



**Isle of Man
Government**

Reillys Ellan Vannin

The Naked Chief Executive

A unique research study of 100 chief executives
from the UK's FTSE 500 companies



Contents

- 03 Foreword
- 04 Executive Summary
- 05 Key findings
- 06 Introduction
- 07 Part 1 - Background and upbringing
- 08 Summary to part 1
- 09 Part 2 - Management style and decision making
- 11 Summary to part 2
- 12 Research Information and Luscher colour test findings
- 13 So why is the Isle of Man attractive to e-business development?

Foreword



TIM CRAINE
Director of e-business
Isle of Man Government

With a number of leading businesses and businessmen based on the Isle of Man, including some of those listed on the FTSE index, we wanted to look into what makes the modern boss in the UK tick. Specifically we wanted to find out how chief executives looking to relocate make their decisions about where to move their business as well as discovering what influences their careers.

The research reveals that chief executives tend to be energetic, enthusiastic and highly optimistic; they eagerly embrace anything original and are constantly on the look out for fresh opportunities to grow themselves as individuals and their companies.

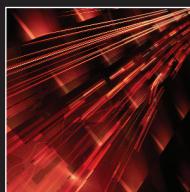
In addition, the research shows that for chief executives, a good work/life balance contributes significantly to their quality of life.

Encouraging business to relocate is key to the Isle of Man's business development strategy and the island has clear and specific policies to accomplish this.

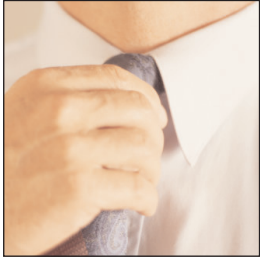
This research has helped us to more fully understand the needs of business and we hope you find this report both interesting and informative.

“OUR GOVERNMENT IS SUPPORTIVE AND APPROACHABLE AND THERE IS A GREAT DIALOGUE BETWEEN THE PUBLIC AND PRIVATE SECTORS.”

We at the Isle of Man Government work to provide this environment. Our government is supportive and approachable and there is a great dialogue between the public and private sectors.



Executive Summary



**“WE INVESTIGATED
BACKGROUND AND
UPBRINGING,
DECISION-MAKING
AND MANAGEMENT
STYLE.”**

The Isle of Man commissioned this unique survey to examine the similarities and differences of 100 chief executives from the UK's top FTSE 500 companies. To discover what makes Britain's top bosses tick, psychologist Dr David Lewis and his research team surveyed and psychometrically tested a random selection of chief executives at companies ranging from banking and insurance to manufacturing and the service industry.

As part of their inward investment development, the Isle of Man Government was keen to find out more about the UK's top 100 Chief Executives and what motivates them. They were also interested to compare the results of the UK research with the results from an on-island group of top executives.

A detailed questionnaire was completed by one hundred chief executives. The results of this survey are detailed in parts one and two of this report.

We investigated two areas, firstly chief executives' background/upbringing and the bearing this has had on their business careers, and secondly their decision making, including their management style and what drives them.

A sub-group of 16 chief executives also completed an in-depth personality assessment, based on colour preferences, developed by the Swiss psychologist Dr Max Luscher.

Key findings

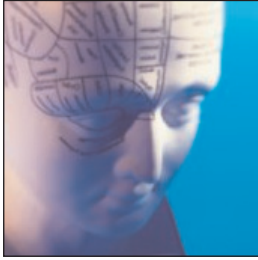
Background and upbringing

- The results show that chief executives hone their boardroom and leadership skills on the sports field with seven in 10 (71%) surveyed saying compulsory games at school positively influenced their business careers. The most popular sports were team games such as rugby (24%) and football (23%), whereas games that pitted individuals against each other, such as swimming (4%) and hockey (3%) were played by far less. This may show that chief executives seek to achieve their ambitions by leading others rather than through their individual efforts. It also seems likely that success in team games helped them acquire a mind-set ideally suited to run a business in today's competitive world.
- Interestingly, chief executives were more successful on the sports field than in the classroom with nearly half (46%) winning prizes for their sporting excellence compared to just under a quarter (23%) that won prizes for academic achievements. This could be why the majority (59%) saw their academic career as only moderately successful.
- Birth order is believed to exert a significant influence over personality, with the eldest often growing up faster than their siblings and taking on greater responsibility. By contrast, the youngest child in a family of three or more is often seen as more attention seeking and demanding as he, or she, fights for recognition against their older brothers and sisters. The research showed evidence of this with over one third (38%) of chief executives being the eldest child and 34% the youngest.

Decision making and management style

- There is a clear indication that chief executives enjoy working with others as half (51%) are 'people's people'. They also tend to have a higher than average level of emotional intelligence which makes them skilled at persuading colleagues and employees to follow their leadership. This is highlighted in the survey which shows the most important characteristics for a chief executive are; 'turns ideas into practical action' (57%) and 'overcomes obstacles' (49%). The least important characteristics identified were 'painstaking and conscientious' (8%) and 'searches out errors and omissions' (5%).
- Chief executives see self-doubt as a serious handicap in someone leading a business with half (52%) claiming they never or rarely experience moments of self doubt. To do this they require the ability to appear totally confident and to carefully conceal any pangs of self-doubt from public gaze.
- When they do have moments of worry, over a third (37%) turn to friends or colleagues at work to unburden their problems. This preference reflects a dilemma commonly encountered by those whose experiences are so very different from the people closest to them. This makes it easier to share problems either with those who have faced similar challenges or with independent and emotionally uninvolved mentors and coaches.
- Chief executives tend to be intuitive rather than intellectual thinkers, relying more on practical experience and gut reactions than abstract theorising. When making difficult decisions, over four in ten (43%) relied on intuition. As a result they feel most comfortable with - and most skilled at solving - practical problems for which there are a reasonably limited number of options. Most are guided by intuition rather than training and experience.
- Overall, nearly six in 10 (59%) said that work/life balance contributes most to their quality of life.

Introduction



**“CHIEF EXECUTIVES
HAVE A HIGHER THAN
AVERAGE LEVEL OF
EMOTIONAL
INTELLIGENCE.”**

The psychological forces that shape Britain's chief executives

No matter how diverse their career paths or different the businesses they lead, successful chief executives tend to have three key psychological characteristics in common.

Firstly, they are team players. They seek to achieve their ambitions by leading others rather than through their individual efforts. These strategies for achievement were acquired and polished while still at school.

Secondly, chief executives have a higher than average level of emotional intelligence which makes them skilled at persuading colleagues and employees to buy into their vision, follow their leadership, act on their decisions and continue to trust them, even in the face of serious setbacks. To do this they require the ability to appear totally confident and to carefully conceal any pangs of self-doubt from the public gaze.

Finally, they tend to be intuitive rather than intellectual thinkers, relying more on practical experience and gut reactions instead of abstract theorising. As a result they feel most comfortable with - and most skilled at solving - practical problems for which there are a reasonably limited number of options.

All these characteristics tend to be seen when still at school and are frequently recognised and rewarded in the teenage years, as the following research findings show.

Part I - Background and upbringing

Playing To Win

Many of the chief executives who took part in this study attributed much of their success in boardroom battles to time spent playing sport at school. Indeed, it seems likely that success in team games helped them acquire and perfect a mind-set ideally suited to run a business in today's fast-paced and highly competitive world.

Seven out of 10 (71%) of the chief executives who participated in the research believed that compulsory games at school had positively influenced their business careers, four out of 10 of them (41%) to 'a very great extent'.

The most popular sports played were team games such as rugby (24%), football (23%) and cricket (14%). By comparison, games that pitted individuals against each other, such as swimming (4%) and athletics (2%) were played by far fewer. In such fast paced, highly competitive and physically demanding sports, many of the bosses displayed the leadership skills in school that would later help them achieve boardroom success.

Almost half (48%) captained their teams or won prizes for their sporting excellence (46%), while a third (33%) played for their county or even their country. One in five (17%) claimed to have had led the most successful team in the school's history while one in seven (13%) reported leading the most successful team in the league.

Academic

Nearly four in 10 (36%) were appointed prefects or sub-prefects at school; just one in eight (11%) were head of house while one in seven (15%) were head of school. All of these results raise the question; to what extent were they born with leadership skills or were they acquired as a result of their experiences at school?

Nearly a quarter (23%) won prizes for academic excellence while less than one in 10 (7%) led a successful debating or quiz team. It comes as little

surprise, therefore, to find that a majority considered their school academic careers to have been either 'moderately successful' (59%) or a 'relative failure' (12%).

Four in 10 (44%) went to fee-paying schools as either day boy/girl, a third (33%) to a Grammar school and one in five (19%) went to a Comprehensive.

Family and childhood

Birth order is believed to exert a significant influence over personality, with the eldest or only children often growing up faster than their siblings. The eldest child tends to be more serious minded, taking on greater responsibility at an earlier age. By contrast, the youngest child in a family of three or more is often seen as attention seeking and demanding as he, or she, fights for recognition against their older brothers and sisters. Middle children, however, are sometimes considered less forceful and active, allowing themselves to assume a somewhat passive and compliant approach to life.

The study provided some evidence for these trends, with over a third (38%) being the eldest child. A third (34%) were the youngest, one in five (18%) the middle child and one in 10 (9%) the only child.

It has also been suggested that early set-backs and personal traumas can help children develop a more tough-minded approach to the world and so offers ideal preparation for flourishing in the business world. This 'school of hard knocks' theory did not, however, find any support in the present study, with an overwhelming majority (63%) saying they had enjoyed a happy and settled childhood that was largely free from serious pain or distress.

Only one in six (15%) had experienced a parental divorce or separation, with just one in eleven (8%) losing one or both parents. The most common disruption, reported by one in seven (15%), was moving from one country to another.

Summary to part I

The most likely answer to the nature versus nurture dilemma, therefore, is that both played an equally important role in shaping future success. It can be argued that certain psychological and physical characteristics, such as having a more extraverted than introverted personality, combined with above average boldness and physical strength, would have made playing sports both attractive and rewarding. The recognition and rewards gained through successes on the playing field could have further boosted their confidence and enhanced their self-image, enabling them to assume a leadership role.

Once in this role, their greater authority over fellow students could only have strengthened both their self-belief and the confidence of those they lead. This created a positive feed-back loop, in which success led to further success and encouraged them to look on competition and challenges as opportunities for personal advancement rather than barriers or threats. At the same time they had plenty of opportunities for developing social strategies to enable them to lead others, both on the sports field and from the commanding heights of the boardroom. This helped them not only to acquire a taste for leadership, but also to polish the social skills needed to communicate their requirements clearly and motivate others to follow them obediently.

Part 2 - Management style and decision making

The emotionally intelligent leader

Half (51%) scored highest as 'people's people' whose greatest strengths lie in working with others. The second highest score was in the 'variety and change' personality category, with one fifth (21%) citing the constantly varying challenges they encountered as an important source of enjoyment and motivation. A similar proportion (18%) came into the 'goal orientation' category, in which leaders like to establish clear targets and steer a well-defined course for the company. One in 10 (10%) rated themselves as adopting a primarily academic approach to management problems.

The techniques which enabled them to succeed as a team captain are clearly still considered equally relevant to running a company, where directing, supporting and coaching are all viewed as central to success. A third (34%) described their leadership roles as primarily involved in directing others, over a quarter (28%) as being supportive and a quarter (24%) as being the team coach. One in seven (12%) viewed their job as involving delegation.

Those surveyed said the three most important characteristics for a chief executive were 'turns ideas into practical action' (57%), 'overcomes obstacles' (49%) and is a 'confident and a good chairperson' (41%). The least important characteristics identified were 'painstaking and conscientious' (8%) and 'searches out errors and omissions' (5%).

Self-doubt vs self-confidence

Another personality trait that seems to play an equally crucial role in both school sports and boardroom leadership is a high level of self-confidence.

A third (34%) admitted to experiencing brief moments of doubt once or twice a week. Just over one in 10 (11%) admitted to experiencing such feelings 'several times a week' while a slightly larger minority (13%) said they did so on a daily basis.

However, other research suggests such moments of self-doubt, anxiety and uncertainty are likely to be more commonplace than these responses suggest. When self-doubt did arise it was much more likely to do so while lying awake in the early hours of the morning (35%) or following a significant set back (35%).

Their overall self-confidence is also highlighted by the fact that only one in five (21%) ever questioned their own judgements when challenged by others and an even smaller proportion (17%) were prepared to do so when facing a major decision.

A quarter (24%) said such doubts revealed insufficient self-belief to lead a successful business in today's highly competitive market place, while one in 10 considered that admitting such pangs of doubt would seriously damage an executive's career prospects.

Admissions of doubt were also greeted with a degree of cynicism with a similar proportion (8%) regarding such admissions as part of a public relations strategy designed to present the boss concerned as a sensitive and caring individual. This was an image they believed could well be at odds with the truth. One in fifteen (7%) assumed that such an admission must have been because they were tricked by an interviewer.

Thinking on your feet

When making difficult business decisions or solving complex problems at work, over four in 10 (43%) said they were guided mostly by intuition with just 6% relying on training and experience.

This intuitive way of thinking, far from being a handicap, probably enhances their leadership skills by making them more empathic and more adept at understanding what makes other people tick.

Who do chief executives confide in?

When it comes to unburdening themselves of their problems, the highest proportion (70%) said they found it easiest to talk to people outside their immediate family. Outsiders include friends and/or colleagues at work (37%); other senior executives (10%); a mentor or life coach (14%) and friends outside work (6%). Three in 10 (30%) said they turned to their spouse or partner.

This preference, and the difficulties that many experience when trying to talk over difficulties and challenges at work within the family, reflects a dilemma commonly encountered by those whose experiences are so very different from the people closest to them.

What do chief executives really want?

Surprisingly, perhaps, the desires of these corporate leaders tend to differ little from those they manage. Top of their list of factors contributing to what they regard as a good life is being able to enjoy a great work/life balance - the choice of almost six out of 10 (59%) chief executives.

Nearly three in 10 (27%) want to live in a safe and friendly neighbourhood, with a low level of crime and general nuisance, where their children can play away from home without risk. Only one in 10 (9%) thought these goals could only be met by living in the countryside. For one in twenty (5%) the secret of a happy life is to be found in a quick and easy commute.

The above stats are similar to those from the Isle of Man - 64% in the Isle of Man said that their work/life balance was most important and 36% said that living somewhere their children can play away from home without risk contributed most to their quality of life.

Perhaps for this reason, 3% believed they had achieved all they had set out to accomplish at the start of their careers. Seven out of 10 (71%) felt they had achieved much but not all of what they want and hope to achieve, while a quarter (26%) said they had not yet achieved anywhere near what they intended to accomplish.

Summary to part 2

The importance of having a high level of what has been termed Emotional Intelligence (EQ) was apparent to all in this study. These sentiments were echoed by the vast majority of respondents, with a high proportion of chief executives not only enjoying working with people but being highly socially skilled. The extent of this involvement was quantified by a personality test within the questionnaire, that was designed to explore this aspect of their leadership.

Perhaps because of this above average level of confidence, half those questioned stated that a lack of self-confidence and a tendency towards self-doubt would prove a serious handicap in someone leading a business.

The gulf of understanding and lack of comprehension can be so great amongst those closest and eager to help that chief executives are less likely to talk to their immediate family. The chief executives are more likely to share problems with those who have faced similar challenges or with independent and emotionally uninvolved mentors and coaches.

Research information

The survey was conducted by DLC Research and The Mind Lab between 13th August and 28th September 2007 with 100 chief executives from the UK's FTSE 500 companies. The research was commissioned by the e-business Division of the Treasury of the Isle of Man Government.

Dr David Lewis also conducted the Luscher colour test with 16 chief executives. The test was developed by the Swiss psychologist Dr Max Luscher. Chief executives were asked to rate six colours in order of preference. Their colour preferences, which were analysed by Dr Lewis, provided insights into the chief executives motivations and anxieties.

The Mind Lab.org is an independent research organisation. Its clients include government departments, multi-national companies, sporting bodies and PR consultancies. It engages in original research involving measuring physiological and brain responses under natural conditions; anything from flying a combat aircraft to driving on congested motorways to shopping in a supermarket.

When survey or similar market research requirements are involved, it works with its preferred supplier DLC Research.

Luscher colour test findings

Dr David Lewis's synopsis of the research results:

Although responses on the Luscher Colour Test varied considerably between respondents, three shared personality traits emerged that seem to characterise the majority of chief executives who participated.

First, they are outgoing, open-minded and energetic, and proactive rather than reactive. They eagerly embrace anything new and are constantly on the look out for fresh opportunities to grow themselves and their companies.

Secondly, they are both optimistic about the outcomes of any decisions they take and impatient with anything or anyone who is seen as restricting either their freedom of choice or independent decision-making. The downside is that this heightened sense of self-reliance can lead to a reluctance to seek help or accept advice, even from those close to them.

Finally, many chief executives experience periods of detachment and separation from those around them. These feelings are not to be confused with the notion that it is 'lonely at the top' but should be seen as a beneficial quality since it enables them to enjoy a more objective view of their relationships, in both their business and private lives.

So why is the Isle of Man attractive to e-business development?



The simple answer is that there is no single unique selling point (USP), but rather a collection of benefits which together offer a very appealing proposition to new businesses.

All businesses are interested in working cost-effectively. With its 0% corporate tax rate the Isle of Man is an attractive option for the location of corporate headquarters. If the company is privately owned and the owners themselves take up residence they can benefit from the island's personal standard income tax rate of just 10%. In addition, if their personal income is significant, they can take advantage of the personal income tax cap which is set at £100,000.

Any e-business needs good quality telecommunications and data hosting facilities and this is another area where the Isle of Man scores highly. The Isle of Man was one of the first jurisdictions in Europe to obtain ADSL, and was the first in the world to have HSDPA, "super fast" 3.5G. Resilience and capacity are also very important. The island boasts two self healing SDH fibre rings and the main cable serving it has 1.2 terra bits capacity. For e-business guaranteed connectivity is increasingly becoming the expected norm and the Isle of Man offers such a guarantee because of its two self healing fibre rings. The low level of utilization on the main cable also means that there is plenty of bandwidth available now and into the future. In addition, the Isle of Man is well served by state of the art data-hosting facilities.

The Isle of Man Government remains totally committed to developing its e-business sector and works closely with the private sector. The Treasury and Department of Trade and Industry offer assistance to

both new and existing e-businesses to ensure they have the ability to flourish both now and into the future. Government grants of up to 40% are available for hardware, software, new buildings, rents payable, research and development, relocation, consultancy, marketing and 50% grants are available for training.

Professional services on the island are also able to offer significant added benefits to new e-businesses. The legal and accountancy professions provide a wide range of services tailored to the needs of modern day business. Of particular significance in recent years has been the growth in the use of the Isle of Man as a location for launching flotations on the Alternative Investment Market (AIM).

Sometimes forgotten, but highly significant, is the quality of life that the Isle of Man can offer to those involved in relocating their business. A poll by MORI concluded that 93% of residents were either satisfied or very satisfied with Isle of Man as a place to live and 70% were either satisfied or very satisfied with the way Government runs the Isle of Man. These satisfaction results were among the highest MORI had ever come across when conducting quality of life surveys (MORI Isle of Man Quality of Life Survey 2002).

The Isle of Man has seen significant success in recent years in developing a vibrant and successful e-business sector. Quite often you will find that a company will have its fulfilment, software development and headquarters in different locations, but in the Isle of Man a "mind and management" approach is adopted and increasingly we are seeing e-businesses structure themselves in a way to optimise the location of the component parts of their company. We are now keen to build on the success we have seen in e-business over the last few years and attract businesses that will thrive in the unique environment the Isle of Man offers.

TIM CRAINE

Director of e-business
Isle of Man Government



T: +44 (0) 1624 686395 • E: tim.craine@gov.im • www.ebusiness.gov.im

Disclaimer: While the editor and the publishers have taken all reasonable measures to ensure that information contained in this publication is correct and it is believed to be correct at the time of printing, the editor and the publishers cannot accept any responsibility or liability for any errors in or omissions from any information contained in this publication or for any consequences arising. Readers of this publication are advised, therefore, not to rely on information contained in this publication but to obtain direct advice on any any particular matter from an appropriately qualified individual.



**Isle of Man
Government**

Reilys Ellan Vannin