

What Determines A Company's Performance? The Shape Of The CEO's Face!

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Believe it or not, one thing that predicts how well a CEO's company performs is – the width of his face! CEOs with wider faces, like Herb Kelleher, the former CEO of Southwest Airlines, have better-performing companies than CEOs like Dick Fuld, the long-faced final CEO of Lehman Brothers. That's the conclusion of a new study which will be published in an upcoming issue of *Psychological Science*, a journal of the Association for Psychological Science.

Elaine M. Wong at the University of Wisconsin-Milwaukee and her colleagues study how top management teams work. But they have to do it in indirect ways. "CEOs and top executives don't typically have time to talk with researchers or take batteries of tests," she says. "Our research has primarily been at a distance." They've analyzed the content of letters to shareholders and looked at things like how a CEO's educational or personal background affects how well his or her company does. Wong and her colleagues, Margaret E. Ormiston of London Business School and Michael P. Haselhuhn of UWM, wanted to look at another aspect of CEOs – their faces.

Looking at faces isn't as crazy as it might sound. Several studies have shown that the ratio of face width to face height is correlated with aggression. Hockey players with wider faces spend more time in the penalty box for fighting. Men with higher facial width are seen as less trustworthy and they feel more powerful.

"Most of these are seen as negative things, but power can have some positive effects," Wong says. People who feel powerful tend to look at the big picture rather than focusing on small details and are also better at staying on task. She and her colleagues thought that feeling of power might also be correlated with a company's financial performance.

Wong and her colleagues based their analyses on photos of 55 male CEOs of publicly-traded Fortune 500 organizations. They only used men because this relationship between face shape and behavior has only been found to apply to men; it's thought to have something to do with testosterone levels. They also gathered information on the companies' financial performance and analyzed shareholder letters to get a sense of the kind of thinking that goes on at those companies.

CEOs with a wider face, relative to the face's height, had much better firm financial performance than CEOs who had narrower faces. "In our sample, the CEOs with the higher facial ratios actually achieved significantly greater firm financial performance than CEOs with the lower facial ratios," Wong says.

Don't run out and invest in wide-faced CEOs' companies, though. Wong and her colleagues also found that the way the top management team thinks, as reflected in their writings, can get in the way of this effect. Teams that take a simplistic view of the world, in which everything is black and white, are thought to be more deferential to authority; in these companies, the CEO's face shape is more important.

It's less important in companies where the top managers see the world more in shades of gray.