

## Which of These People Is Your Future CEO?: The Different Ways Military Experience Prepares Managers for Leadership

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Artwork: Stacy Pearsall, *Time Out*, January 28, 2007, *Buhriz*, Iraq

From Washington to Grant to Eisenhower, military leaders have long been recognized by Americans for leadership skills that are of great value outside a military environment. In Gallup's annual poll asking Americans about their **confidence in various public and private institutions**, one has ranked first or second nearly every year since 1973, when the poll began, and has topped the list continuously since 1998: the military. In the 2009 poll, 82% of respondents expressed "a great deal" or "quite a lot" of confidence in the military, whereas only 16% expressed confidence in big business.

This confidence extends to former military personnel in the C-suite. According to a **2005 Korn/Ferry study**, former officers make up just 3% of the U.S. adult male population but about three times that of the CEOs of S&P 500 firms. Faith in the leadership qualities of former officers makes sense: They are trained for high-stakes positions at a young age and are sometimes thrown into those roles with no warning. Many are driven by a desire to serve, and success demands working well with others, resilience, and mental agility. But is this the whole story?

Our research argues for a more nuanced view of the leadership skills developed in military service. Drawing on the CEOs with military experience (CMEs) identified by Korn/Ferry, we conducted an in-depth analysis of the performance of 45 S&P 500 companies led by members of that population and interviewed a dozen current and former CMEs. Our object wasn't to compare military to nonmilitary leaders or to suggest that one branch of the service is superior in executive development. But we did discover some surprising differences in the ways that the various branches prepared leaders for business.

To generalize, Navy and Air Force CMEs take a process-driven approach to management; personnel are expected to follow standard procedures without any deviation. This allows the CMEs to excel in highly regulated industries and, perhaps surprisingly, in innovative sectors. Army and Marine Corps CMEs embrace flexibility and empower people to act on their vision. They excel in small firms, where they are better able to communicate a clear direction and identify capable subordinates to execute accordingly. (Although the Marine Corps is part of the Department of the Navy, we treat it as a separate entity because of its distinctive organizational identity.)

Our findings reflect this basic fact: The military is a diverse institution, and military experience varies widely at the branch level as well as the individual level. The CMEs we interviewed described widely shared lessons, but their histories differed strikingly (we spoke with submarine engineers, fighter pilots, intelligence officers, and others in a variety of roles) and their post-military leadership records echo those differences. This has significant implications for how we should think not only about the relationship between military experience and leadership skills but also about what qualities are a good fit for specific executive positions.

## How Branch of Service Influences Style

Much has been said about the general leadership qualities fostered by military experience and how they apply to business. Less noticed have been the branch-specific skills—process management, for instance—that can have significant implications for the success of military veterans in the corporate world.

Each branch of the armed services makes a trade-off between process and flexibility. Navy and Air Force officers operate enormously expensive, interdependent systems such as submarines and aircraft carriers, where deviation from formal procedures can be extremely costly in terms of equipment and lives. As one former Army captain, a combat veteran of Operation Iraqi Freedom, put it: “Misplace a bolt in the Army and you might have a broken-down truck. Misplace a bolt in the Navy or the Air Force, and you might lose a \$100 million piece of machinery.” In such an environment, central coordination is emphasized at the expense of flexibility.

Army and Marine Corps personnel, on the other hand, must constantly adjust to the realities on the ground. Their systems are modular and thus allow for greater flexibility. Subordinates have significant power to determine appropriate actions, always in accordance with the commander’s overall plan. Carl von Clausewitz, the famous military theorist, wrote, “Everything is very simple in war, but the simplest thing is difficult. These difficulties accumulate and produce a friction.” The danger, physical challenges, and uncertainty that create this friction are particularly apparent in ground operations, where adaptability and flexibility are essential.

Of course these generalizations do not reflect the myriad nuances of the military environment, yet this distinction—flexibility versus process—clearly influences subsequent corporate performance.

### Managing Interdependencies: The Navy and the Air Force.

In 1967, accidental weapon detonations on the aircraft carrier USS *Forrestal* in the Gulf of Tonkin killed 134 crew members, injured 161, and required a costly seven-month repair. The disaster was the product of a deviation from the rules, made in the interest of flexibility. Many of the aircraft on the carrier were fitted with Zuni rocket pods, each equipped with four unguided rockets. Two safety mechanisms prevented an accidental firing. However, to preclude potential delays in launching aircraft, the ship’s Weapons Coordination Board had discarded one of them—a requirement that the electrical wiring connecting the pod to the aircraft not be hooked up until the aircraft was in launch position.

As an F-4 Phantom queued for launch one morning, its pilot switched from external to internal power. A power surge to a Zuni pod caused one of its rockets to launch. The rocket tore off the fuel tank of an A-4 Skyhawk, dislodging two 1,000-pound bombs. Fuel from the tank ignited, rupturing other fuel tanks and spreading flames among the closely packed aircraft. The intense heat quickly detonated one of the dislodged bombs, killing or critically wounding the firefighters who were rushing in to control the blaze. Eight more bombs detonated, rupturing the flight deck and spreading flaming fuel to the interior of the ship, including the aircraft hangar belowdecks, where other armament was stored. The fire raged for hours.

There was a good reason for what seemed like redundant safety mechanisms. In the Navy and the Air Force, small deviations have large consequences. There are few, if any, opportunities to make corrections once an action has been taken. In this environment, personnel are highly specialized, and systems are interdependent and tightly coupled. The organization chart of a naval vessel resembles that of a corporation. Ships, which are centrally controlled, are typically organized into departments (operations, navigation, engineering, supply, and the like), which are further subdivided. *Standard Organization and Regulations of the U.S. Navy* devotes 168 pages to the particular duties and responsibilities of dozens of officer positions. In such a system, changes have unanticipated effects, and a small failure can set off a chain of events that ultimately jeopardizes the entire system. The *Forrestal* disaster represents an extreme example: An apparently minor decision, undertaken to enhance efficiency, had terrible consequences.

In the Air Force, as in the Navy, airmen adhere to a culture of precision and attention to process. The machines are smaller and operated by fewer personnel, but the destructive power of combat aircraft and the distances at which they engage their targets call for strict observance of procedures and frequent communication with other units. Deviations from procedure and breakdowns in the system can snowball, causing accidents and loss of life. The risks are serious enough that Air Force personnel are willing to sacrifice some flexibility.

The process-driven orientation of the Air Force and the Navy is evident in the reading lists for officers and enlisted personnel. Whereas the lists for all branches of the U.S. military include military history, biography, U.S. history, and civics, the Navy and

Air Force lists include management books on process and quality, which the Army and Marine Corps lists do not.

How does this process-driven orientation translate to the corporate environment? First, we find that, contrary to the popular wisdom that a military background is good for execution but bad for innovation, the Navy and Air Force CMEs excelled in innovative sectors, at least in the companies we studied. In those companies—all drawn from the S&P 500 and thus relatively mature and established—innovation follows a predictable “sustaining” path, as Clay Christensen has written. Such firms treat innovation as a process, seeking new opportunities through established products and customer sets. The process-driven approach fostered by the Navy and the Air Force appears to be a good fit for this context.

Second, we find that these executives also do well in regulated industries—their companies earned more than double the cumulative excess stock returns over the five years following the hire, compared with the lightly regulated companies led by Navy and Air Force CMEs. Successful performance in highly regulated industries depends on compliance and the skillful execution of strategy within constraints. Good results should follow firms with efficient and reliable processes, and leaders who promote them.

The length of tenure at a firm before becoming CEO makes a big difference for this group of CMEs. Navy and Air Force CMEs with longer tenure at the firm prior to becoming CEO significantly outperformed those who had been promoted to chief executive as relative newcomers. That fits with the notion that Navy and Air Force executives thrive on familiarity with processes. It takes time to learn a process, and therefore more time is required to develop a good fit between a process-oriented executive and the firm.

#### **Adaptive Command and Control: The Army and the Marine Corps.**

The Army’s basic operations manual, *Mission Command: Command and Control of Army Forces*, describes an approach dramatically less reliant on procedure. Mission command tends to be decentralized, informal, and flexible. Officers place minimal constraints on coordination, defining the mission but allowing subordinates freedom in execution.

In an Army or Marine Corps operation, an order issued by a commander outlines a general objective, known as “commander’s intent.” Subordinates have discretion to issue orders for their areas of operation, as long as those orders are aligned with the intent. Moving down the chain of command, orders evolve in keeping with the environment. Individual operations may involve aircraft, armored units, artillery, and the like, but they all revolve around the infantry—and infantry operations are subject to rapid and dramatic changes in conditions. A decision to engage the enemy may be made by the most junior member of a unit. As a CEO who served in the Marine Corps in Vietnam put it, “You had to make sure that every corporal and lance corporal and PFC understood the operations order before an attack so that if anybody got wounded above them, they could pick up and not jeopardize the mission.”

He went on to describe his own experience in a helicopter assault, during the first 20 minutes of which two of the three lieutenants and six of the nine squad leaders were killed. Their subordinates had to be able to pick up the slack. He referred to the style as “patient leadership”: Give instructions and let people develop an appropriate course of action.

For example, if a Marine captain leading a rifle company is ordered to secure a neighborhood, he first assigns particular blocks to each platoon in his company. The lieutenant commanding a platoon then determines how to secure his assigned blocks, ordering each of the three 13-man rifle squads in the platoon to clear a particular group of buildings. Each squad leader in turn issues orders to three fire teams of four or five men. Although those closest to the enemy determine what tactical orders and actions to take, the overall objective does not change.

In the Army and the Marine Corps, the leadership environment is inherently messy and uncertain. “No plan survives first contact with the enemy” is a military aphorism. Forces are modular and relatively independent, and focus on general capabilities (which allows them to make a variety of on-the-spot maneuvers); decisions are flexible, emphasizing local requirements and deviations; officers tolerate outright mistakes, which are inevitable when soldiers have to make unexpected changes; and subsequent corrections are feasible, frequent, and necessary.

According to the Marines’ leadership manual, “[Adaptability] means a willingness to deviate from normal, accepted practices—even from doctrine—if that is what it takes.” It also means that officers need to have absolute confidence in their subordinates.

In keeping with the need for adaptability and agility, Army and Marine Corps personnel are less specialized than their Navy and Air Force counterparts. It’s not that the former branches are populated by generalists, in the purest sense. All officers and enlisted personnel are trained in a “military operating specialty,” and each service has elements with specialized functions, such

as artillery, logistics, transportation, communications, maintenance, armor, medicine, and aviation. Nevertheless, the Army and the Marine Corps operate on principles of broad individual competence and flexibility. If a supply convoy comes under attack, it is expected to organize its own defense while awaiting support. Drivers quickly become combat infantry. The Navy and the Air Force could not conceivably function on such a basis, given the complexity of their equipment and operating environment.

This type of leadership experience tends to turn out business executives who are comfortable empowering others to make frontline decisions. The Army and the Marine Corps view management as the ability to clearly and coherently communicate an overall vision, and to identify subordinates capable of executing according to it. You might expect that this approach would be more appropriate in a smaller firm, and that indeed appears to be the case. Over the five years following the hire, Army and Marine Corps CMEs leading smaller firms (in terms of number of employees) earned three times the cumulative excess stock returns of Army and Marine Corps CMEs at large firms.

Furthermore, perhaps because of the emphasis on leveraging people as opposed to processes, the length of tenure at a company prior to becoming CEO doesn't affect the performance of former Army and Marine Corps personnel. Nor does the level of regulation.

Military service no doubt engenders skills and experiences that are relevant and valuable to corporate leadership. But there's something else businesses can learn from the armed services: Fit matters. The military is, for many, a leadership crucible that leaves a profound imprint. Yet different military experiences generate different leadership perspectives and styles. When individual human capital matches the firm or industry, it creates value. However, we looked at only a few categories of fit. We encourage individuals and organizations to understand their "fit" categories and think carefully about applying their human capital more productively.

When it comes to considering who should lead an organization, the best advice we can offer is to avoid a monolithic view of the military—or, for that matter, the general management population. In any organization, different circumstances demand different leadership skills. Hire the person who fits the job.

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