



Five Hats: The High Leverage Roles of a CEO

By: Jim Schleckser, Inc. CEO Project

As a CEO, there is no shortage of demands on your time. Of course, that's particularly true when you're in growth mode, where you could be doing anything from closing the books to sweeping the floors. All CEOs wear a lot of hats. But as your business really starts to scale, you can't do everything and still grow your company (let alone have a life outside of it).

The best CEOs recognize that they need to make hard choices about where and what to spend their time on in their business to get the best results. They focus as hard on what they are not going to do as what they are going to do. Even more importantly, those same CEOs understand that there are several activities and roles in particular that bring about the most bang for the buck when it comes to growing their companies. Specifically, what are the right hats to be wearing? And how much time should be spent with each hat? We call this The Five CEO Hats. The specific roles of the five hats are: The Architect, The Engineer, The Coach, The Player and The Learner.

The point is that if you're not wearing one of these hats, you're likely working on tasks that don't deliver an adequate return on the time and skills you're putting into them. They don't multiply your time input.

Given a desire to improve the impact of your time, let's dig more deeply into the Five Hats that you should be wearing and why doing so makes the most of your valuable time.



The Architect

When you're wearing the hat of an architect, you're working on the business model for your operation. The areas of focus are the market, your offer, pricing, competitive advantage and improving your lead. This means you'll be planning, thinking and plotting strategy. For example, let's say you have launched or are thinking about launching a new product line or service. By donning your architect hat, you'll spend your time focused on answering questions such as: Whom are we going to sell to? What problem are we solving? How are we going to price our product or service and how much margin are we going to make on it?

How do we ensure recurring revenue in the model? The same idea applies if you are renovating or refurbishing an existing product line or service. Spending time on tasks like these is incredibly valuable to your business where every hour you invest will yield a strong multiplier effect, meaning you'll get, say, a five- to ten-times or even greater return on every hour you invest in these tasks.

Frankly, if you get the business model right, with an excellent competitive advantage, good recurring revenue and a strong offer to the market, everything else gets easier. Making money, growing, hiring great people and helping customers are all aided by a great business model. You cannot spend too much time in the Architect role.



The Engineer

When you're wearing the hat of the engineer, you're working on implementing and improving the processes that align with the value proposition of your business. With your architect hat on, you ask, "What?" With your engineer cap on, on the other hand, you ask, "How?" For example, if your company is a low-cost supplier of widgets, you'll make the most of your time as an engineer by, say, restructuring your supply chain to cut costs, rearranging personnel to streamline your distribution process or even finding a low-cost producer in China to partner with. Another example might be if you worked for the Ritz-Carlton or Disney, both organizations that strive to create intimate connections with their customers. With your engineer hat on, you might spend your time thinking about how to greet your customers after they arrive at the hotel or how to cut wait times when they're visiting your theme park. In other words, you're looking for ways to make functional improvements to your organization that delight customers. But, you'll also need to stay focused on reengineering only those tasks relevant to your core strategies. If you ran Southwest Airlines, for instance, you wouldn't spend your time worrying about how to implement First Class seating since your mission is to be the low-cost airline.

This is an area in which it is okay to get a B on your report card for a process that is not central to the business value proposition. It is more valuable to work harder on the processes that are central to wowing the customers and getting a A+ on that area.



The Coach

With your coach's hat on, you'll spend your time thinking about talent: how to acquire it, improve it, and divest yourself of under-performing team members. Just like the manager of a baseball team, you're spending time thinking about how to get your players to perform better on the field. That could mean spending an hour with each of your direct reports and sharing some insight about how they might improve their performance. If, by doing so, you increase each individual's performance just 5 or 10%, you have multiplied the effect of your time in a permanent way. Similarly, a CEO should consider donning the coach's hat when looking to fill a critical position within the company. If you can help acquire an A-level player rather than a B- or C-level candidate by investing your time, you have secured a huge

return on your time. The rule of thumb on top performers is that A players produce 50% more than the average performer, but cost only 20% more in salary – a great value. Unfortunately, you may also need to invest time in shifting or removing players from your team who are not producing, something that, while unpleasant, is also a high-value use of your time.

Having the right talent to drive improvements in the competitive advantage as the company grows is critical. Many of the companies that stall and slow their growth do so because the talent could no longer keep up with the pace and scope of their jobs. Sometimes, this includes the CEO, if they are not careful.



The Learner

The best and most humble CEOs realize they don't have all the answers and that to keep their company growing, they, too, have to keep learning. They are part of the talent in the business and can be outpaced by a fast moving operation, like anyone else. That means finding ways to educate yourself both inside and outside of your organization. This is a concept Keith McFarland wrote about in his book, *The Breakthrough Company*, which he called “scaffolding,” meaning utilizing the kind of resources that you can turn to for support such as peer groups or by attending conferences. This applies not only to resources in your industry but just as importantly to those outside of it because your next breakthrough idea will come after you mix it up with people who will bring a freshness to your thinking – something that makes you think, “I didn't know we could do that.” Then, by bringing that new element – whether a piece of technology or a new way of thinking – back into your business, you can establish a real competitive advantage. Unfortunately, many CEOs tend to push back when it comes to the subject of education, as they say, “I send my people to school.” But as CEO, you have a set of experiences and a way of thinking that gives you a unique perspective from any of your team members. Yes, your people need to keep learning as well. But when you put your learning hat on, you gain the ability to see over the hill and gauge what's coming next in terms of informing and sparking the kinds of new ideas that will continue to propel your business.



The Player

In starting their companies, most entrepreneurs spent their time with their player hat on, meaning that they would bury themselves in different functional areas such as sales, engineering, accounting or operations – or whatever their particular gift or passion might be. The rub, however, is that many entrepreneurs fail to evolve from wearing their player hat all the time. The best CEOs come to recognize that they need to take on new roles and let other people step in and take over. That said, putting your player hat on from time to time remains a very valuable use of your time – particularly when it allows you to keep in touch with your business. For example, Jack Welch of GE continued to make sales calls until he retired. Now, granted, he waited for really BIG sales calls and he happened to be a really

good salesperson. Just as importantly, though, is that Welch used his time on such a call to evaluate questions like: Do I have the right sales team in place? Is there a way I could architect the sales process to close deals more quickly? Is there a way to change our process so we could win more deals? In other words, by wearing the player's hat, you can help identify opportunities to tackle when you don your architect, engineer or coach's hat.

There is no right answer when it comes to allocating the right amount of time to wearing any or all of the Five CEO Hats. The right mix depends on your business and where your constraints and opportunities lie. That means that part of your decision process must be assessing what hat might yield the biggest economic payback at this time. Conceptually, it might mean spending time wearing your architect hat, then transitioning to an engineering role so you can implement the processes you need for the new business model, followed by playing the role of coach and player to see the changes through with your team. At that point, you put on your learning hat to see what new constraints have developed with the new approach. Regardless, the point is that your goal should be spending as much of your time as possible wearing as many of these five hats and not in other roles. Really excellent CEOs spend 35-50% of their time in a high leverage role by minimizing all other activities.

After learning about the Five CEO Hats, though, it's easy to guess that you might find yourself wearing some other hats from time to time – say time spent on managing your board, sitting in on analyst calls or closing the year-end books. While these kinds of tasks may be part of your job, or have even been a big part of your professional life, your objective should be to minimize the amount of time you spend on them even if they make you feel “comfortable”, or you are the best in the company at that job. In fact, in order to become an effective CEO, you'll need the courage to break free from your comfort zone and commit to wearing a few new hats on a regular basis. Set a goal of spending no more than 40% to 50% of your time on tasks not associated with wearing one of the Five CEO Hats we've discussed. They simply don't give you the kind of return on your time that you need or, quite frankly, that your business can afford.