

THE CAREER PATH OF A SUCCESSFUL CEO

by

Leah Klein

Submitted in partial fulfillment of the
requirements for Departmental Honors in
the Department of Finance
Texas Christian University
Fort Worth, Texas

May 2, 2014

The Career Path of a Successful CEO

Project Approved:

Supervising Professor: Peter Locke, Ph.D.

Department of Finance

Vassil Mihov, Ph.D.

Department of Finance

Joe Roh, Ph.D.

Department of Supply and Value Chain Management

ABSTRACT

The purpose of this paper is to research and analyze the characteristics of successful CEOs today. Previously conducted research, academic articles, online web pages, as well as books were all used to research this topic. The results of such analysis concluded that there is a clear correlation between educational background and CEO success, an individual's environment is not a determining factor in attaining CEO success, and passion for one's work is crucial for reaching CEO success. However, overall there are many contributing factors that contribute current CEOs' success.

TABLE OF CONTENTS

INTRODUCTION	1
LITERATURE REVIEW	2
Examples of Successful CEOs.....	2
Warren Buffett	2
Larry Page.....	3
Mark Zuckerberg	4
Mary Barra	6
Successful CEO Characteristics.....	8
Financial Ability	8
Leadership Ability	9
Risks and Success	10
Emotional Intelligence Ability.....	11
Networking Ability	11
Inherent and Environmental Factors.....	12
ANALYSIS.....	15
Educational Ability	16
Work Experience	20
CEO Identified Success Factors.....	21
CONCLUSION.....	22
BIBLIOGRAPHY.....	24

INTRODUCTION

Each and every day, students across the globe are wondering what needs to be done to have a successful life and career. At a young age, children dream of becoming astronauts, the President, a professional athlete, a firefighter and much more. However, with age comes reality. As students begin to enter the world of a real full-time job, how to be the best in one's career is a question that many students ask. In particular, business students begin to ask themselves, how can I make it to the next level? What can I be doing now to prepare for the next step? Should I plan to get a graduate degree? Who should I put myself in contact with to leverage opportunities? What kind of job should I pursue to be happy financially and emotionally? People ask themselves all of these are questions every day. There are many exemplary individuals globally who have demonstrated that achieving greatness in the world of business is possible. Among the most notable include Warren Buffet of Berkshire Hathaway, Larry Page of Google, Mark Zuckerberg of Facebook, and Mary Barra of General Motors; all of these people also happen to be CEOs of their own companies ("NBC News Business" 2013). Yet, what do all of these CEOs have in common? How did they make it to the top when they all seem to be completely different from one another? Ambitious and determined individuals wonder about these questions, and ultimately ask "how can I make it to the top?"

However, most research does not address questions such as "how much does one's personality really affect a person's success rate in the future?" and "to what extent does a person's education level affect the probability of future success?", and for those entering the job market, these might be important factors. The purpose of this paper is to

address such questions. More specifically, the purpose of this paper is to attack the question of what characteristics successful CEOs have in common today.

LITERATURE REVIEW

Examples of Successful CEOs

Addressing all the factors that pertain to a successful CEO is clearly of interest; however, there is the initial problem in identifying a successful CEO. Income might seem like an obvious starter, but the problem is that there is much luck involved, and there are many cases of seemingly brilliant CEOs with large salaries making very bad business decisions. There are many different ways to categorize a successful CEO, but some features are more common than others. Some acceptable measures are generation of a vision, leadership and teamwork capabilities, emotional intelligence, risk-taking personalities, and financial acumen (Sanders; Marshall). As the role of the CEO has evolved, evidence of all of these qualities seems essential to today's CEO. Modern CEOs are no longer sole leaders, and instead are leaders who bring many employees from within the company as a team to make top level decisions.

Warren Buffett

Given such research, what have current CEOs done to help them achieve success? Many current investors consider Warren Buffett be the most successful investor of the 20th century. As both the largest shareholder and CEO of Berkshire Hathaway, Buffet has clearly made a name for himself in the world of business being well-known for his value-investing approach to the market, as well as his frugal mind-set despite his vast wealth ("Bloomberg Business Week", 2012). Buffet's interest in business started at a

young age (Rom, 2014). As a child, Buffet went door to door selling chewing gum, Coca-Cola, and Weekly Magazines. Upon entering high school, Buffet invested in his father's business, bought a farm worked by a tenant farmer, and made money by delivering newspapers, selling golf balls and stamps, detailing cars as well as many other side jobs. He attended the prestigious University of Pennsylvania's Wharton School of Business for a couple years before transferring to the University of Nebraska where he earned his Bachelor of Science in Business Administration. He continued his education and earned his Master's in Economics from Columbia. By the age of 20, Buffet had already saved \$94,000 for the inflation adjusted USD and upon receiving his Masters, Buffet started working at Buffet-Falk & Co as an investment salesman from 1951-1954. In the following years, he worked at Graham Newman Corporation from 1954-1956, and started his own partnership called Buffet Partnership Limited in 1956 where he remained before becoming CEO of Berkshire Hathaway in 1970 to the present ("Bloomberg Business Week"). Clearly, Buffet encompassed many of the characteristics researched to be among the most popular for successful CEOs. Buffet attained the education and job experience to give him a more than sufficient financial understanding of business. In addition, Buffet showed passion for the financial industry at a young age, while also being confident, risk-taking, a leader, and growing up in an environment that seemed to encourage his entrepreneurial mind-set.

Larry Page

A younger and also very powerful and successful CEO, Larry Page of Google, has had a large impact on life as we know it. As did Buffet, Page had a vested interest in business from a young age living in Lansing, Michigan. Page's parents were both

computer experts; partially due to this fact, Page developed in interest in computers starting at the age of 6 ("Larry Page", 2013). By the age of twelve, Page knew that he would like to start a company someday. As Page continued to pursue his goal, he attended the University of Michigan and received his Bachelor of Science degree in Engineering and later continued on to Stanford to obtain his computer science Ph.D. At Stanford, Page met Sergey Brin, whom he worked with to develop the search engine, Google ("Larry Page", 2013). After concluding that the Google project was worth pursuing, he and Brin gathered \$1 million worth of investment funds from friends, family, and other investors. In 1998, Brin and Page founded Google as co-presidents and hired Eric Schmidt as Chief Executive Officer. In April 2011, Page replaced Schmidt as CEO ("Larry Page", 2013). Page's career development to CEO plainly stemmed from his childhood and the environment he grew up in facilitated that development. In addition, his genuine interest in business and entrepreneurship at a young age also had an impact on where he is today. Furthermore, the prestigious education he attained as well as his network of friends, family, and others contributed to his success as a CEO. All of these factors fittingly align with some of the factors laid out in this analysis.

Mark Zuckerberg

An even younger CEO in today's world, Mark Zuckerberg of Facebook, shares many of the same characteristics of both Warren Buffet and Larry Page. Zuckerberg also had a genuine interest in computers at the early age of twelve ("Mark Zuckerberg", 2013). At this age, Zuckerberg created a messaging program called "Zucknet" using Atari BASIC, which his father ended up using in his dental office. In addition, prior to high school Zuckerberg developed video games with his friends and his parents hired a private

computer tutor for him while he took Grad classes at the nearby Mercy College. During his high school years, Zuckerberg continued pursuing his interest in computers by developing an early version of the music software program Pandora, which he named “Synapse” (“Mark Zuckerberg”, 2013). After high school, Zuckerberg went on to attend Harvard where he was known as the “go-to software developer”. At Harvard, he created multiple programs including CourseMatch, which facilitated the process of choosing classes, and also developed what he is known for today, Facebook. Zuckerberg co-founded Facebook with Eduardo Saverin out of a college dorm room in February 2004, and later dropped out in June 2004 to pursue Facebook’s business potential full-time as Chief Executive Officer. He received several offers from companies, including AOL and Microsoft, to purchase the software; however, he declined those offers to continue to grow the users of the site (“Mark Zuckerberg”, 2013). To this day, Zuckerberg continues his success as CEO of Facebook. Zuckerberg clearly demonstrated many similarities to both Buffet and Page; most fundamentally, he developed an innate interest in computers from a young age leading up to his success as CEO. However, in addition, the environment that Zuckerberg grew up in heavily reinforced his love of computers. He received support from both his family, who encouraged his interest in computers by hiring him a private computer tutor, and his friends who helped him create innovative games throughout his childhood. Finally, Zuckerberg’s risk-taking attitude as well as his confidence in his own ideas helped him prosper to the position and success that he has achieved to this day.

Mary Barra

Mary Barra, Chief Executive Officer of General Motors as of January 15, 2014, exhibits many traits of a CEO who has achieved success through hard work. Barra grew up with General Motors; her father worked at the Pontiac plant as a die-maker for about 40 years, Barra's first car was a Chevy, and her first job was with a program hosted by GM where she inspected fender and hood panels at a Pontiac plant (Nisen, 2013). With the money she earned from this job, Barra was able to pay part of her tuition at Kettering University, known at the time as General Motors Institute, where she graduated with a degree in electrical engineering. Upon finishing college, Barra immediately began working for GM as a senior engineer where she was quickly recognized as having immense potential and was sent to Stanford Business School to receive her MBA. After this accomplishment, Barra returned to GM as a GM Manager where she quickly rose in the rankings and earned a spot on GM's executive committee (Nisen, 2013). Barra was known for focusing on efficiency, agility, and better quality while avoiding the severe company politics at the time (Nisen, 2013). Barra's brilliance was challenged in 2011 when she was appointed senior vice president for global product development in which she had no experience. She prevailed with a result of increased quality and perception of GM's vehicles, which has led her to her most recent position as CEO (Nisen, 2013). Barra's dedication and interest in GM as a company started early and clearly paid off for her in the long run; however, it goes without saying that her intelligence and ability to make decisions and overcome challenges has also led Barra to a career of success of ultimately to the prestigious position of CEO.

As demonstrated by Buffet, Page, Zuckerberg, and Barra, an individual can become a CEO at almost any point in time. Zuckerberg attained the position in his twenties, while Buffet and Page reached CEO in their mid-thirties. Barra didn't attain CEO until her early fifties. Indicators of the different ages at which each person attained CEO include how each person got there. Both Page and Zuckerberg were inventors who made it to CEO because of their entrepreneurial actions. However, Page first became Co-President with his co-founder Sergey Brin, and ultimately chose to hire a CEO before becoming the CEO ("Larry Page", 2013). On the other hand, Zuckerberg immediately assumed the CEO position when the company was founded ("Mark Zuckerberg", 2013). Contrastingly, Steve Case of AOL is an example of a creator who later attempted to be corporate CEO and failed through his merger of AOL and Time Warner (Peers, 2003). In 2010, the value of these two companies is a meager one-seventh of the values the day of the merger (Arango, 2010). Failures from this merger also include job loss, decreased retirement accounts, and numerous executive disruptions (Arango, 2010).

Buffet and Barra had different paths to CEO. Buffet was an investor who acquired companies when he saw a good investment opportunity who ultimately became CEO because of his success in that activity ("Bloomberg Business Week", 2012). Barra worked her way up the ladder and attained her position with effort and good decisions (Nisen, 2013). This difference between creative individuals who become CEOs as their company grows and the more traditional manager types such as Barra who are hired for the job is significant.

Proposition one: based on the prestigious universities, including Stanford, Harvard, University of Pennsylvania, and Columbia that all these successful CEOs attended, a strong educational background is crucial to making it to CEO.

Successful CEO Characteristics

Financial Ability

Financial acumen is named crucial to serve as a successful CEO. To develop this, it is important to work on challenging projects, but also projects that provide significant financial experience. As Birkel (2013) states it, “Without a strong grasp of financial pressures you’re just not going to be able to do what the board and the executive team is looking for when in charge of the whole business.” (pp 6). When searching for CEOs, the boards are more often than not looking for individuals who have a complete understanding of the business and how the different functional areas of the business work together, especially the financial component of a company because it is seen as an “engine of growth and profitability” within the company (Birkel, 2013). Dibeyendu Ganguly, author of “How CEO contenders have ensured their victory to bag the coveted post,” reiterates Birkel’s sentiments by stressing that irrespective of background, one needs to be able to demonstrate that one can view a problem from the perspective of other corporate functions. Ganguly elaborates saying that viewing an issue from multiple perspectives is one of the most difficult tasks for potential CEOs to do and why many potential candidates do not make the cut.

Leadership Ability

CEOs obviously need to encompass leadership capabilities, particularly execution related abilities (Kaplan, 2008). One method for measuring execution related ability analysis is Bolton's model. Bolton's theory "presents a trade-off between adapting to new information and coordinating employees, implying that more resolute and overconfident CEOs perform better than CEOs who are better listeners and communicators in situations requiring greater coordination. They predict that measures of characteristics that reflect resoluteness and overconfidence should be positively correlated with performance" (Kaplan, pp 1). In Bolton's model, more resolute CEOs are typically more successful because the increased coordination benefits from being resolute outweigh the costs of not fully reacting to new information (Kaplan). Hershleifer (2012) presents similar results on a study conducted from 1993-2003 that utilizes options and press-based proxies as a mode to incentivize CEOs to increase investment in risky projects. Hershleifer's study indicates that innovation-intense companies prefer to hire overconfident CEOs because of the natural willingness to take on more risk in investment projects, ultimately benefiting the shareholders during times of success. The end result of hiring overconfident CEOs is "greater return volatility, invest more in innovation, obtain more patents and patent citations, and achieve greater innovative success for given research and development (R&D) expenditure" (Hershleifer, 2011 pp 1). These results are consistent with studies of the five factor model (of personality) from psychology literature. According to this model, personalities are comprised of five factors: extraversion, emotional stability, agreeableness, conscientiousness, and openness to experience. Studies that relate personality to performance usually find that conscientiousness has the most explanatory

power, which is consistent with the findings that execution-related skills of CEOs are related to performance. According to Kaplan's research, effective executives "differ widely in their personalities, strengths, weaknesses, values and beliefs. All they have in common is they get the right things done." (Kaplan pp 5) In order to get things done, effective executives: "utilize time efficiently"; "focus on contribution"; "make strengths productive"; "do first things first"; and "make effective decisions" (Kaplan pp 5). According to Kaplan, these execution-related skills are found to be most correlated with success.

Of course, leadership capabilities do not commence once the CEO is hired. Searching for leadership roles prior to making it to the top can actually help one make it to CEO. Kaplan stresses the importance of having a goal in mind and putting oneself into leadership roles. Setting goals helps keep one accountable. One is more likely to meet preset goals and be successful. Pre-CEO leadership roles are useful in allowing others to see what capabilities as a leader one may have, while also giving a person that exposure to a leadership role within a business setting. As a potential CEO, a board probably wants to see that a candidate has the ability to motivate and lead the company to success.

Risks and Success

Kaplan's research also indicates that taking risks is crucial to becoming a successful CEO, which aligns with what constitutes a successful CEO (Kaplan; Hirshleifer). Kaplan explains that taking risks helps people develop their understanding of a business and how different components of a business work. Typically when people take risks, it is a risk because they do not completely understand a project or have no experience in a particular area. When risks are taken, and especially when failure follows,

experience and understanding of the business comes with it. People are able to learn from their mistakes and, when successful, learn how to deal with the issue in the future.

Emotional Intelligence Ability

Emotional intelligence is also highly sought after by boards. Building and nurturing a personal brand, which is typically done through demonstration of soft-skills as well as hard work, is crucial to success. Tappin (2013), explains how personal branding is a method to escalate one's presence in this global economy. For example, social media is now a huge part of business today and people utilize it to showcase talent and build a brand. Tappin says that one's, "personal brand should be based on the delivery of value and ideally you become a talent magnet"(pp 1). This form of branding ultimately builds one's network of connections, creating more opportunity for upward movement; however, Tappin cautions that there is a huge asymmetry: people can ruin their brand much more quickly than make a reputable brand.

Networking Ability

Although a strong network is not mentioned as one of the most common attributes of a successful CEO, networking can be a very powerful tool to work one's way up the ladder as well as business tool as CEO (Moritz). When Moritz (2013) writes, "It's not what you know, it's who knows you," (Moritz, pp 1), she is addressing the importance of networking. It is more important for others to know you than for you to know a lot.ⁱ Essentially, it does not matter how many people one individual knows in order to progress in his or her career; if the others do not know you, then there is no way to leverage the relationship to advance. In order to effectively network, a person needs to

know how to network effectively. In *Power Networking: 59 Secrets for Personal and Professional Success* (2001), Marken states, “Next to good writing skills one of the strengths of almost every good PR person has or develops is his or her ability to exchange business cards and phone numbers and even ‘work the room’ at business and social events.” (pp 1). Marken describes how inefficient most people are at these fundamentals. He gives an example about meeting with multiple people at an event, scribbling a quick note about what was talked about on each person’s business card, and then realizing when looking back on the event that most of the time he has no idea what was really talked about in the conversation and what was promised from each party. The importance of knowing how to effectively network stems from ensuring that a positive impact is made on every person met.

Inherent and Environmental Factors

There are some characteristics about CEOs that each has little or no control over. One variable that people typically have no control over is the culture that surrounds them growing up. Malcolm Gladwell, author of “Outliers”, provides evidence about how culture and community can have an uncontrollable impact on a person’s life. In the introduction of “Outliers”, Gladwell writes about a group of Italians from Roseto who immigrated to a little town in Pennsylvania, which was renamed Roseto after it was essentially taken over by the Rosetans from Italy. A physician named Stewart Wolf noticed that all of these Rosetans had significantly lower rates of heart disease than any other towns or places nearby or in the country. After extensive research, Stewart concluded that these results were not the outcome of healthy eating, exercise, or genes because they were the same as all other towns that had higher rates of heart disease;

however, he concluded that the incredible low rates of heart disease were due to the Rosetan culture and community. Stewart noted how Rosetans frequently visited one another, cooked for each other, often had three generations living under one roof, and participated and experienced in the “unifying and calming effects of the church” (Gladwell, 2009, pp 9). “The Rosetans had created a powerful, protective social structure capable of insulating them from the pressures of the modern world” (Gladwell, 2009, pp 9). Gladwell’s posits that the environment in which a person lives or starts their first job in has a significant impact on a person’s future success. Given that sometimes people can work around the environment handed to them, the initial surroundings of every person typically has an everlasting impact on their futures. For example, it is pretty clear that growing up with accessibility to higher education and the means to gain such education plays a major role in attaining CEO status (Gladwell, 2009, pp9). Gladwell also looks at Canadian hockey players. Based on this research, the majority of Canadian hockey players are born early in the calendar year. All boys born within the calendar year play in the same league, so that the boys born earlier in the year are older in their league. This concept, also known as the relative-age effect, can interestingly be applied to CEOs. Du (2008) researched the birth dates of a sample of 321 CEOs from S&P 500 firms from 1992-2006. Du found that the number of CEOs born in the summer were disproportionately small, but that firms with summer-born CEOs had a higher market valuation than firms whose CEOs were born in non-summer months (Du). This evidence is consistent with the relative-age effect because school’s admissions systems usually group children with age differences up to one year together. Du’s evidence suggests that the younger children (born in the summer) either fall behind the older children or learn

outperform the older children. Therefore, the few outperforming younger children are those that manage firms with a higher market valuation, while the disadvantaged children explain why there are so few summer-born CEOs. In addition, Gladwell is known for the 10,000 hour rule, which essentially states that once a person has contributed 10,000 hours to a particular activity, he or she should be considered a master in that activity (Gladwell, 2009). Therefore, developing and becoming masters various skills in business also aid to the success of person rising to the CEO level.

However, there are numerous examples of individuals who defy the norm of growing up in a privileged environment to become successful. For example, Maria Das Gracas Silva Foster, the first female CEO of Brazilian oil giant, Petrobras, fled a shantytown in Brazil where her mother worked all of the time and her father was an alcoholic (Nisen & Goldschein, 2012). Moreover, Howard Schultz, CEO of Starbucks, grew up in the Brooklyn projects where his father was a truck driver; Schultz was able to earn a football scholarship to the University of Northern Michigan to jumpstart his successful career (Nisen & Goldschein, 2012). Sam Walton, founder and past CEO of Wal-Mart, milked cows and sold magazines in Oklahoma during the Great Depression (Nisen & Goldschein, 2012). How did these individuals succeed in such a negative initial environment?

Proposition two: a supportive environment is not critical to becoming a successful CEO; however, an encouraging environment is facilitative to becoming a successful CEO.

Proposition three: although an individual can attempt to take all the necessary steps and encompass all of the traits of a successful CEO, passion for one's work is the most critical component an individual must embody in order to become a CEO.

ANALYSIS

In 2004 the majority of S&P 500 CEOs were in their fifties (Allen). In 2004 only .8% of CEOs were under the age of 40 (Allen). The age distributions in Table 1 show the breakdown of S&P 500 CEOs in 2004 and their respective ages according to their company's numerical ranking.

Table 1. 2004 S&P 500 CEO Age Distributions

Range	1-100	101-200	201-300	301-400	401-500
Below 40	1%	1%	0%	0%	2%
40-49	12%	21%	18%	21%	29%
50-59	57%	53%	58%	53%	47%
60-69	28%	22%	24%	21%	20%
70 &*					
Above	2%	3%	0%	5%	2%
Range	1-100	1-200	1-300	1-400	1-500
Below 40	1%	1%	1%	1%	1%
40-49	12%	16%	17%	18%	20%
50-59	57%	55%	56%	55%	54%
60-69	28%	25%	25%	24%	23%
70 &*					
Above	2%	3%	1%	2%	2%

Note: From Allen, K. (2004). Statistical Snapshot of Leading CEOs.
Retrieved December 19, 2013 from bus.wisc.edu/~media/bus/mba/why

The age distributions presented in table 1 show that S&P 500 CEOs ranging in age from 50-59 are the most common at a majority of 55.4% with a relatively sharp drop off to S&P 500 CEOs ranging in age from 60-69 at 25% (Allen, 2004). Although this age distributions in this table demonstrate that CEOs are more likely to attain the position

around the age of 50, they also show that age is not a completely limiting factor to chances of making CEO prior to the age of 50.

Educational Ability

On top of these other characteristics, research by Spencer Stuart shows that an individual's undergraduate educational background may play a significant role in achieving CEO status. The numbers in Table 2 show that a 97 percent of S&P 500 CEOs earned an undergraduate degree and 99 percent of the S&P top 100 companies' CEOs earned an undergraduate degree underscoring the importance of a college education ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders").

1-100	101-200	201-300	301-400	401-500
99%	98%	97%	97%	97%

Note: From Leading CEOs: A Statistical Snapshot of S&P 500 Leaders. Diss. Spencer Stuart, 2005. Web.
http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf.

Spencer Stuart also conducted research based the most common undergraduate degrees received. The data in Table 3 shows the most common undergraduate degrees received by S&P 500 CEOs in 2005.

Table 3. 2005 Undergraduate Degrees Received by S&P 500 CEOs

Degree	1-100	1-200	1-300	1-400	1-500
Engineering	22%	19%	20%	19%	20%
Business	21%	16%	16%	17%	15%
Liberal Arts	8%	9%	11%	10%	9%
Economics	9%	11%	10%	10%	11%
Accounting	3%	6%	7%	7%	7%

Note: From Leading CEOs: A Statistical Snapshot of S&P 500 Leaders. Diss. Spencer Stuart, 2005. Web.

http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf.

Although the undergraduate degrees in Table 3 are not broken down by major, they do provide insight on which degrees most commonly lead to the position of CEO in 2005. Surprisingly, a business degree was not listed first; it was overtaken by an engineering degree at 20 percent, which Barra of General Motors majored in at Kettering; however, she did continue on to Stanford to receive her MBA (Nisen, 2013). A Business Administration degree took second with 15% of S&P 500 CEOs holding that degree. Warren Buffet is an example of a current CEO who earned his degree in Business Administration. A Liberal Arts, Economics, and Accounting degree followed with 9, 11, and 7 percent ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders"). Clearly the data in this table demonstrates the best degrees to reach the CEO position; however, it does indicate a clear degree that needs to be received in order to reach the position. In fact, one of the shortcomings of the data in this table is that it does not include what type of graduate degrees, if any, S&P 500 CEOs received that may have also helped guided them to CEO. The 2005 Spencer Stuart study also breaks down educational background by the universities that S&P 500 CEOs attended for their undergraduate degrees. The information in Table 4 displays the percentages of the most common undergraduate universities attended by S&P 500 CEOs.

Table 4. 2005 Common Undergraduate Universities Attended By S&P 500 CEOs

University	1-100	1-200	1-300	1-400	1-500
Harvard	3%	4%	3%	3%	3%
Princeton	1%	1%	2%	2%	2%
Stanford	3%	4%	2%	3%	2%
U. of Texas	2%	1%	2%	2%	2%
U. of Wisconsin	2%	3%	2%	3%	3%
Yale	3%	3%	2%	2%	2%

Note: From Leading CEOs: A Statistical Snapshot of S&P 500 Leaders. Diss. Spencer Stuart, 2005. Web.

http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf.

The common undergraduate universities displayed in Table 4 indicate that Harvard and the University of Wisconsin are tied for the most common university attended for S&P 500 CEOs for the second year in a row. These universities are closely followed by Princeton, Stanford, University of Texas, and Yale each accounting for two percent of S&P 500 CEOs ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders"). Mark Zuckerberg of Facebook earned his degree from Harvard, while Mary Barra of General Motors earned her MBA from Stanford, both universities that are included on the list ("Mark Zuckerberg", 2013). Does the information provided in these tables mean that the university attended makes a difference on one's chances of becoming CEO? Although it may be difficult to pinpoint the main reasons for such statistics, there are clearly more CEOs coming out of these universities. Moreover, according to the U.S. Department of Education, from 2004-2005 there were 2,582 4-year colleges within the United States showing just how significant a percentage of 2-3 percent, and a total of fourteen percent, is of S&P 500 CEOs graduating from just a few schools ("Fast Facts"). More specifically, the percentage of S&P 500 CEOs who received their undergraduate degrees from an Ivy League school, including Harvard, Columbia,

Yale, Brown, University of Pennsylvania, Dartmouth, Princeton and Cornell, has ranged from 10-11 percent for the past six years ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders").

Similarly, many question the value of earning an M.B.A. degree as it pertains to successfully making it to the top. Surprisingly, over the past three years starting ending in 2005, the percentage of the top 100 CEOs who have earned an M.B.A. degree has decreased from 37 percent to 36 percent to 35 percent in 2005 ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders"). The data in Table 5 displays the percentage of S&P 500 CEOs who have earned a M.B.A. degree.

Table 5. 2005 CEOs Who Have Received an M.B.A.

1-100	1-200	1-300	1-400	1-500
35%	40%	41%	40%	39%
1-100	101-200	201-300	301-400	401-500
35%	44%	45%	36%	35%

Note: From Leading CEOs: A Statistical Snapshot of S&P 500 Leaders. Diss. Spencer Stuart, 2005. Web.

http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf.

The percentage of CEOs who have received an M.B.A. in Table 5 demonstrates that having a M.B.A. may aid in one's career to reach CEO, but it clearly is not necessary in order to reach that goal. However, 62 percent of all S&P 500 CEOs have earned some type of advanced degree, which includes a M.B.A. master's, Law degree, doctorate, etc. ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders"). Of the CEOs mentioned earlier, Barra received her MBA from Stanford, Zuckerberg received neither an MBA nor any other advanced degree, Buffet received his Master of Science from Columbia, and Page received his Master of Science from Stanford (Nisen, 2013). The numbers in Table

6 show the number of CEOs who have earned at least one advanced degree other than an M.B.A.

Table 6. 2005 CEOs Who have Received at Least One Advanced Degree other than an M.B.A.

1-100	1-200	1-300	1-400	1-500
31%	26%	26%	26%	27%

Note: From Leading CEOs: A Statistical Snapshot of S&P 500 Leaders. Diss. Spencer Stuart, 2005. Web.

http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf.

These numbers indicate that an advanced degree may be important in one's pursuit of becoming a CEO, but is not required.

Work Experience

Another factor to consider is international work experience. Does getting international work experience help in one's goal of reaching CEO? According to Spencer Stuart's 2005 study, S&P 100 CEOs are more likely to have international work experience than their S&P 500 counterparts, which has been true for the past seven years prior to 2005 ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders").

Table 7. 2005 S&P 500 CEOs International Work Experience

1-100	1-200	1-300	1-400	1-500
45%	40%	38%	37%	38%

Leading CEOs: A Statistical Snapshot of S&P 500 Leaders. Diss. Spencer Stuart, 2005. Web.

http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf.

As the percent of S&P 500 CEOs who received international work experience shown in Table 7 displays, about 38 percent of all S&P 500 CEOs had international experience in 2005, which is up from 33 percent in 2004 ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders"). These numbers may be increasing due to the increasing number of multinational enterprises in which international experience is a must to

compete effectively. Similarly, these numbers may be growing due to the fact that large businesses must have a global presence in order to stay in business.

Additionally, how important is it for up and coming CEOs to work for multiple companies versus stay at one company all of their work years? The number of CEOs who have stayed at the same company for their entire career has been declining recently ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders"). In 2005, only 21 percent of S&P 500 CEOs stayed at the same companies for their entire careers, compared with 23 percent in 2004, 24 percent in 2003, and 26 percent in 2002 and 2000 ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders").

Table 8. 2005 CEOs that Stayed at the Same Company their Entire Career

1-100	1-200	1-300	1-400	1-500
28%	26%	24%	22%	21%

Leading CEOs: A Statistical Snapshot of S&P 500 Leaders. Diss. Spencer Stuart, 2005. Web.
http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf.

The numbers in Table 8 show that only 21 percent of CEOs have stayed at the same company for their whole careers. Likewise, only 12 percent of all S&P 500 CEOs followed a one functional (most commonly finance, operations, and marketing) career path ("Leading CEOs: A Statistical Snapshot of S&P 500 Leaders"). It seems that experience within various functional areas as well as having international work experience are increasingly becoming the standard to attain the CEO position.

CEO Identified Success Factors

In 2012 IBM conducted a global survey to analyze CEO success factors. The survey was sent to current CEOs and asked what they thought were the most important

success factors of CEOs. Marshall's analysis of IBM research identified three main CEO success factors: having a customer obsession, inspirational leadership ability, and leadership teaming presence (Marshall, 2012). Clearly, there are discrepancies between what researchers theorize are crucial success factors and what studies seem to reveal as actual success factors.

CONCLUSION

Overall, there are many contributing factors to becoming a successful CEO. Research indicates that there are some inherent traits that are critical for obtaining CEO status, while there is a secondary role made by the prospective CEO. A strong network is also a very powerful tool to utilize when working toward success (Moritz, 2013). In addition, evidence proves that the actual work conducted by an employee and how important that work is to the company has also been identified as a key determinant of a person's future success (Lytton, 2013). Furthermore, various personality types tend to be more geared toward success than others (Kaplan, 2008). For example, Kaplan finds that people that are ambitious, risk-takers, overconfident, and can effectively execute a decision are known to be more effective at attaining the CEO position. Researchers have also identified having a customer obsession and leadership ability/presence as key indicators of success, while some studies have indicated that a person's surrounding environment that they grow up in as well as what type of environment that continues to surround a person has an impact on success (Gladwell). Finally, the necessity to establish a personal brand and maintain a positive reputation amongst a person's network of connections is crucial to long-term success (Tappin, 2013).

However, there are several key criteria that are repeatedly apparent through research. Firstly, one's educational pedigree is correlated with the success of that person becoming a CEO. Secondly, an individual's surrounding environment is not always a key factor to obtain CEO success; there have been many demonstrations of riches-to-rags stories of successful CEOs. Most importantly, passion for the work that one does is essential in order to become a successful CEO.

BIBLIOGRAPHY

- Arango, T. (2010, January 10). *In Retrospect - Executives on How the AOL-Time Warner Merger Went So Wrong* - *NYTimes.com*. Retrieved from http://www.nytimes.com/2010/01/11/business/media/11merger.html?pagewanted=all&_r=0
- Birkel, F. (2013). From cmo to ceo: the route to the top. *Spencer Stuart*, Retrieved from <http://content.spencerstuart.com/sswebsite/pdf/lib/CMOtoCEO.pdf>
- Du, Q., Gao, H., & Levi, M. D. (2008). Born leaders: The relative-age effect and managerial success. Retrieved from <http://ssrn.com/abstract=1154728> or <http://dx.doi.org/10.2139/ssrn.1154728>
- Hirshleifer, D. A., Teoh, S. W., & Low, A. (2011). Are overconfident ceos better innovators?. *Journal of Finance, Forthcoming*, Retrieved from <http://ssrn.com/abstract=1598021> or <http://dx.doi.org/10.2139/ssrn.1598021>
- Ganguly, D. (2013). How ceo contenders have ensured their victory to bag the coveted post. *The Economic Times*.
- Gladwell, M. (2009). *Outliers: the story of success*. London: Penguin Books.
- Kelley , A. (2004). *Statistical snapshot of leading ceos*. (Doctoral dissertation)Retrieved from http://bus.wisc.edu/~/media/bus/mba/whywisconsin/statistical_snapshot_of_leading_ceos_relb3.ash&xgt;.
- Moritz, G. (2008). *It's not what you know, it's who knows you...* Retrieved from <http://search.rdsinc.com.ezproxy.tcu.edu/texis/rds/suite/ideA9Qre5xibtqMBL5rGwqm9svewx1qmrwwwewhanmeYXsUeGXhwww/showdoc.html?thisTbl=BNI>

- Kaplan, S. (2008). *Which ceo characteristics and abilities matter?*. Retrieved from National Bureau of Economic Research website: <http://www.nber.org/papers/w14195.pdf>
- Larry page. (2013). *Famous Entrepreneurs*, Retrieved from <http://www.famous-entrepreneurs.com/larry-page>
- Leading ceos: A statistical snapshot of s&p 500 leaders. (2005). *Spencer Stuart*, Retrieved from http://content.spencerstuart.com/sswebsite/pdf/lib/2005_CEO_Study_JS.pdf
- Lytton, C. (2013). 7 fortune 500 ceos reveal their secrets to success. *CNN*
- Mark zuckerberg. (2013). *The biography channel website*, Retrieved from <http://www.biography.com/people/mark-zuckerberg-507402>
- Marken, A. (2001). *Power networking: 59 secrets for personal and professional success*.
[Review of the Article]
- Marshall, A. (Videographer) (2013). *Ibm 2012 global ceo study: Top ceo success factors* [Web].
- Nisen, M. (2014). How mary barra went from inspecting fender panels to gm's first female ceo. *Business Insider*, Retrieved from <http://www.businessinsider.com/mary-barra-gm-ceo-career-bio-2013-12>
- Rom, F. (n.d.). Warren buffet: the story of a self-made billionaire. *Emerging Stars*, Retrieved from <http://www.emergingstars.com/success-stories/warren-buffett-story-self-made-billionaire>
- Sanders, J. (2011, December). The path to becoming a fortune 500 ceo. *Forbes*
- Schoar, A. (2007). *Ceo careers and style*. (Master's thesis)Retrieved from http://web.mit.edu/~aschoar/www/CEOCareersStyle_v2.pdf

Tappin, S. (2013). [Web log message]. Retrieved from

<http://www.linkedin.com/today/post/article/20130711092924-13518874-the-10-secrets-to-becoming-a-fortune-500-ceo>

Peers, M. (2003). AOL time warner's steve case resigns amid intense pressure. *Wall Street Journal*, Retrieved from <http://online.wsj.com/news/articles/SB1042413290597897784>

The most powerful CEOs in America. (2012). Retrieved from

<http://www.nbcnews.com/business/most-powerful-ceos-america-762055>

United States, Department of Education. (2012). *Fast facts*. Retrieved from website:

<http://nces.ed.gov/FastFacts/display.asp?id=84>

Warren E. Buffet. (2012). *Bloomberg Business Week*, Retrieved from

<http://investing.businessweek.com/research/stocks/people/person.asp?personId=255253&ticker=BRKA:GR>