

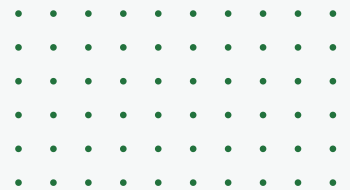


BRAVED

KEY INGREDIENTS FOR AN EFFECTIVE CEO

A Blueprint

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There is a lot of lore and myth surrounding the topic of what a great CEO looks like. Even the best boards often pick the wrong CEOs, seduced by charismatic extraverts, pedigree, or other factors that prove to have little correlation on performance. Our CEO Genome™ research for the first time identified factors statistically associated with high performance in CEO role. The new study by Mekong Capital demonstrated that the four CEO Genome behaviors are highly correlated with CEO performance and identified additional performance factors based on their portfolio companies. This lays important foundation for CEO selection and development across private equity companies and corporations.”

Elena Lytkina Botelho

- Senior Partner at ghSMART,
- Co-Author of the article “What sets successful CEOs apart” published on Harvard Business Review,
- Co-Author of the New York Times and Wall Street Journal bestseller book “The CEO Next Door: The 4 behaviors that transform ordinary people into world-class leaders”.



Summary



Tips: Why are you reading it?
Determine your goal for reading this white paper.

List out 10 things you see newly after reading this white paper.

What is the central idea of this article?

The role of a CEO is the propelling force that drives a corporation to reach new height of success. Yet, what differentiates a typical leader from an exceptional one? A study by Mekong Capital identifies six key elements that set exceptional CEOs apart.

Who is the intended audience for this article?

Executives/C-Suite

What is important, useful, or new about this idea?

Many beliefs and myths exist about what makes a successful CEO. However, a study by Mekong Capital has provided concrete data on this subject. The study evaluated various portfolio companies and correlated the CEO's BRAVED score with the Internal Rate of Return (IRR). The results demonstrated distinct 6 important elements that set exceptional CEOs apart.

What professional, or organizational experience does this article draw on?

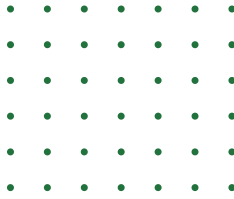
This study draws on the experience of Mekong Capital, the most experienced Private Equity that has been operating in Vietnam for 23 years. The framework is based on careful analysis and insights about what's working best, and carefully back-tested against Mekong Capital's past 42 investments since 2001 to ensure it is strongly correlated with what has led to the best performance among our investments until now.

Why do you need to know about it? How can this idea be applied?

(1) This framework lays a crucial foundation for CEO selection and development across private equity companies and corporations. (2) CEOs can use this framework as a strategic self-reflection for their leadership development.

BRAVED

Key ingredients for an effective CEO



Introduction

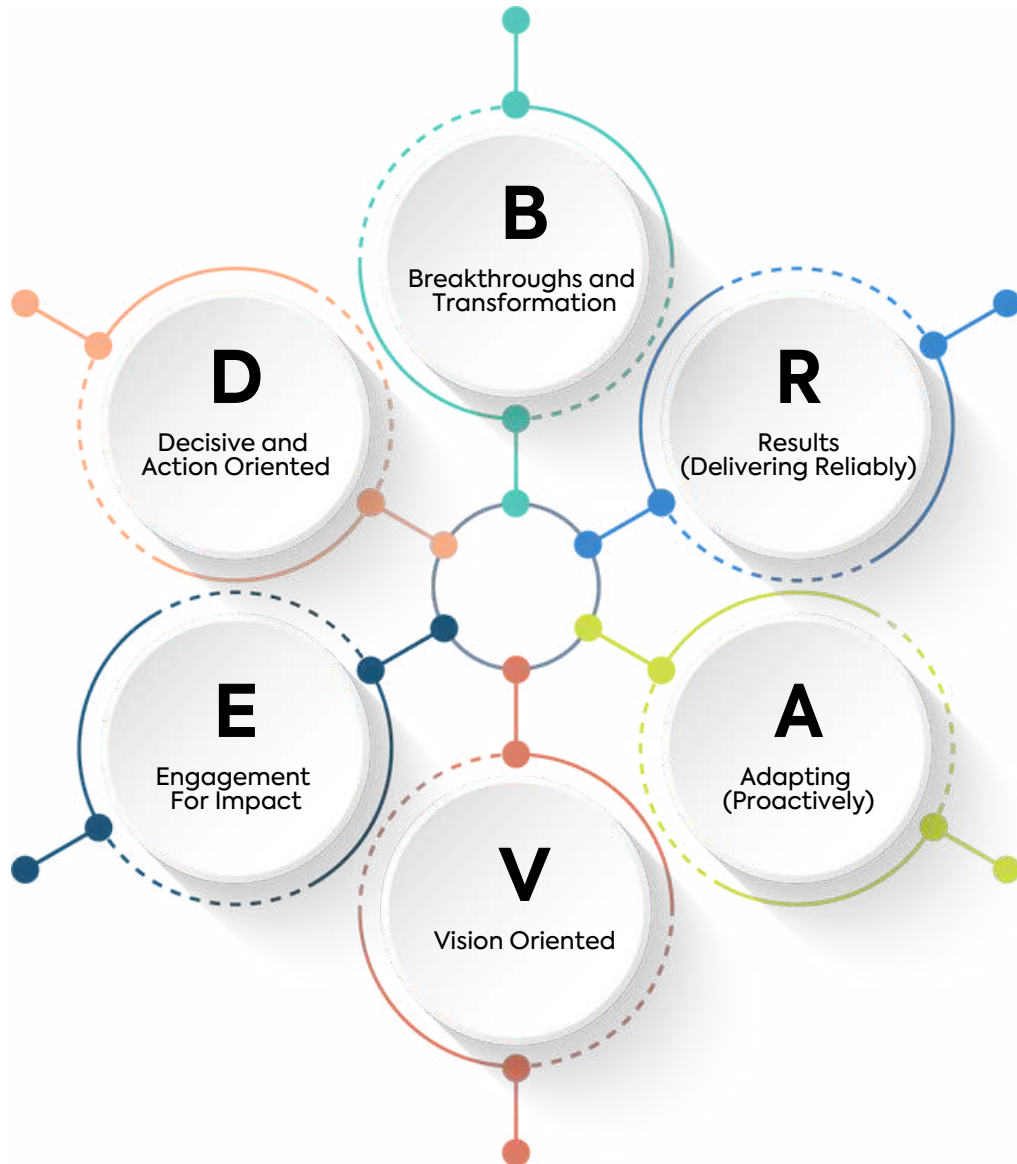
The role of a CEO is the propelling force that drives a corporation to reach new height of success. Yet, what differentiates a typical leader from an exceptional one? A study by Mekong Capital identifies six key elements that set exceptional CEOs apart.

This study draws insights from the Harvard Business Review article titled “What sets successful CEOs apart” (which is based on a database created by leadership and CEO advisory firm ghSmart with over 26,000 assessments of C-suite executives, including 2,000 CEOs), and the New York Times and Wall Street Journal bestseller book “The CEO Next Door: The 4 behaviors that transform ordinary people into world-class leaders”.

Simply being aware of these elements is only half the battle. To fully embody exceptional leadership development, CEOs must commit to intensive self-reflection, assessing their strong suits and recognizing areas that require growth. It is this introspective understanding that forms the groundwork for extraordinary leadership.

What, then, are these key ingredients?

Key ingredients for an effective CEO

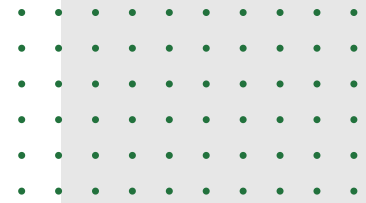


Genesis of BRAVED

BRAVED is developed from the article “What Sets Successful CEOs Apart” (Botelho, Elena Lytkina, et al., 2017) published by Harvard Business Review. We added two more elements to the original work according to our historical experience. The framework is carefully back-tested against our past 42 investments since 2001 to ensure it is strongly correlated with what has led to the best performance among our investments until now.

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The Study







The study by Mekong Capital examined various portfolio companies and quantified the CEO's BRAVED against the Internal Rate of Return (IRR).

The findings show a clear positive relationship: as the effectiveness of the CEO increases, so does the IRR. With a coefficient of determination (R_squared) of 0.69, the analysis suggests that over 69% of the variability in IRR could be attributed to the CEO's BRAVED.



Statistics

6 elements of BRAVED and their coefficients (slopes) against Internal Rate of Return (IRR).

 Variable	 Coef.	 P-value	 Conclusion
Breakthroughs & Transformation	0.21	0.03	Stat. Sig.
Results (Delivering Reliably)	0.18	0.00	Stat. Sig.
Adapting (Proactively)	0.16	0.02	Stat. Sig.
Vision Oriented	0.24	0.00	Stat. Sig.
Engagement For Impact	0.27	0.00	Stat. Sig.
Decisive and Action Oriented	0.16	0.02	Stat. Sig.
BRAVED	0.62	0.00	Stat. Sig.

BRAVED

The Ingredients

1 BREAKTHROUGHS & TRANSFORMATION



Breakthroughs and Transformation

For a CEO, a pulling for significant breakthroughs and transformation begins with himself/herself, and their willingness to embrace change. CEOs should foster a culture where setbacks are viewed as opportunities for learning, and thus, integral to innovation and progress.

2 RESULTS (DELIVERING RELIABLY)



Results (Delivering Reliably)

A CEO's effectiveness is gauged by the ability to consistently deliver reliable results. This requires an unwavering commitment to fulfill promises and attain the organization's goals. By setting high performance and accountability standards, the CEO ensures that the organization consistently achieves its objectives and fulfills its responsibilities to stakeholders.

3 ADAPTING (PROACTIVELY)



Adapting (Proactively)

In the fast-paced business landscape of today, the ability to proactively adapt to change is non-negotiable. CEOs need to have a sharp awareness of emerging trends and market shifts, which allows them to strategically guide the organization to capitalize on new opportunities. She/he has a strong ability to sense change earlier and make strategic moves to take advantage of it.

BRAVED

The Ingredients

4 VISION ORIENTED



Vision Oriented

CEOs commit strongly to a compelling and measurable breakthrough outcome for the future. She/he regularly refers to it in her/his speaking and uses that as the context of whatever is happening in the company.

5 ENGAGEMENT FOR IMPACT



Engagement For Impact

Effective CEOs stand out in their ability to engage all stakeholders to produce impactful results. This requires proficient conflict management skills, the ability to drive employee performance, and a commitment to nurturing a positive organizational culture. By deeply engaging with their teams with high intention in building an employee performance oriented culture, CEOs can foster consensus and mobilize collective action towards common goals.

6 DECISIVENESS & ACTION ORIENTATION



Decisiveness and Action Orientation

The ability to make swift, well-informed decisions with conviction is a key element. An effective CEO not only exhibits quick decision-making capabilities but also addresses mistakes with speed and determination.

BRAVED

Building Capabilities through Self-Reflection

Leadership development can be significantly augmented through a strategic self-reflection.

A structured scale for each element, which spans from non-existence (0) to best-in-class (5), is proposed to self-assess the BRAVED characteristics for executives.



0

Non-existence

Currently absent in your leadership or organizational processes.

1

Ad Hoc

A CEO demonstrates the element spontaneously but there is a lack of structure.

2

Partial

A CEO demonstrates the element sporadically but not consistently or on an organizational level across all functions.

3

Organizational (Stable)

You demonstrate the element consistently throughout your organization.

4

Optimization

Continuous improvement measures in place and identify potential for further refinement.

5

Best-in-Class

Align with industry leaders and best practices. Consider what differentiates you and how you can sustain this competitive advantage.

BRAVED

Building Capabilities through Self-Reflection

Consider the following self-reflection questions to enhance your leadership development:

1.

Where does your performance align on the BRAVED scale?

(Where you are)

2.

What is your most critical goal at this moment?

(What you want)

3.

What is missing to achieve that goal?

(What you lack)

4.

What singular action could enhance your BRAVED score?

(What you do)



Consistency makes excellences

Regular reflection against this scale can help maintain a dynamic, forward-looking approach to executive leadership.

This ensures that leaders do not remain static but evolve continually towards excellence.

About Us



Mekong Capital – Most Experienced Private Equity Firm in Vietnam

Mekong Capital is a Vietnam-focused Private Equity firm specializing in consumer-driven businesses. Mekong Capital's investee companies are typically among the fastest growing and market-leading companies in Vietnam's consumer-driven sectors.

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