

From sales executive to CEO: lessons on the journey

The insights technology sales executives can bring to the CEO role.



Introduction

The most iconic technology CEOs today are often entrepreneurial visionaries. Mark Zuckerberg, Elon Musk, Jack Dorsey, and others like them are known for their ability to take software code, hardware design, or a good engineering idea and transform into a fantastic product used by millions.

While founders and product developers are often the most renowned chief executives, and face the clearest paths to the top, there are many paths to the CEO suite in tech firms. There is a strong case to be made for chief executives who come from sales—a less common path, but one that offers some unique advantages for the companies who hire them.

Korn Ferry interviewed 15 CEOs who got their start in sales and are now leading tech companies. Those interviews, combined with data from thousands of Korn Ferry's executive assessments, provide valuable insights into how sales executives have made the journey to the corner office, what assets they bring, and how organizations can benefit from, and prepare for, their leadership.

Key Points

1. Sales leaders who create career opportunities to work across a broad range of organizational roles and functions are best prepared to take the role of CEO.
2. Tech sales executives exhibit very different drivers and traits compared to tech CEOs. The sales executives who are most likely to make a successful transition to CEO are those who demonstrate high learning agility, adaptability, and emotional intelligence.
3. Organizations that expand their pool of CEO candidates to include sales executives will benefit from a deeper talent pool and one that is more attuned to a quantitative, revenue-driven business model.
4. Organizations with a sales-background CEO will benefit most if they assess their leadership team and proactively surround the CEO with executives who complement his/her traits and drivers, experiences and capabilities.

Understanding CEOs and sales executives

Early in a company's evolution, it is natural for its leaders to be exclusively product-focused. The tech industry is fast-paced, crowded, and competitive. In the beginning, the fate of a business often hinges on the strength of its product alone. As businesses grow, other disciplines become more important. But among the top 100 tech companies, CEOs who've primarily had a career path in sales are rare. In the top 10, only one—Chuck Robbins of Cisco—has a sales background.

While uncommon, technology CEOs who come up through sales bring with them valuable knowledge and expertise. Many of the traits that it takes to be a successful sales executive are also those that make for a successful tech CEO. Sales leaders that make the effort to broaden their backgrounds can distinguish themselves as prime CEO candidates.

That there are many paths from sales leader to CEO is both encouraging and daunting. Without a well-trodden route, sales leaders must forge their own way, and companies may be entering uncharted waters when promoting sales executives. At the same time, this diversity of experience signals that ambitious sales leaders have the flexibility to chart a course that works for them—and for their companies.

Add to that the inherent dynamism of the tech industry, and you can see that flexibility is a primary asset. Being a tech CEO takes a special mindset, one that is always future-focused.

Based on our research, here's what tech CEOs who rose from the sales ranks have in common.

They actively sought to broaden their backgrounds

Sales expertise can be a major selling point for potential CEOs, but must be complemented by expertise and interest that extends beyond the sales function. "Doing broad roles is valuable to get the 360-degree perspective

that makes you effective as a senior leader," said Doug Merritt, CEO of Splunk, the leading platform for operational intelligence. "I made a conscious decision to be well-rounded. I got all of the end-to-end experiences so I was not just a disciplined sales guy who only took bigger and bigger sales jobs, but someone who had done multiple things and was a sales leader."

As Merritt recognized, sales leaders need to show that they aren't focused solely on the numbers or hitting the sales targets. To be taken seriously as a CEO candidate, a sales executive needs to demonstrate a 360-degree perspective, thoroughly understanding not only the products and services themselves but also the whole process by which those products and services are created and brought to market.

The need for a broad background makes learning and development essential. Executives we interviewed stressed that apprenticeships in different departments, management training, mentorship, and reading nonfiction books on leadership were essential parts of their career trajectories. These efforts not only expanded their knowledge base and skillset, but also demonstrated to board members, investors, employees, and recruiters that they had the vision and commitment needed to become CEO.

Before becoming the CEO of SAP SE, the world's leading provider of enterprise application software, Bill McDermott joined the company as president of SAP America. He said that many of the skills he finds most important in a CEO he honed during his years as a sales leader. Broadening his background wasn't just about learning how engineering or HR teams worked, but also learning to think in terms of the big picture and long-term strategy. "The transition was much easier than most would imagine because I had acted like a CEO all my life," he said. "CEOs bring people together around a shared vision and common goals. They come up with a vision that has enduring value to people."

They have an excellent pedigree

Many of the sales executives who go on to become CEOs have experience working at large organizations that have best-in-class opportunities to develop sales leadership skills. Larger companies have larger sales infrastructures, which can put sales leaders in a good position for the role of CEO, whether that's through an internal promotion or as an outside hire. Larger companies have more talent to draw from and are more likely to have the kind of cross-functional capabilities needed for the CEO role.

Steve Smith, CEO of Equinix, the world's largest IBX data center and colocation provider, was hired by Peter Van Camp, the chairman who was resigning the CEO role for personal reasons. "Peter and the board were looking for a seasoned executive with global growth experience plus business, people, and organizational acumen to help scale Equinix around the world," Smith said. "Coming here, from the experiences of three larger companies (HP, EDS, and Lucent), was an exercise in learning how to leverage those experiences in a smaller environment without losing the entrepreneurial culture and the powerful recurring revenue business model. Peter ultimately hired me for my leadership philosophy and cultural alignment/fit with him, the management team, and the board."

Matt Mills, the CEO of the enterprise software and big-data platform provider MapR, spent 20 years at leading database vendor Oracle, where he led an 8,000-person sales team that was lauded as one of the most aggressive and successful in Silicon Valley. (Sanati, 2015). When he left Oracle in 2015, it was not with the ambition of becoming a CEO. He moved to Austin, fished, and grew a beard. But then the founders of MapR reached out with an opportunity. "When the founders of MapR showed me the technology, I was impressed," said Mills. "They had experienced success and wanted to bring in someone from a place like Oracle to help them scale with go-to-market experience."

Unlike Mills, McDermott was promoted to CEO internally. He said the fact that he was already an established part of SAP's culture—and that his sales role at SAP provided extensive leadership experience—positioned him well for the job. "I understood the culture and there was a history of trust," McDermott said. "It was important to make it clear to our company that we matter and our core business would be there for reinvention to help the world run better."

They are ambitious

McDermott said the dream to become CEO was in his head from an early age. He was raised to think of himself as a leader and to have strong leadership skills. Not all sales-executives-turned-CEO felt the same calling, but all are ambitious. It was ambition that drove them through the sales ranks and inspired them to reach for the highest rung of the ladder.

Peter Leav, now president and CEO of BMC Software, spent more than 20 years in sales before joining Polycom as CEO in 2013. He said he viewed the role of CEO as an opportunity to actually steer a company, rather than follow someone else's direction. "I did not go in with the aspiration to be CEO, but I realized the sales role did not have to be one-dimensional and I could broaden my responsibility" Leav said. "I wanted to make sure the voice of the customer was heard in the company so that it could influence the right strategic choices and operational plans."

They have a support network

Sales CEOs said having a support network, including a mentor, is essential to ensuring a smooth transition and success in the new role. These CEOs are not afraid to ask questions, ask for guidance, and surround themselves with people who possess the expertise they lack. "I come from humble means; I don't have a lot of ego. I'll pick up the phone and call a network of mentors," said Mills. "I lean on our ex-CEO, our great board, and folks I worked for at Oracle. I also lean on my team to bounce things off them."

Michael DeCesare, who now serves as the CEO of internet-of-things security company ForeScout, also found valuable mentors in leaders at Oracle, where he spent 12 years in sales. "I picked up mentors along the way," he said. "Larry Ellison took a liking to me very early on and pushed me very hard. Ray Lane, Dave Dewalt, and Enrique Salem all gave me incredible lessons. Everyone has something to bring to the table."

Key traits of tech CEOs and sales execs

To identify salient similarities and differences between sales executives and CEOs in tech companies, Korn Ferry studied the data from 2,200 executives who have taken the firm's KF4D Assessment, a tool that creates a multidimensional analysis of an executive's experiences, capabilities, drivers, and traits.

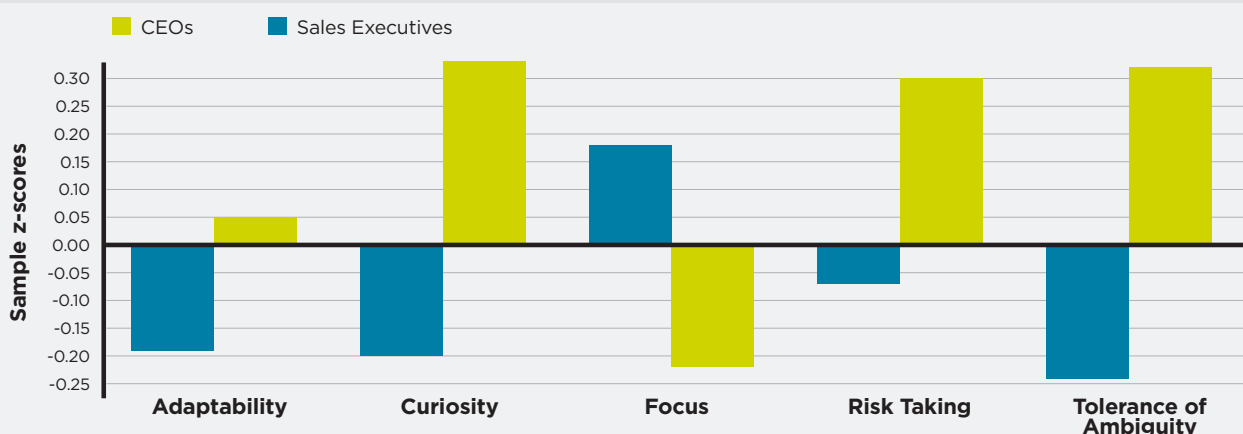
Agility

Compared to tech sales executives, tech CEOs exhibit more agility, adaptability, and curiosity, as well as a higher propensity for risk taking and tolerance of ambiguity. This finding is in line with the popular conception of the product-centric tech CEO, who is known for pushing boundaries, challenging the status quo, and embracing iteration. Bill McDermott, CEO of SAP, SE, illustrated this risk taking early on, becoming an entrepreneur as a teenager by purchasing a local delicatessen for a \$7,000 promissory note. He told the sellers, "If I do well, I'll pay your loan off; if I do badly, you take your store back." Bill McDermott kept his store.

Steve Smith, CEO of Equinix, had a leader who taught him that adaptability, humility, and authenticity were big parts of the equation to be a successful CEO. "[You need to] listen, learn, then lead when you come into a company," Smith said.

Figure 1

Agility sub-trait scores among CEOs and sales executives

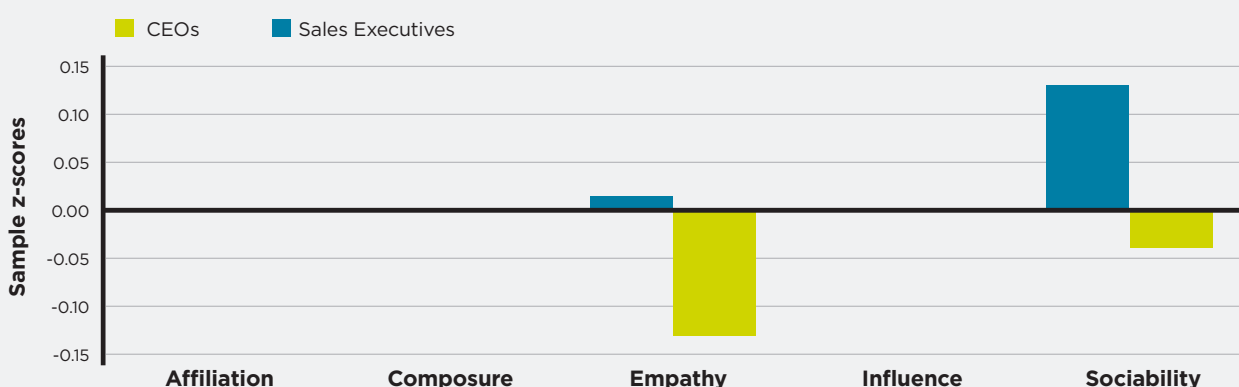


Sociability

However, tech sales executives exhibit higher scores than tech CEOs for sociability metrics. They're strong communicators and collaborators who are adept at building relationships. This makes sense, given the nature of sales, in which success depends on the ability to connect with others. "To get the most of people and have them want to follow you, you have to earn their trust," said Keith Nealon, CEO of Vyze, a retail consumer lending marketplace. "Metrics lead you to your destination, but your people are the journey."

Figure 2

Social leadership sub-trait scores



Communication

CEOs are the chief representative of their companies to the outside world, including potential partners, customers, board members, and investors. Product-centric CEOs may have strong technical skills or a brilliant entrepreneurial vision, but if they can't effectively communicate that vision or collaborate with others, their impact will only go so far.

Sales is all about engagement with other people so, not surprisingly, sales executives tend to have higher emotional intelligence than the average CEO. Sales leaders have spent their careers speaking passionately and eloquently about the products they represent. That capacity for skillful persuasion is a key advantage as a company grows.

CEOs with sales backgrounds can not only translate their companies' visions to the outside world, but also channel the needs of customers back to their companies. "I knew the customer pain points and I knew the product really well. If you know both the customers and the product, you know where to find the fit," said Elisa Steele, CEO of Jive Software, which makes enterprise collaboration software. "The board was looking for someone who understood the customer base and how to create a future vision for the product to get the company back on a growth agenda."

Sales leaders know how to connect with and respond to customer needs, develop a go-to-market strategy, and prioritize top-line growth. They also recognize the necessity of a good team. A sales leader's performance is judged based on his or her ability to lead a sales team that drives results. "I consider myself a passionate builder of winning teams, and those teams build great companies," said Nealon. "As CEO, you need to get the strategy right, but it's really the passion and commitment of the team that determines the quality and pace of strategic execution."

The sales-to-CEO pipeline: biggest challenges

Sales executives possess a number of strengths that can make them strong tech CEOs, which raises the question: Why aren't more of them included in succession-planning activities for the top job or included in the candidate pool? Part of the problem is that tech company CEOs (and their boards) tend to focus most intensely on product engineering, particularly in a company's earlier stages. It's only later, once the product is mature and growth into new markets becomes a priority, that leadership starts looking towards sales talent. If a company is trying to apply existing technology to new spaces or has an aggressive growth strategy, then a sales executive could be critical to lead the next phase for the business.

Tom Carson, who is now the CEO of TiVo—the global leader in entertainment technology and audience insights—was serving as the company's executive vice president of worldwide sales and marketing when the CEO role opened up. "They were looking for someone more product-centric, probably a Silicon Valley technical person, but I had enough background to be the CEO," he said. "At the end of the day, if the top line is not growing, you have a problem. I had knowledge of sales and accounts. I could do the job."

Then it's down to visibility. Since it's less common for sales executives to become a CEO, they may not be on a search committee's radar. Sales leaders themselves may consider themselves unqualified to even apply. This begs the question: Whose role is it to get sales executives into the succession pipeline? It's a combination: Sales leaders need to make an effort to acquire the skills and experience necessary to be a strong candidate; and organizations also need to create opportunities—through mentorship, education, training programs, etc.—for salespeople to acquire those skills.

Transition challenges

Onboarding a new CEO inevitably involves speed bumps, but former sales executives can pose unique onboarding challenges. Some of the leaders interviewed by Korn Ferry said the transition to CEO was a relatively easy one, while others found it more difficult. “The onboarding process and transition was an indoctrination by fire,” Carson said. “I had been around the company as the sales guy, but I was not brought into investor meetings or earnings calls. Board management was more involved than I thought.”

Understanding, responding to, and pre-empting these challenges is essential for a smooth transition. Sales executives tend to treat everyone as if they all have the same motivations—to increase sales—but as CEO, they influence a wider range of stakeholders. Organizations might need to share a different kind of experiences and help CEOs get to know the needs of a wider group of stakeholders.

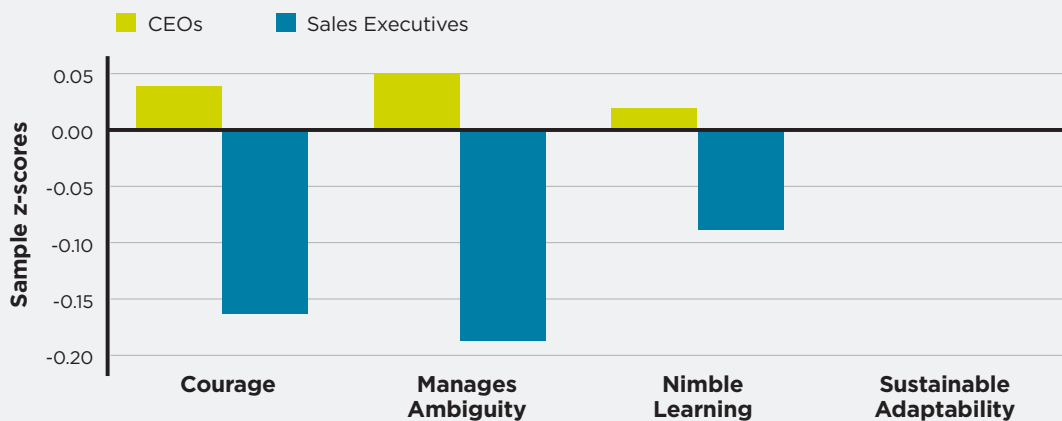
These stakeholders can also be powerful allies during the transition period. Investors, the board, Wall Street, and peers can all help new CEOs with setting an overarching vision, strategic long-term planning, and cultivating the company culture. Underlying all these efforts, there must be clear communication and trust, both between the CEO and stakeholders and between the CEO and employees. New CEOs need to show an ability and a desire to work with their team members. He or she needs to build trust and credibility, share common goals and objectives, and showcase organizational skills, as well as charisma.

Mike DeCesare, said he was happy that Forescout already had a board from which he could learn when he become the firm’s CEO. “If I want to do something aggressive in a dynamic market, where people on the other end of the planet everyday are trying to break our product, I wanted a board to leverage and learn from,” DeCesare said.

Hiring an executive coach can be an effective way to achieve goals and get off-and-running quickly. Furthermore, an executive coach can also help sales executives as they personally transition into the role of CEO because it’s not just the job that is different—it’s the mindset.

For example, on the KF4D assessment, CEOs scored higher than sales executives on the ability to manage ambiguity and learn quickly (see figure 3). The job of CEO involves less structure than the job of a sales leader. To be successful as CEOs, former sales leaders need to work on developing their flexibility and ability to cope with ambiguous situations.

Figure 3

Self-competency scores.

Another challenge can be reconciling short-term growth with long-term vision. Learning to balance the need for results in the near future with the need for sustainability and scale can take time. Sales executives tend to be short-term focused on next quarter's numbers; the CEO needs to be focused on a longer strategic vision.

Thinking big can be tricky for sales leaders who are transitioning into the CEO role. In the KF4D assessment, sales executives scored lower than CEOs on cultivating innovation, global perspective and strategic vision. They scored higher in focus, which is a beneficial attribute, but the ability to zoom in on an issue must be complemented by an ability to zoom out.

How to nurture the sales-to-CEO pipeline

Sales leaders who go on to become CEOs are a diverse group, with a wide range of experience and paths to the top. As we have seen above, they offer a wealth of strengths, and companies would do well to increase the representation of sales talent in their CEO succession planning.

Sales leaders are often not the first pick to become CEO, especially in the tech industry, but there are steps to get more sales executives included in the CEO pipeline.

- **Identify:** Look for potential candidates from a wide range of sources, including internal and external candidates who have sales experience. This can round out the candidate pool by bringing more than one perspective to the search committee in selecting a CEO.
- **Nurture:** Leadership development for sales executives must include other disciplines like operations, finance, and product engineering/management. Additional opportunities to experience navigating board dynamics, pressured decision making, and exposure to the financial landscape would go a long way in helping sales leaders gain the skills required to be CEO.
- **Grow:** This is familiar turf for sales executives, because they are hired to drive top-line results. But as CEOs, they also must reconcile the need for growth with an overarching vision. Striking a balance between short-term and long-term strategy can be a challenge, and one sales leaders can approach with care with the support of the right mentor or professional coach.
- **Retain:** Sales executives have a great deal to bring to the boardroom table as CEO, but organizations need to retain them long enough to develop the skills and competencies required to be not only successful but also competitive against other candidates. Coaching and compensation are important tools in encouraging them to stay.

Sales leaders have a unique skill set that can help them become highly effective CEOs if given the opportunity. They may not be the obvious candidates but their goal-driven mindsets, emotional intelligence, and ability to build and work with teams are valuable assets that can contribute immensely to leading companies to success.

How to position yourself for the top job

The current group of tech CEOs with sales backgrounds suggest these career moves can help make sales executives stronger candidates to be a CEO.

Diversify your knowledge base. Sales leaders must demonstrate a breadth and depth of experience and show that they are interested in other disciplines, such as operations, finance, and product development.

Build a support network. Sales execs who aspire to become CEOs should find mentors, ask board members for help, and don't be afraid to ask questions, solicit feedback, and delegate.

Leverage your people skills. Sales executives should embrace their natural talents for sociability and emotional intelligence, and play to those strengths.

Prioritize growth. Sales leaders are hired to drive top-line results, but that needs to be balanced with strategic vision.

Embrace the learning curve. Sales leaders in particular may find it difficult to adjust to the lack of ambiguity and lack of risk that being CEO entails. They should go into it with open eyes and be prepared for change.

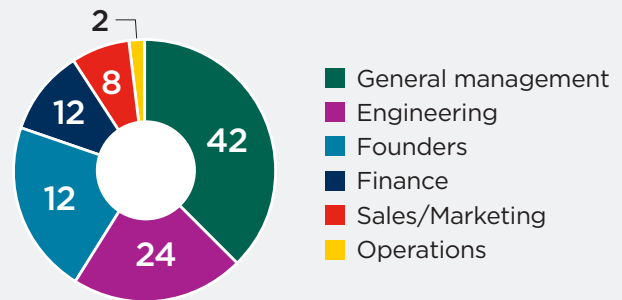
Appendix

Where tech CEOs come from

Among the 100 largest tech firms by annual revenues, only eight have CEOs whose backgrounds primarily centered around sales and/or marketing.

All told, 28 CEOs in the top 100 tech companies have at least some sales experience in their recent résumés. Two held sales positions immediately prior to their CEO jobs, four more held sales jobs in their second-most recent position, and five more held sales jobs in the third-most recent. This suggests that most successful sales executives diversify their resumes beyond sales before rising to the CEO position.

Figure 4
Primary background of the top 100 tech CEOs

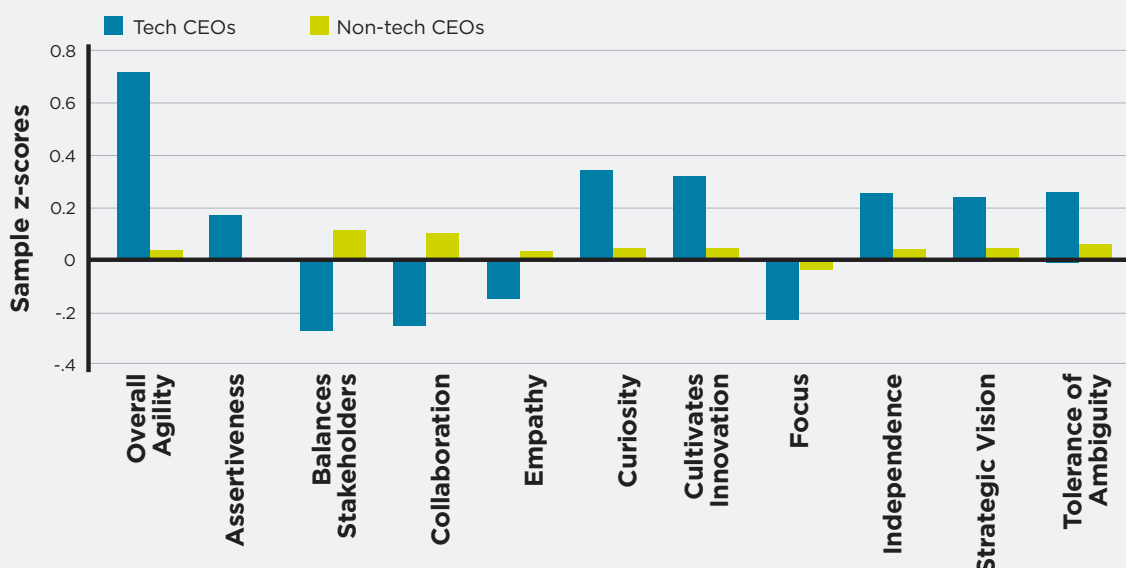


Tech vs. non-tech CEOs

At non-tech companies, CEOs are much more likely to come from an operational background: Three-quarters of Fortune 100 CEOs had backgrounds in operations, a 2015 survey found (Stadler 2015). In the analysis of KF4D data, tech CEOs indexed much higher than other CEOs on a range of attributes: overall agility; assertiveness; curiosity; cultivating innovation; independence; strategic vision; and tolerance of ambiguity.

On the other hand, tech CEOs are under-indexed for balancing stakeholders; collaboration; empathy; and focus. This suggests that the attributes of CEOs at tech companies are well matched to the industry in which they operate: one in which rapid change, a collaborative work style, and innovation are all the name of the game.

Figure 5
Comparing competencies of tech and non-tech CEOs



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