Are You a Real CEO? Here's a Self-Assessment Formula



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In his amazing book, *The Hard Things about Hard Things*, Ben Horowitz mentioned that after he drove his company through some serious challenges and turbulence, the board suddenly told him that now is the time to find a real CEO.

This is something that many founding CEOs have heard and asked themselves: "Am I a real CEO?" This question is hard to answer, since it's impossible to know what would happen if an ideal CEO would run the company. What's more, different people may have their own opinion about your performance in this role. Below, I suggest a formula you can use to assess for yourself whether you are a "real" CEO.

First, let's agree that when everything goes well, many people

can be a CEO. The question arises when a decision needs to be made – a big decision. Let's compare the CEO role to a driver holding a steering wheel. Almost anybody can keep the wheel straight. In fact, this activity can be learned, automated and delegated.

It takes a good CEO to turn. It takes a great CEO to foresee the need to make a turn. Foreseeing a turn takes creativity and intuition, which cannot simply be learned. What's more, a great CEO doesn't just see the turn, they sense its exact angle – from a slight adjustment to a complete U-turn. To do the latter, it also requires internal strength and many other hard-to-describe qualities.

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1. Nobody can give you advice:

"It's lonely at the top," indeed. As CEO, only you can assess the company's chances, because only you know all the nuances about your business, environment, people, technology, finances and so on. There is no one who has been in your exact position, and so, there is no one who could give you all-encompassing advice.

2. Even though nobody "can" give you advice, many will:

People will share their opinion. They have good intentions, they genuinely want to help, and they believe they know what's best. Unfortunately, they will never be able to comprehend all the complexities at play, because they don't know all the nuances. Most importantly, they are not responsible for the results.

Often, people give you advice not because they know the answer, but because you ask. Can this still be useful? Of

course. As a CEO, your task is to separate the information from opinion.

3. Psychological pressure:

Another aspect of getting advice is that unsolicited advice leads to groupthink. When many people share the same position, it creates the illusion that they are right. This social pressure can make you hesitate and doubt your opinion.

It is massively disappointing to agree with the opinions of the majority, only to fail, and blame yourself for making the wrong decision. On the other hand, when you risk your reputation, and your future is on the line, joining the crowd seems safer. Of course, the strategy of going against the crowd is no good either. Sure, it sounds cool to say, “I went against the crowd, and I was right!” But at the end of the day, you are simply gambling.

You have to make your own decisions.

4. You have to make decisions with limited information:

When discussing decision-making, Jeff Bezos explained, “Most decisions should probably be made with somewhere around 70% of the information you wish you had. If you wait for 90%, in most cases, you’re probably being slow.”

If you wait too long to make a decision, because you want “just a bit more” information, you risk losing the opportunity. Sometimes the information is simply not available. You cannot see the future, but a decision must be made.

5. Predicting the turn:

Finally (we saved the best for last): You have to decide when to turn before you can even see the bend in the road ahead – make sense?

As we know, the CEO should know when to change direction before anyone else even knows that a turn is needed. Sure, your passengers may be concerned; they will voice their opinion and put pressure on you to stay the course or insist on different directions.

But at the end of the day, you are the driver. Only you can evaluate the nuances, changes in the environment and technology available to determine what path needs to be taken.

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The real CEO

There are a lot of decisions that CEOs have to make every day in various segments of the business. Many of them are important.

A fateful decision is a decision that must be made but can destroy your business. For some businesses, a $100 million mistake can be recovered, while for others, a $100K mistake may be fatal. It doesn't matter. What matters is that if a mistake can be absorbed by your business, the decision cannot be considered to be a fateful decision.

Deciding whether or not to take the necessary turn is a fateful decision. Let me suggest the following*:*

You become and remain a real CEO as long as you keep making fateful decisions and succeed every time.

The latter is the key. You must succeed each time – no excuses. You may ask "What if the decision was right, but it was not properly executed?" Well, if a decision didn't account for all the unfavorable scenarios, leaving no space for bad execution, it was not the correct decision in the first place.

You must achieve the desired result. How you get there is less

relevant. It doesn’t matter if it was hard work or pure luck. Being lucky is also a skill. As long as it is legal and ethical, you should use any means available to you. Being a successful CEO is a journey. Remind yourself about all the fateful decisions you’ve personally made, grip the steering wheel, and get ready for the next turn.

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