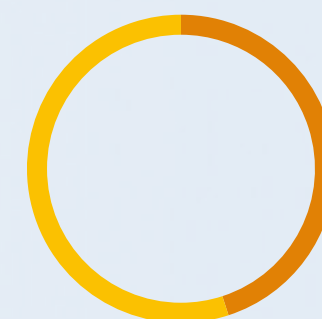


In large companies there are more planned than unplanned successions

#### Company size

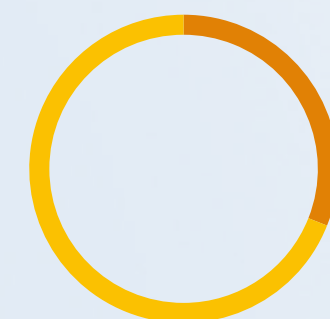


#### Less than \$5 billion



**45%** Unplanned succession  
**55%** Planned succession

#### More than \$5 billion



**31%** Unplanned succession  
**69%** Planned succession

When asked what aspects of the role they felt most unprepared for, CEOs said the time and effort to nurture relationships with their boards, operating in an unpredictable macro environment, the 24/7 pace, and the magnitude of decisions.

“I just didn’t realize it took so much time to nurture board relationships,” shared one CEO. “You cannot take for granted that they are on the same team.” Many of our respondents expressed a similar lack of initial awareness around managing board relations.

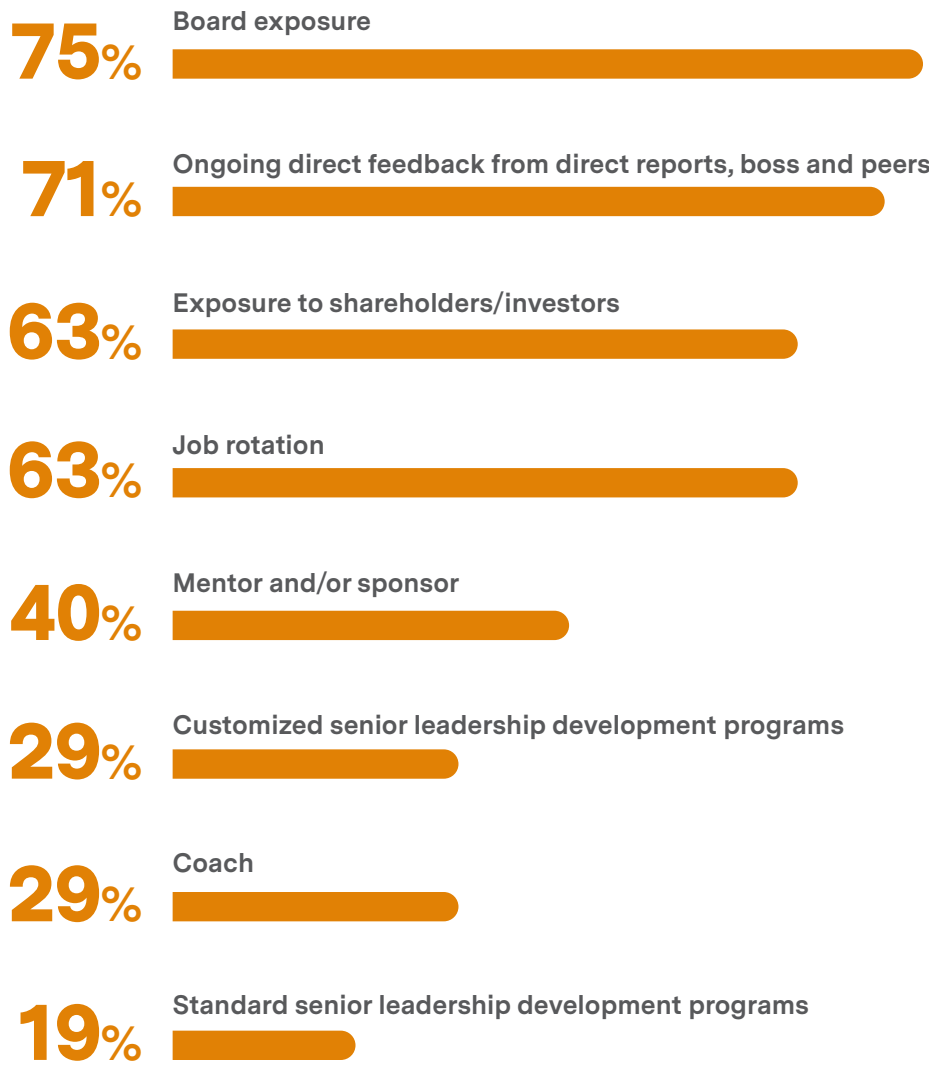
Another explained: “Essentially life is not your own to a large degree. The organization needs you to be ‘Everyman,’ and you are never able to turn it off – and I wasn’t prepared for that.”

These insights from manufacturing CEOs show that as part of the preparation chief executives may need to adjust to the balance of “doing” the job, which is executing the operational requirements,

and “being” the CEO, which is how employees feel their presence. As one CEO indicated, “I have become more visible; people needed me to be seen and heard.”

As to what measures they found to be the most useful in preparing for the role, the CEOs listed board interaction, ongoing direct feedback from a variety of sources, and exposure to shareholders and investors rounding out the top three. These sources tend to help leaders ready themselves for many of the business and action elements of the new role, while the others they found useful—having a mentor, development programs, and coaches—help them begin to embody the less tangible aspects of leadership identity and “being” the new CEO.

What were the most useful measures to help prepare you for the role?

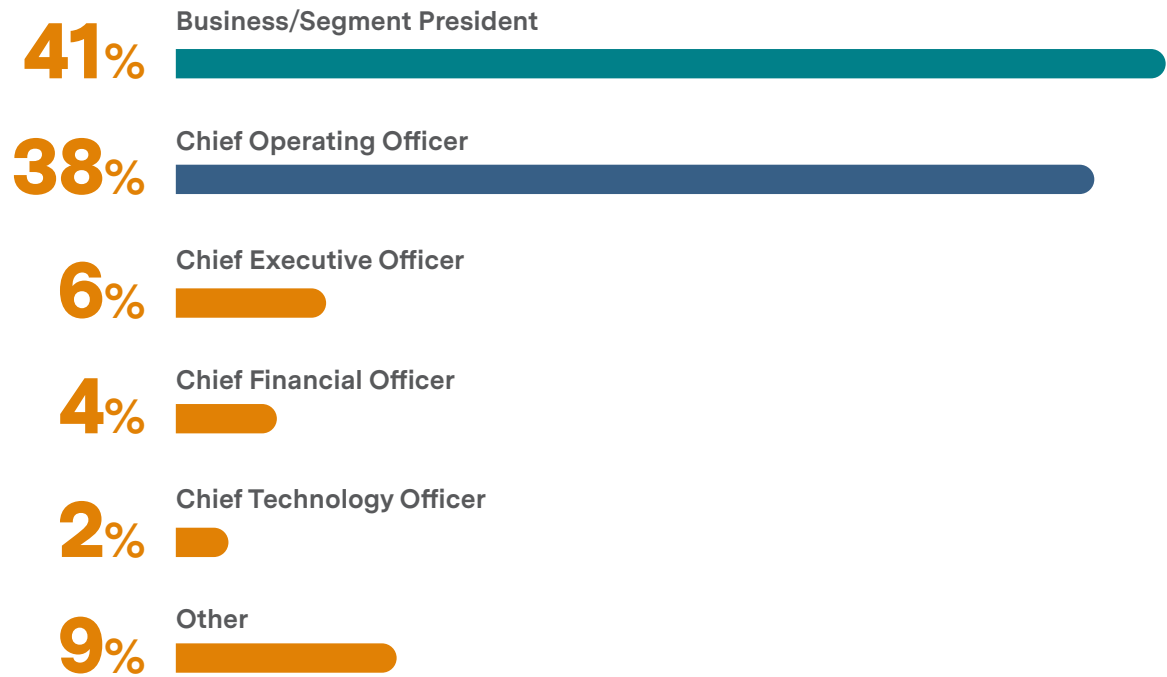


What is significant about these findings is that mentoring and/or sponsorship, senior leadership development programs, and coaching have become important preparatory tools in addition to the more traditional resources, demonstrating the acknowledged real value of attention to both the professional and personal inner growth of rising leaders.

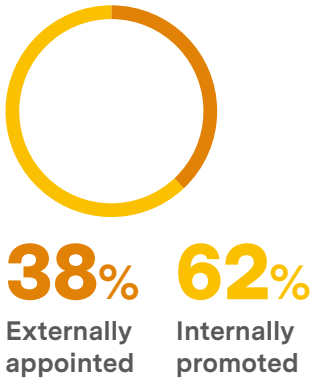
CEO preparedness may also vary based on the pathway to the role. Our survey found that the COO position is the most likely path to CEO for internal promotions, whereas the Business/Segment President position path to CEO is more likely for an external appointment.

Externally appointed CEOs often start at a disadvantage since they have not been exposed to the intricacies of a company. An external manufacturing CEO candidate has to navigate the leadership structure and corporate financials while also exploring the products being developed, any specific or proprietary manufacturing processes, and potential supply chain or sustainability pitfalls that might be unique to that company. One CEO suggested that it would be worthwhile to provide more interaction between an externally selected successor and the internal executive team during the succession process. “You’re being asked to consider making a lot of commitments before you meet the CEO and really learn about the company,” he explained.

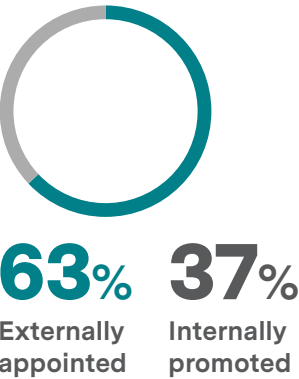
What was your previous role?



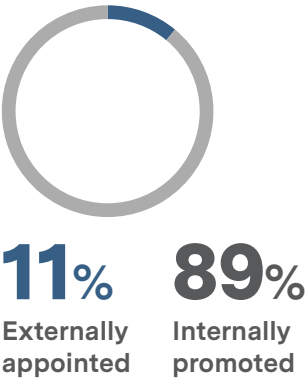
Were you internally promoted or externally appointed?



Business/Segment President



Chief Operating Officer





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## Our Take

Even with a solid succession process, CEOs find themselves lacking in preparedness, particularly in the crucial realm of being the top leader, not just executing the responsibilities of leadership.

To bridge this gap, boards must prioritize vertical development for potential CEOs, focusing on mindset and capacity expansion. [Vertical development](#) refers to expanding your mindset and changing the ways you think and act (e.g., self-awareness, relatability, and adaptability). So, in addition to considering which competencies will best meet a leader's mandate (horizontal development), boards must also keep growing the leader's overall mindset—to better

understand and make sense of the new and many challenges and opportunities of the evolving CEO role.

By balancing competencies and fostering inner growth, organizations can cultivate CEOs who are not just adept executors but also visionary and empathetic leaders, who embody the company purpose and motivate through and beyond the vast challenges of today's business landscape.





# Spotlight on First-time Manufacturing CEOs

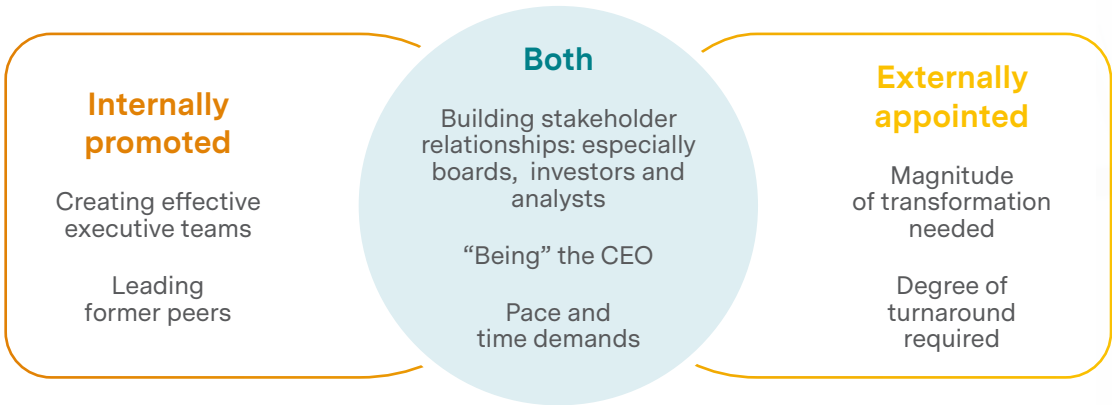
## Coming into the Role:

The majority of our respondents (77%) are first-time CEOs. Stepping into this role is a major transition, and we believe it is valuable to highlight what these leaders shared about their experiences. While all CEOs, regardless of tenure, will share common leadership considerations, those new to the role have distinct factors to consider when succession planning.

Overall, first-time CEOs come into the role through planned or unplanned successions fairly equally (59% versus 41%) and experience this process favorably (83% rated the experience as excellent or good). Most importantly, 84% of first-time CEOs indicated that they could have been more prepared.

“Being the CEO” is one of the things they felt most unprepared for. What is clear is that the position must be experienced to be understood. That happens flying solo and takes time. Suddenly, this leader has no direct peers. Moreover, everyone is looking to them. Our respondents explained that, from the get-go, there is a constant, 24/7 spotlight on them, and everything they say and do is suddenly amplified. “My whisper is received as a roar,” one teased. They made it known that this all takes getting used to. Again, there is no step-up, no accurate precedent for the role; it must be lived. One participant put it this way “No matter how much preparation for the role, you need to be in the seat to understand and experience its totality.”

What new CEOs felt most unprepared for: a lens on those internally promoted and externally appointed





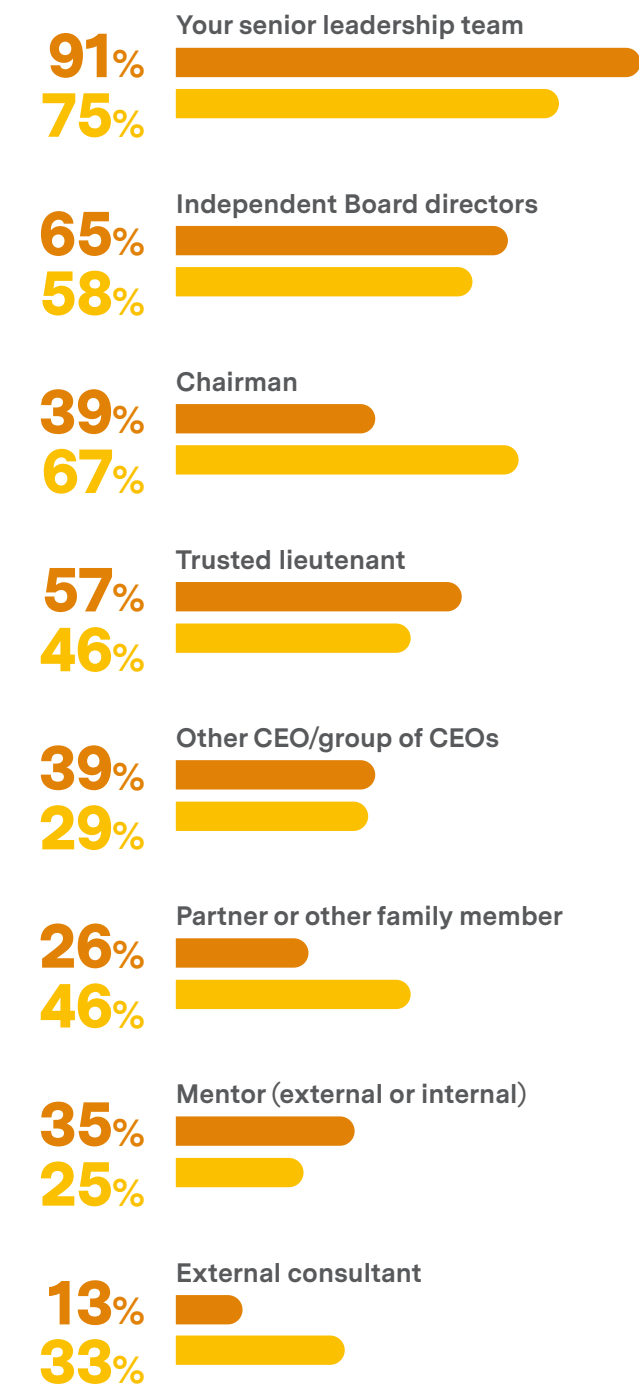
## Finding 2

**Manufacturing CEOs are increasingly seeking feedback from various sources, with newer CEOs relying more on board chairs and experienced CEOs consulting their senior leadership teams.**

We uncovered a significant trend in CEO behavior: a proactive approach to seeking feedback, with 83% saying they solicit feedback from a variety of sources to ensure “I hear what I need.”

This high number demonstrates that CEOs are looking inwardly, prioritizing self-awareness.

For truly honest feedback, whom do you turn to?



Newer CEOs, perhaps still acclimating to their role, exhibit a preference for seeking feedback from board chairs, relying on their guidance and perspective; they also rely more on partners, family members and consultants in these early years. Conversely, longer-tenured CEOs, who often hold dual roles as chairs, tend to turn to their senior leadership teams for feedback, leveraging the collective expertise within their organization. This commitment to soliciting feedback underscores a growing realization among CEOs that self-awareness and continuous learning are imperative for personal and organizational growth.

This builds on a finding from a previous Egon Zehnder [global study of CEOs](#) which found that nearly 100 percent of CEO respondents acknowledged that they need to transform themselves to be able to transform their organizations. CEOs who prioritize self-awareness, adaptability, and relational intelligence can effectively harness insights from diverse perspectives to capitalize on opportunities and navigate complex challenges.

In addition, this expanded leadership capacity positively influences decision-making processes, empowering CEOs to make informed choices that drive organizational growth and innovation. CEOs shared that a healthy balance of internal and external perspectives is essential to a fully measured decision-making process. And importantly so are self-awareness and discernment, with 83% noting personal reflection as a key element in the process.

“I don’t think there is a bigger critic of what I do than me,” offered one. Several CEOs tell us they deliberately start their days by meditating or exercising, and many also consult their favorite external resources, all in an effort to begin each day renewed and energized. “I use the time to reflect on when I am at my best, and I pride myself and my team on looking around the corner,” added another. Importantly, self-reflection has become more of a key element to achieving this. One CEO indicated “I make time on the calendar to reflect on interactions and decisions.”

Part of ensuring you receive the feedback you need internally comes from forming real connections at all levels of the company. “You must stay connected to the people. And when I say people, I mean the people running the machines—not just your direct reports, but those who are out on the floor,” a CEO shared.

Our Take

CEOs can no longer successfully work in isolation or lead from a distance. Their leadership role is now a collaborative approach designed to bring the organization to its performative goals.

In adapting to a new more collaborative stance, CEOs are relying far more on both internal and external resources of information as well as trusted sources for feedback—all to lead more from a place of measured collective wisdom and not as an island of their own thinking.

This collaborative approach not only enriches decision-making processes, but also fosters a highly sought-after, inclusive culture of shared purpose and innovation within the organization.

Spotlight on First-time Manufacturing CEOs

Seeking Guidance:

First-time CEOs lean on independent board members and trusted lieutenants more than experienced CEOs. The new CEOs also seek the help of mentors when starting fresh in this position. In addition, getting advice and feedback from people outside the company or looking at other companies also ranks higher for those who are in their first CEO role. Understandably, they show the need for more guidance and inspiration while getting their feet wet.



### Finding 3

**CEOs recognize the correlation between their personal development and growth and organizational growth and transformation. They prioritize self-awareness, relatability, and adaptability as paramount to the decision-making processes and organizational performance.**

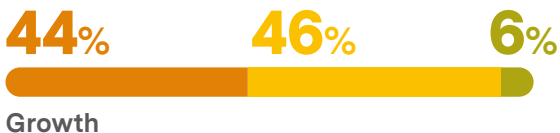
While there has been a consistent emphasis on financial and growth metrics as the key factors in decision-making for CEOs in both our 2021 and 2024 surveys, health and employee well-being metrics have risen markedly in importance

as CEOs increasingly recognize the interconnectedness between prioritizing their employees and fostering a thriving and performative workplace culture.

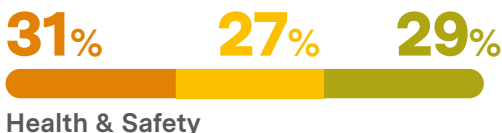
To what extent do the following metrics drive your decisions today?



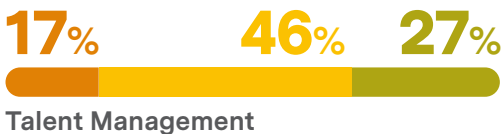
Financial



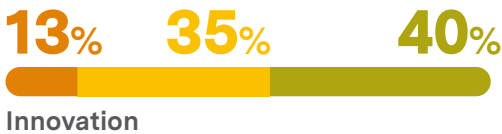
Growth



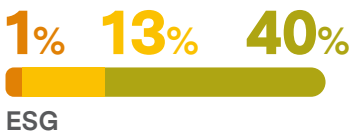
Health & Safety



Talent Management



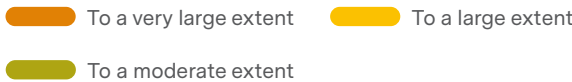
Innovation



ESG

Rather than viewing employee well-being and organizational performance as opposing polarities, forward-thinking CEOs are embracing an integrated approach. One CEO said, “It is important to not treat seemingly conflicting goals in isolation; rather start at the intersections and address at the same time.” This shift toward a more employee-centric workplace reflects a deeper understanding of the cooperative relationship between employee engagement, organizational success, and societal impact. One CEO added, “Transparency can be a superpower.” Another indicated: “I don’t have to be dogmatic. We have an honest discussion about strategy and provide a platform for all to be heard aligning on a path forward.”

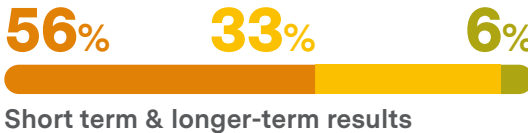
“Our number one priority is the team. Without them, you can’t be successful,” explained one CEO. “We absolutely have had to increase our internal communications with our team, and with our stakeholders, more than we ever had to do previously and give them more of the why we’re taking a certain approach for direction, versus this is the way we’re going.”



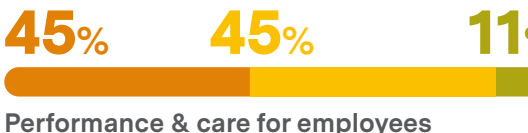
Another added: “Employees have become a great deal more important part of the overall performance equation. They care about a lot more than pay and add tremendously to the overall value proposition of the organization.”

CEOs who actively integrate these priorities into their leadership strategies crystallize their organizational purpose and are better poised to not only drive business results but also nurture cultures of inclusion, resilience, and collaboration.

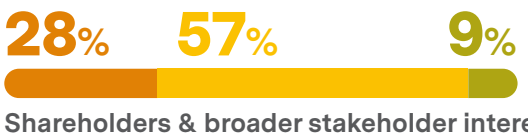
How important is it for you to integrate the following polarity pairs?



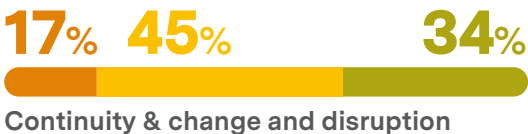
Short term & longer-term results



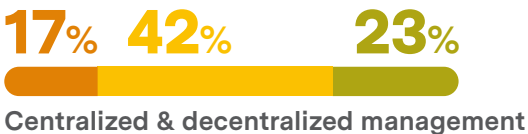
Performance & care for employees



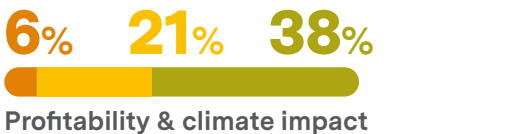
Shareholders & broader stakeholder interests



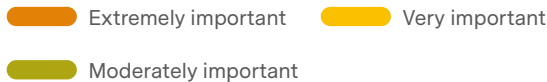
Continuity & change and disruption



Centralized & decentralized management



Profitability & climate impact





In addition, CEOs are recognizing that effective leadership extends beyond traditional metrics and encompasses qualities such as open-mindedness, authenticity, and empathy. In today's dynamic and disruptive environments, they name listening, communication, and adaptability as crucial for navigating complexity. "I have to be more aware of how people listen, not just how I would like to communicate," a CEO noted. Many of those we spoke with put great emphasis on the importance of careful listening and genuine relating.

Fortifying this sense of trust and connection is helping both the leaders and the organization at large maintain the levels of adaptivity so essential today. "You have to be prepared for anything

all the time," explained one. "You have to make decisions not knowing all the answers. Eighty percent has to be enough, or less. It doesn't have to be perfect; perfect costs too much." And "If you make mistakes, have the courage to admit it, adjust, and move on."

The more these CEOs emphasize change and adaptability, the more they stress the imperative of forthright and genuinely compassionate, human-centered communication—truly this is becoming one of the most critical capacities of the evolving CEO.

### Here is a sampling of the many earnest reflections on this topic:

"Make decisions based on listening and by asking questions."

"You want to be viewed as a real person who people will trust."

"During Covid, we became more human."

"You have to relate to the people in the organization. They also must have a perspective on the decisions we make—they affect not just employees but also their families."

"It is always about focus on the team. You need to put yourself in their shoes – being empathetic."

"I spend a lot more time preparing thoughtful, forward-looking messaging to keep the team on task— more than I ever did as COO or in the early years as CEO."

"I need to communicate clearly and often: Where we have been, where we are headed, what they can do to help us get there, and what's in it for them."

"Overall, I expose myself more and try to be more human so people can relate and connect with me."

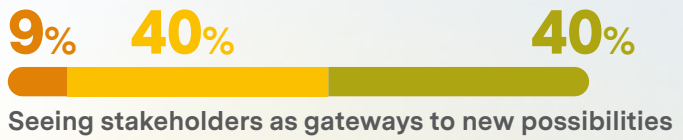
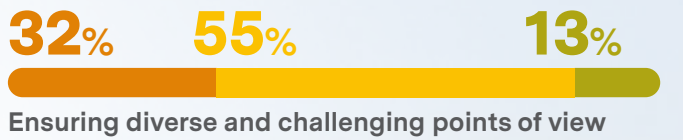
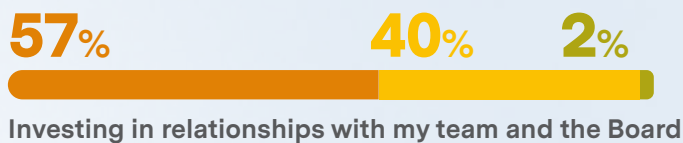
"The more relatable you are to people, the easier it is for them to build trust."

"The title (CEO) changes people's behavior. Removing that stigma was needed. And it was healing for me too."

These relational leadership qualities have become essential for both doing and being the CEO. One CEO shared, “I feel that I manage relationships all day.”

To deepen relationships, listening is a key ability. As a CEO said, “I increased my ability to listen, and I am more aware now of how people listen to me.”

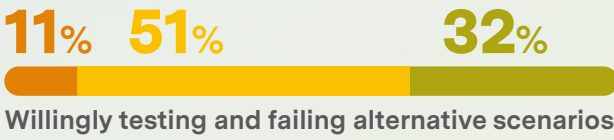
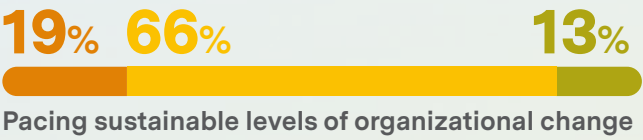
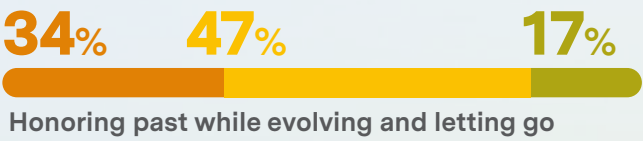
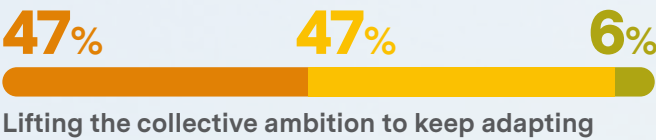
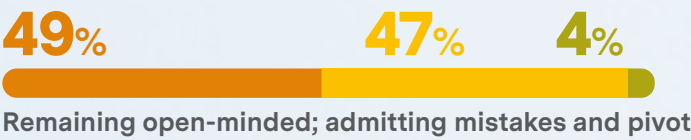
How important are the following in your role?



Extremely important    Very important    Moderately important

Building on their listening capacity can open leaders up to grow in other ways as well, which in turn helps them to better manage complexity.

How helpful are the following in navigating complexity and pacing rates of change based on your current priorities?



Extremely helpful    Very helpful    Moderately helpful



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## Our Take

CEOs are increasingly adopting an integrated leadership approach, bridging the gap between traditional metrics and leadership stances and embracing a holistic perspective.

By emphasizing qualities such as open-mindedness, authenticity, and empathy alongside diverse metrics, they're better positioned to navigate complexity with agility and compassion, fostering sustainable success and cultural growth and impact within their organizations. For many leaders, the ability to expand their relational capacity does not come naturally.

However, if they are willing to try, they are likely to find that while expanding capacity can create vulnerabilities it also creates stronger emotional bonds with their employees, boards, and stakeholders. As one CEO indicated, "Leadership is increasingly about humanity, sharing imperfections, being authentic and empathetic."

## Spotlight on First-time Manufacturing CEOs

### How They Spend Their Time:

As far as networking goes, new CEOs list investing in relationships with the board as the most important. They rank staying hungry for alliances as less of an early concern.

First-time CEOs are also driven mostly by financial and growth metrics, as are the more experienced CEOs. However, the new CEOs in our sample have come into the role more preoccupied with health and safety goals and slightly less with ESG ones than their more experienced peers.

Regarding polarity balancing, it's evident that all CEOs recognize its critical importance in navigating today's complexities. The differences between the two groups on this issue are negligible. However, it's crucial to emphasize that whether they are new or more experienced, CEOs agree that the first, most important polarity to manage and balance is that of short- and long-term strategizing. Additionally, first-time CEOs indicate that they enter the role more preoccupied with balancing the needs of shareholders with other stakeholders, which is an understandably less familiar responsibility for them. In contrast, experienced CEOs prioritize balancing centralized and decentralized management practices.





## The Future of the Role

The era of the big, lone CEO decision-maker is a bygone one. Today's CEOs are called to be more self-aware, human-centered, adaptive leaders who face constant change and complexity head-on, with deliberate collaboration and by fostering followership. They are acutely aware of how important regular, dependable communication has become, and are leveraging this to keep building organizational motivation, cohesion, and performance. They don't have all the answers, and they know how important it is to divulge that to show how committed they are to leading the ongoing growth and well-being of the organization at large.

One CEO offered a final thought that summed up things well: "We are a world in transition," he suggested. "The world continues to be more complex. It is a lot harder for leaders to get to the root of the problem. So, a CEO is better served to be open, open to lots of opinions before making our minds up." His many peers full-heartedly agreed and are likewise deeply committed to their own, personal ongoing growth to meet the heightened levels of leadership capacity now required to carry their organizations ahead.



# Demographics

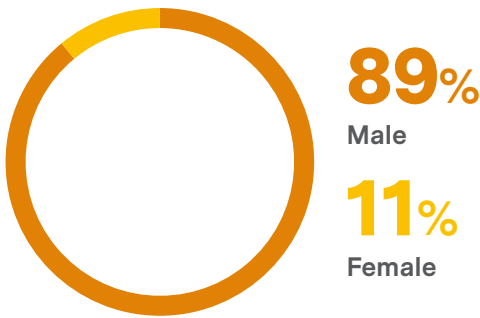
Age



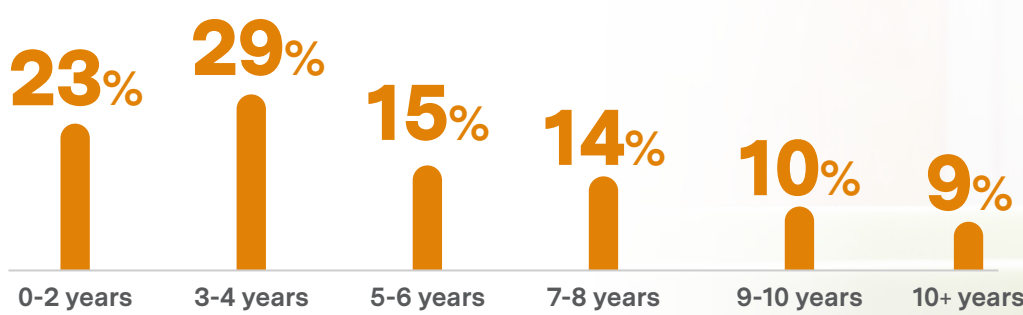
Ownership structure



Participant Gender

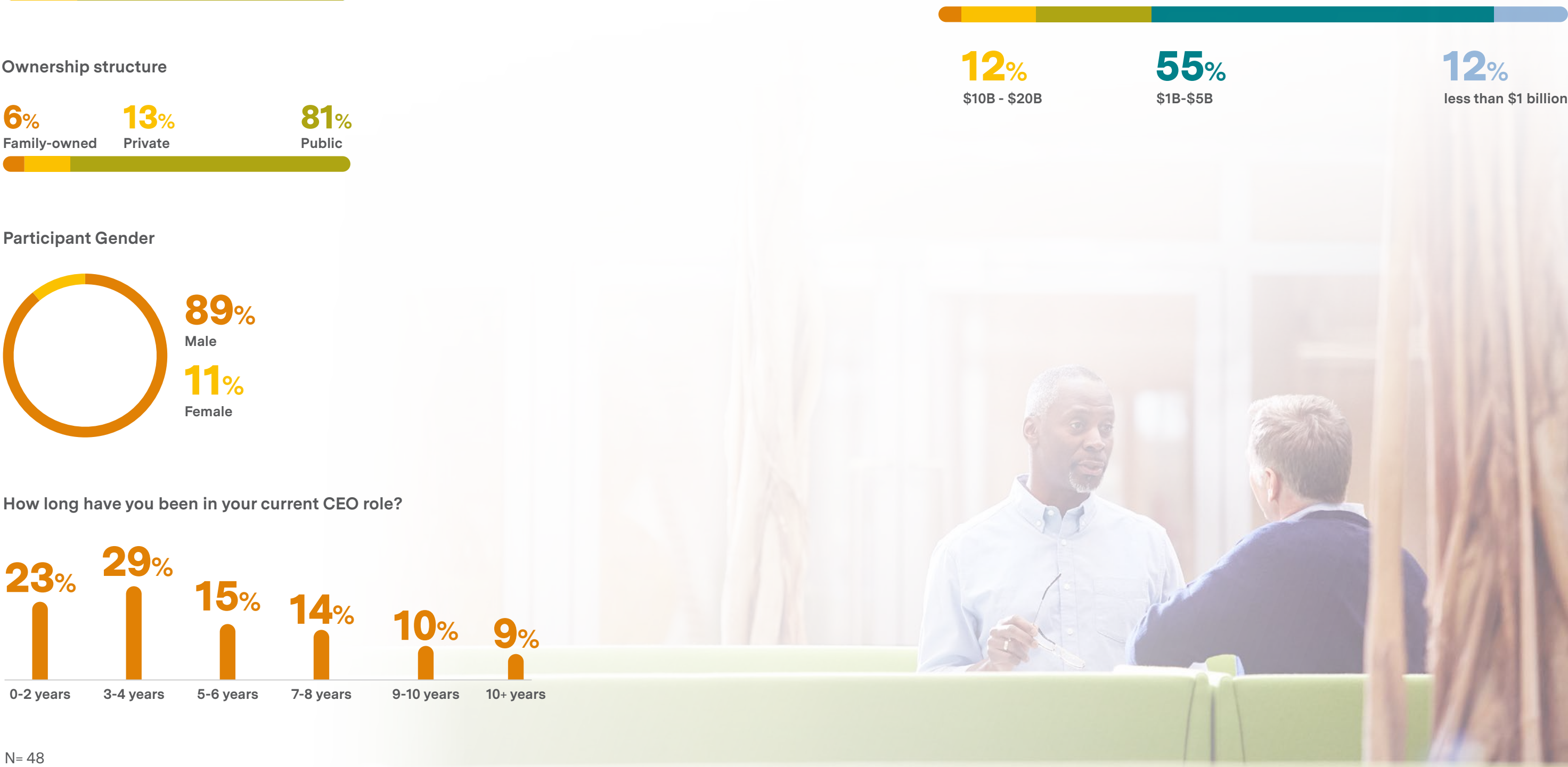
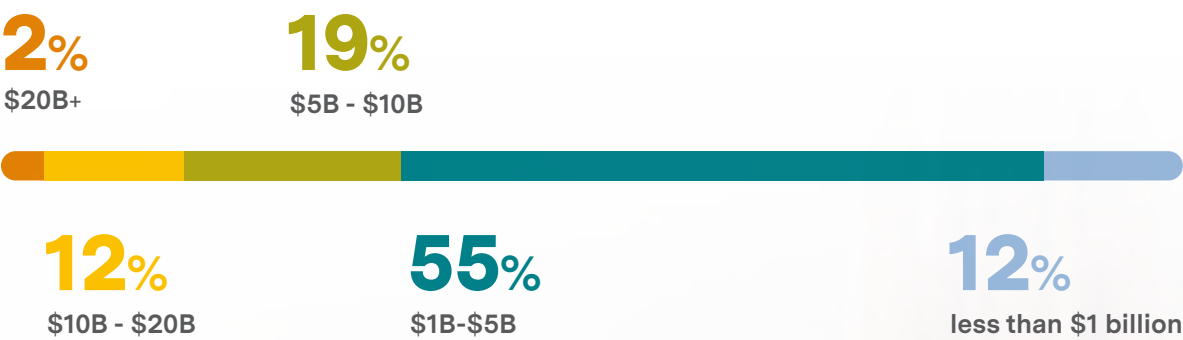


How long have you been in your current CEO role?



N= 48

Company’s revenue in USD



## About the author



**Matthias Bolling**  
Boston

Matthias Bolling, based in Boston, leads the machinery, industrial and technology manufacturing segment in North America for Egon Zehnder. He is a trusted advisor to leaders and boards of public, family, and private equity companies, providing services to solve talent challenges, support leadership development and shape successions. Prior to Egon Zehnder, Matthias operated in global leadership roles in Danaher, Bosch and Lucent Technologies. He has an M.Eng in electrical engineering from the University of Applied Sciences in Esslingen, Germany, and an MBA from Columbia University.

## About Manufacturers Alliance Foundation

Manufacturers Alliance Foundation is the 501(c)(3) partner of Manufacturers Alliance. The Alliance Foundation provides educational opportunities for the manufacturing community and its stakeholders through insights, events, and tools for today's most critical business decisions. The Alliance Foundation focuses on talent, technology, digital transformation, and competitiveness.

Learn more about the Alliance Foundation: [manufacturersalliance.org/foundation](https://manufacturersalliance.org/foundation).

## About Egon Zehnder

Egon Zehnder is the world's preeminent leadership advisory firm, inspiring leaders to navigate complex questions with human answers. We help organizations get to the heart of their leadership challenges and offer honest feedback and insights to help leaders realize their true being and purpose.

We are built on a foundation that supports partnership in the truest sense of the word and aligns our interests with the interests of our clients. Our 600+ consultants across 64 offices and 36 countries are former industry and functional leaders who collaborate seamlessly across geographies, industries and functions to deliver the full power of the Firm to every client, every time.

We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide executive search, leadership solutions, CEO search and succession, board advisory, and diversity, equity & inclusion.

Our services include discovering leaders, developing leadership, advancing governance, shaping successions, and unlocking transformations. We partner with Mobius Executive Leadership to offer highly experiential, personalized and transformational programs for senior leaders.

We believe that together we can transform people, organizations and the world through leadership.

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