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BRIEFCASE

1. Bright Spots in Solar Energy

The green movement, tax incentives, and venture capital have buoyed the solar industry in recent years, making it one of the fastest-growing alternative energy sectors. One measure of the global growth pattern: During 2007, Solar Energy Industries Association member revenue grew by 116%, and the industry is projecting a 108% increase during 2008. “This fast growth creates a big demand for the kind of talent that can make solar a competitive, consumer-accepted energy source,” says Debra Germaine, a partner with CTPartners in Boston.

The bright spots? Executives who are skilled at developing and commercializing technology in a way that tightly controls costs. Like the semiconductor industry, solar power currently uses silicon, which is expensive and coveted. “Executives with a manufacturing track record of using silicon with minimal waste go to the top of the list,” says Ms. Germaine.

At the same time, solar energy presents unique distribution challenges. Unlike chips, solar panels will be sold directly to consumers through big-box retailers like Lowe’s and The Home Depot. Finance, marketing, and business development executives with solid connections to the home-improvement retail market and a deep understanding of the complexities of an energy company are in demand. Says Ms. Germaine, “Hiring the right people into this burgeoning industry will help make solar an accepted, everyday source of energy.”

2. Where the Insurers Are

London and New York have long reigned supreme as international insurance capitals. Yet global economic currents are prompting many insurers to reevaluate the location of company headquarters. The trend is particularly apparent among property/casualty firms and reinsurers.

Hot locales for insurers include Dublin, Singapore, Zurich, and Dubai, while Bermuda's traditional appeal has grown to new levels. Most of the decisions hinge on local taxes and regulatory matters. Within the past three years, London-based insurers Hiscox, Amlin plc, Kiln plc, and The Omega Group each announced plans to relocate to Bermuda or establish major operations there, citing Bermuda's lower taxes and less onerous regulatory hurdles. German-based reinsurer Hannover Re revealed that a move to Dublin was being considered for tax reasons. And American Life Insurance Company (ALICO), an AIG subsidiary, will locate its regional headquarters in Dubai to capitalize on its business-friendly regulatory standards.

Zurich's attractions include stability, a deep talent pool, and a light regulatory environment outside the European Union, whereas Singapore is well-positioned to serve the burgeoning Asian marketplace. Identifying the needed talent in these new regions can be a challenge, and utilizing expatriates is often an initial solution. Among insurers, reinsurance businesses are well-suited for these relocation moves as the human resources demands are relatively light in terms of numbers.

3. Hot Jobs

Which executive positions will experience the greatest demand this year? In its 13th annual Hot Jobs report, CTPartners presents the 30 hottest executive posts for 2008. With input from 2,000 senior executives, CTPartners assesses the marketplace and corporate priorities that drive demand for talent. Some highlights from the list:

Job Title / Business Area / Key Responsibilities

Chief Risk Officer / Financial Services / Monitor, manage, and mitigate exposure to risk

CEO, Tech Start-Up, Emerging Economy / Private Equity / Establish business in emerging market(s)

Director, Board Compensation Committee / Board of Directors / Balance shareholder interests with recruiting needs

Chief Revenue Officer / Media/Online / Generate revenue from Internet social networks

EVP, Software Engineering / Technology / Get new technologies to market quickly

Director, Private Banking / Wealth Management / Advise Boomers on the shift from asset accumulation to retirement spending

City CIO or CTO / Telecom / Build and integrate citywide Wi-Fi networks

Corporate VP, Environmental Affairs/ Sustainability / Manage Company's cost-effective "greening"

Chapter 2

360 | WHERE ARE PROFESSIONAL SERVICES MARKETS BOOMING?

Globalization creates hiring challenges, including an unprecedented demand for professional services executives with international experience and specific skills. Three global executives identify the fastest-growing regions and the accounting, information technology, and other consulting talents most in demand.

1. Pierre-Yves Cros, Group Director of Strategy and Transformation, Capgemini, in London and Paris

“Capgemini is a leading IT and professional services company with over 83,000 staff worldwide. Last year we recruited around 24,000 professionals, and we plan similar growth for 2008. In response to client demand for global services, some 70% of these recruits will come from what we call offshore locations such as India and Eastern Europe. India is the premier destination for off-shoring IT services, with its vast pool of low cost, highly skilled labor. India produces some 300,000 ‘freshers,’ or computer engineer graduates, each year—as much as the rest of the world combined—and is ideally suited to serving English-speaking markets. Continental European markets tend to favor a ‘near shore’ approach, using professionals from Eastern Europe, especially Poland and the Czech Republic, which have professionals with good German-language skills. Russia is also a booming recruitment market, with its strong links to Europe and its impressive scientific and engineering heritage. North Africa, especially Morocco, is ideal for French-speaking clients, and Latin America is popular with Spanish clients.

This vast pool of offshore talent means it is not too difficult to recruit skilled IT engineers and technicians. The real challenge is finding managers who can get the best out of these professionals within a ‘flat world’ global operating model. The traditional IT service model involves staff delivering services on or close to the client’s premises. Today, projects are delivered with a mix of onshore and offshore resources, sometimes with as much as 80% of the work being delivered offshore. Managers who have experience with this model and can create a one-team, seamless approach are rare. The search is on to recruit these talents.”

2. Sylvain Dhenin, Vice Chairman, CTPartners, in Geneva and Paris

“We see a very dynamic professional services market around the world. Firms have a high demand for senior talent, and this is true in the classic European countries and the U.S. as well as in developing countries. As professional services firms rebuild and hire again after the 2002-2004 downturn, they need talent to redeploy their consulting and advisory services.

The real hot spots are the Middle East, Eastern Europe, and Asia. Places like Dubai, Russia, India, and China do not have a wealth of local executive talent, yet their markets are booming. Thus, executives who can develop brand identity and strategy for multinational firms, establishing a presence in these areas, are in high demand—and their compensation rises quickly with their experience. Also, local companies in these areas looking to implement the right tools for international growth are desperate for information technology talent.

Strategic consulting firms want to be more global. They have to be. The trend is for professional services firms to follow their clients into developing markets.”

3. Edward Bartko, Senior Managing Director, FTI Consulting, in Washington D.C.

“The competition for resources in professional services is stronger than I’ve seen in a decade. Demand is high in the U.S. for all types of accounting professionals, but particularly those who can help with global acquisitions. In addition, European firms, fueled by the strong euro, are buying U.S. firms and also need professionals with accounting expertise for those deals. I see enormous demand for experienced executives who can handle complicated accounting due diligence.

The perfect background is about 15 years of accounting consulting experience. Part of that should be with a Big 4 accounting firm and include global experience. The other part should be operational, building energy infrastructure in the Middle East, for instance, or globalizing a consumer products company brand. That combination ensures that candidates know how to work in different cultures and business environments.

A lot of this work is in areas of the world—China or parts of Latin America, for instance—that have different, few, or even no accounting standards of the type we know in the U.S. Many of our clients are private equity firms creating a global footprint. Due diligence is of primary importance. Talented service professionals with global expertise who can help with that process are extremely popular.

PROFILE | TIMOTHY P. FLYNN & MARK GOODBURN

1. Cutting-Edge Accountants

KPMG LEADING EXECUTIVES DISCUSS THE CHALLENGE OF SERVING EVER-BROADENING CLIENT NEEDS KPMG LEADING EXECUTIVES DISCUSS THE CHALLENGE OF SERVING EVER-BROADENING CLIENT NEEDS

Today's accounting professionals are called upon to provide deeper and more diverse insights and advice to clients than ever before. As corporations grapple with continuously evolving challenges, ranging from expanded regulation to risk evaluation to rapid globalization, their independent accountants and business advisers must keep a step ahead of the curve in developing the strategies, systems, and specialized expertise to meet these changing client needs. Timothy P. Flynn, Chairman of KPMG International, and Chairman and CEO of the U.S. member firm, KPMG LLP; and Mark Goodburn, Vice Chairman and Head of Advisory of KPMG LLP, recently met with the PQR team to discuss this challenge and KPMG's strategic response.

PQR

Conditions are changing dramatically for the senior accounting and financial executives of major corporations. What are some of the global market dynamics that are reshaping the roles and responsibilities of these executives?

Timothy Flynn

Numerous factors are making the duties of senior financial executives more complex. Perhaps most challenging is the ever-growing number of interrelationships to be managed. Globalization spreads a business across national boundaries so that companies face new competitors, new regulatory standards, and sourcing issues that include everything from supply chain to human resources. Financial markets and instruments

have become more complex. And the speed of this change is only accelerating.

PQR

Mark, you head KPMG's U.S. advisory business, which currently accounts for 29% of the U.S. firm's revenues. How would you characterize the changes you have witnessed there?

Mark Goodburn

Our advisory business focuses on the goals and responsibilities of the CFO, what I call the "CFO Agenda." I wake up every day and think, "What are my clients facing today?" The answers to that question include the challenges of globalization, cost optimization, the credit crunch, changing information technology, acquisition assessment, and value preservation, as well as governance, risk, and control issues. Some of these challenges are new to CFOs; they all are expanding and evolving.

And the stakes have gotten higher. Over the past decade, the corporate role of chief operating officer has shifted, with many COOs' traditional duties moving to the CFO. The CFO is the new primary confidant and adviser to the CEO, which brings heightened expectations that the CFO may be heir to the CEO. With this kind of pressure, and the expanded job responsibilities, CFOs today are close to Superman or Superwoman, in my book. They need skills well beyond accounting and finance. They must be outstanding leaders, strong communicators, and capable of managing a lot of moving parts.

PQR

Timothy, as the Chairman of KPMG International, you have a unique vantage point on the global pace of change that corporate executives today face.

Timothy Flynn

I do, and it would be hard to overstate the enormous impact of globalization and emerging markets. The shifts in economic power and market capital have surpassed all predictions. Emerging markets now account for 40% of the world's exports. Twenty years ago, only 27 countries had GDP growth of 4% or more. During 2007, 120 countries enjoyed a GDP growth rate of 4% or higher. Three years ago, all of the world's 20 largest public corporations, as measured by market capitalization, were based in the U.S. or Europe. At the end of 2007, China was home to seven of those 20 largest public companies.

Asia Pacific is the fastest-growing region in the KPMG International network of firms. Our business in the Asia Pacific region increased by

more than 20% during 2007, while our business in China alone grew by 35%. The opportunity for KPMG is to leverage our Big 4 global platform and provide an outstanding end-to-end client experience.

From a personal perspective, I see the change as well. I joined KPMG in 1979 and did not even have a passport until 1988. Now I travel around the globe regularly, and international calls at 4 a.m. and 9 p.m. are a normal part of my day.

PQR

Will this globalization soon lead most U.S.-based major corporations to adopt IFRS (International Financial Reporting Standards) as the global accounting standard? That will be quite a task for corporate financial officers.

Timothy Flynn

I think a shift to IFRS in the U.S. will occur, though it's a massive undertaking that will take several years. Certainly, no one can argue with the logic of having a common global business-reporting language. Yet changing the accounting standards for much of corporate America from the currently used U.S. GAAP (Generally Accepted Accounting Principles) to IFRS will be a huge endeavor.

This shift to IFRS will require a comprehensive education program that must extend to academia, as well as all current professionals, and prepare the regulators who will monitor the new reporting system. Throughout the process, we must remain focused on investors. Financial reporting is designed primarily for the benefit of the investor, so the most important piece will be to ensure that investors clearly understand any new or revised reporting procedures. KPMG is committed to playing a major role in working with the profession in assuring the smoothest transition possible for our clients, our people, the academic community, regulators, and investors.

Mark Goodburn

Few U.S. CFOs have been trained in IFRS, and until a year ago or so, the prevailing sentiment was, "Oh, I will be finished with my career before IFRS is adopted." Now it appears that IFRS will eventually become the global standard, and countless issues and side issues will spring out of that change. The accounting industry will bear heavy responsibility to get U.S. companies from here to there. At KPMG, we have already built our methodology and our training programs and applied them as we assisted many European companies with the conversions, so we are experienced and ready to guide clients through this process.

PQR

Risk management must be another important current priority for your clients.

Mark Goodburn

It's true that C-Suite executives historically treated risk as an outlier in the decision process, an afterthought. Their decision matrix factored in technology, employee, and process issues, but didn't give due attention to risk factors.

The lack of a risk management process is like riding a roller coaster. As you climb the first incline, you know risk is there, but it's still out of sight. You are getting nervous, but take comfort from the fact that a lot of people are in the cars with you. Then, risk takes hold and pushes you left, right, and upside down, and your goal is simply to keep your business on the rails. You don't have a full understanding of the risk until you are at the top of the incline looking down, and by that time, things are moving so quickly, it's difficult to maintain control.

With the dot.com craze, the S&L crisis, and the current credit crunch, people focused on the reward side of the equation rather than the risk side. At KPMG, we have risk awareness built into our professional activities and our systems. It takes discipline, and it's no fun to remind people of what they don't want to hear. But it's essential. We help our clients manage risk, not remove it, because eliminating it removes the reward. But we try to be forward-looking, so as to control risk.

Timothy Flynn

Managing risk is a multistep process. First, we help our clients understand the risk they face and decide what is an acceptable level of risk for their company to bear. Then we work with our clients to mitigate risk, to keep the risk within the client's tolerance level. Finally, we create a system that will prompt the client to periodically revisit and refresh the risk evaluation so surprises won't arise down the road.

PQR

We've touched upon a few of the many challenges confronting your clients. How does KPMG stay in the forefront in identifying and addressing these needs?

Timothy Flynn

The strength of our practice is our ability to anticipate change and stay ahead of the curve. Clearly, staying ahead of the change curve provides much more control than running behind the curve to catch up, or simply reacting. We serve clients with teams that join a variety of skills. Our industry professionals possess a deep knowledge of specific industry practices, procedures, and risks. Other team members bring a proficiency in

functional skills, such as complex financial instruments or international reporting standards. We bring those areas of knowledge together, along with an ability to manage complex projects.

KPMG has a huge global footprint, with 123,000 employees in 145 countries around the world. Those employees function with a global consistency and common methodology that is invaluable to clients.

Mark Goodburn

With globalization, the reality is that most problems faced by corporate executives are not down the hall. They are thousands of miles away. Our clients value our ability to connect a variety of specialists with the goal of solving their problems in a way that can be consistently applied throughout their organization.

To me, there are three key elements to KPMG's success. First, I believe that the most rewarding assignments go to the firms that can assemble the superior global teams of specialists to address client needs, as Tim outlined. Secondly, I believe that staying in the forefront in acquiring and cultivating specialized skills is imperative. And by "specialized skills," I mean next-generation skills, the skills that will address client needs that are still out on the horizon. The specialized skills of a year or two ago are now merely commodities. Finally, I believe we each have a responsibility of stewardship, to work to advance our clients, and our own careers and those of our colleagues, giving them new knowledge and experience.

PQR

How does KPMG help its employees advance their careers? What skills and experiences are most important for success in this rapidly evolving field?

Mark Goodburn

What's needed are good analytical, communication, and problem-solving skills to address the changing business challenges that often figure prominently in the news. You may not think of accounting as a cutting-edge profession, but, in fact, it is.

Global job rotation, training programs, and mentoring help our employees develop their skills, advance their careers, and keep current. Of our 23,000 U.S. employees, currently 2,500 are on global rotation assignment. I see mentoring taking place through our formal programs but informally as well. Personally, I believe you need many mentors with varied experience, and you'll want to be in contact with them throughout your career.

Timothy Flynn

At the heart of our training efforts is our commitment to embedding professionalism and integrity into everything we do. For the last three years, we have been working to create a model Ethics and Integrity program that will serve as a standard for the accounting profession and industry. This is crucial to the development of our employees, to our clients, and to the capital markets we serve.

PQR

In an industry that greatly relies on highly skilled professionals, how does KPMG attract and retain the necessary superior talent?

Mark Goodburn

There are few places on the planet that have as much to offer an employee as KPMG. BusinessWeek has included KPMG on its list of the best places to launch a career in 2006 and 2007. For more experienced professionals, the opportunity for career advancement is tremendous. There is latitude for geographic relocation, for shifting to different business groups, and for obtaining a new specialty skill.

I never could have painted my path with this firm when I began here as an auditor. It has been a rewarding path that has kept me on the forefront of global business trends. That is what attracts talented professionals to KPMG—the ability to shape their own careers, address timely business issues, and know that they are adding value.

Timothy Flynn

I could not agree more. Look at the work environment. You have the opportunity to work with extremely bright colleagues and clients. You are on the forefront of change, helping to solve problems, adding value, working with the most sophisticated companies and investors in the world. It's a challenging, invigorating, sometimes demanding environment, but ultimately, the work is extremely rewarding. That's true for me and everyone else at KPMG.

FIVE | WAYS THAT I RECHARGE...

1. Steve Redisch, Executive Editor, Voice of America; two-time Emmy Award winner (CNN)

1. Getting on my bike and going someplace

"I'm an avid cyclist. It completely invigorates me and, among other things, has helped me lose about 50 pounds so far. I look forward to this in all seasons. I want to get on my bike and do 20 miles a day."

2. Spending time with my children

"I have two wonderful daughters. They're six and eight years old, and they've changed my life. For the longest time I was defined by my job and my job title. I spent all my time at work. But my daughters have given me a new definition of who I am and why I am here."

3. Tinkering around the house

"I like moving things around, putting them away, making sure that there's an orderliness to my surroundings. There's a calmness to this, which helps me power-down from my intense work life."

4. Walking the dogs

"We have two great dogs: a 14-year-old lab-and spaniel mix, and a two-year-old shar-pei. I like taking walks with them, both for the exercise and for that feeling of listening to my iPod, losing myself in music or a podcast that I've downloaded."

5. Cooking

"I'm not the best chef in the world, but I like to cook, whether outside on the grill or in the kitchen. I experiment. I just got a new Italian cookbook that I can't wait to try. It's another great way to unwind. I've been working since I was 15 years old. I've been on call seven days a week, 24 hours a day. I've learned that you can only be your best at the job if you find ways to disconnect from the office and recharge your batteries."

Chapter 5

MOMENTUM | CAREER INSIGHTS FROM FIVE TOP GLOBAL EXECUTIVES

1. Grace Speights, Partner, Morgan Lewis & Bockius, LLP in Washington, D.C.

“I focus my practice on counseling and defending clients in connection with employment discrimination claims, primarily those where the claimants are seeking to represent a class of individuals. I like the human side of labor and employment law because it involves individuals and not just company against company.

Unlike a lot of other attorneys who practice law in large corporate law firms, I’m a first-generation professional. I grew up in a poor neighborhood. My mom worked in a factory but understood the value of hard work and good moral character. She has been instrumental in my success, both when I was growing up and even now. She has supported me as I tried to be the supermom/superlawyer.

Having a supportive spouse and supportive law partners has also been a big help. When I came to this firm right out of law school, several partners invested in me, to make sure I was successful. They took time to teach me and to mentor me even though they were just as busy as I am today. That kind of mentoring makes a big difference for anyone.”

2. Deirdre Kenny, Managing Partner, CTPartners in London

“A significant part of my role at CTPartners is to facilitate meaningful communications. That is especially important when communications are between people of different cultures who speak different languages.

It’s interesting. Even during my childhood, communication was a focal point. I was born in Naples, Italy, but raised in Brooklyn, New York. My father was a pilot whose job took us around the world, and my mother was a French teacher. So communicating in other languages was emphasized at home, as was a willingness to explore different countries and their cultures. I am grateful to my parents for that.

Of course, communication is not just about having a precise vocabulary. It’s about delivering a message, conveying an idea. In our business, it’s about making persuasive connections despite cultural and language obstacles. With global searches, we must foster effective communication between the candidate and the company, so that they are building a productive relationship from an early stage. When building a global business, both sides take an even greater leap of faith because they won’t have the luxury of constant contact. They won’t be able to walk down the hall for a casual conversation. So our efforts to translate and facilitate that communication and connectivity between the candidate and the company are absolutely critical to success.”

3. Carlos Enrique Moreno, General Manager, Homecenter Stores/Sodimac, Bogotá, Colombia

“Last year we opened five new stores and hired 1,200 people. This year we will hire another 1,500. Growing more than 35% per year for the last seven years creates many challenges. First, there is the challenge to get the right sourcing from different parts of the world. Second, to hire the best people, train them, and help them assimilate into our culture.

Another challenge is to have a focused vision of where we are going. The vision has to motivate and challenge everyone. And we have to do all of that with passion. I want all our people to enjoy what we are doing and feel proud of the positive impact we have in our society.

In any part of the world, especially a developing country, you have a social responsibility to think about the environment, people, human rights, and the quality of products that your company sells. So we participate in the Global Reporting Initiative program, which provides a checklist for each stage of business to see how you are fulfilling your social responsibility. We also buy from companies that work in co-ops or employ people with disadvantages or handicaps. Our country is going through great change and improvement. As a business, we prefer to work with companies that are committed to helping our society continue to change and improve.”

4. Marc Lafeuille, President and CEO, Intendis in Berlin

“I love to travel and to learn foreign languages. My father was in the Navy and then in international business, so I was raised in different countries: France, Canada, and Switzerland. As an adult, I have lived and worked in France, Brazil, Argentina, and now Germany. I speak four languages fluently, and I’m starting to learn German, with some difficulty, I must admit.

You can lead a company from wherever you are. Maybe it’s the BlackBerry disease, but when I’m away I don’t have the impression that I’m away. I feel connected to my company with all these communications means.

My experiences traveling and moving to different countries have given me the ability to perceive what’s going on in different situations from an emotional intelligence perspective. For instance, if a meeting is not going well, I try to visualize the perceptions on both sides of the table and understand how the different beliefs influence the team dynamics.”

5. John Kim, Former President, Hartford, CT-based Prudential Retirement

“As someone who has frequently been involved with change management, I know that it’s important to focus on the ‘soft’ as well as the ‘hard’ elements of this process. When I oversaw the consolidation of Prudential Retirement and CIGNA, bringing together 2,500 employees from both companies, it was important to find the right corporate structure that would not disadvantage either side. I led with a common vision and strategy to make sure people from both sides would think of themselves as part of one organization, as opposed to having a ‘we-them’ mentality. I’ve learned that if you think you’re communicating adequately to employees, you can probably double it and still be deficient.

People skills are also important in golf. As a member of the United States Golf Association executive committee, I find that golf is a great way to measure character. Unlike most other sports, golf is self-regulated. Notions of honor, integrity, and appropriate behavior on the course are important elements of the sport.

The best interview I could conduct would be to play a round of golf with someone. You can see a person’s temperament in one round on the golf course. If someone engaged in cheating, would you be able to trust that person in the boardroom?”

Chapter 6

MANAGEMENT | REGIONAL CEOs

1. HOW THE RIGHT EXECUTIVES DELIVER VALUE IN GLOBAL ORGANIZATIONS

Within the global economy, regional CEOs now rank among the most significant members of corporate leadership teams. That's not too surprising. Top-quality regional executives can deliver extraordinary value in terms of their strategic insights, marketplace initiatives, local talent development and, of course, impact on the company's bottom line.

Yet there's still a fair amount of uncertainty about how best to fill these roles and ensure that regional chief executives will be most effective within global organizations. Perhaps that's not surprising either. After all, the business conditions and management challenges that face regional CEOs—whether in Asia Pacific, the Americas, Europe, or elsewhere—truly run the gamut.

What makes a successful regional CEO? Differences in industry sectors, cultural norms, corporate expectations, and much more all play pivotal roles in supporting, or undermining, an executive's ability to deliver value. Given this reality, it is essential to consider both the tangible and intangible attributes that best prepare executives to serve in this role, as well as the management strategies that most effectively foster success.

"One size definitely does not fit all," comments Claire Babrowski, Executive Vice President and Chief Operating Officer for Toys "R" Us, Inc. She should know. During a career that previously included responsibility for McDonald's Corp. worldwide operations and tenure as acting CEO, President, and Chief Operating Officer at RadioShack Corp., Ms. Babrowski has also held regional CEO positions as well as supervised these executives.

Other business experts agree. "When we speak about regional CEOs, it's important to remember that these executives will be responsible for an entire region. In the case of Latin America, that responsibility involves

more than 20 countries with different laws, different political and economic environments, and a wide range of cultures,” emphasizes Nestor D’Angelo, the Miami-based Managing Partner, Latin America, of CTPartners.

“For most regional CEOs, every country within their region is an emerging market, but some are very large and others are smaller,” he continues. “Normally, the regional CEO is someone who has been a successful manager in one or two countries. Now when he steps into the regional CEO position, he must change his hat to represent the entire region. This will require leveraging all the strengths and talent available in the region, rather than just focusing on people that he has worked with before.”

To Robert Cook, Senior Executive Vice President and General Manager, Asia, for Manulife Financial, the “sheer diversity” of his responsibilities represents one of the most gratifying, if intensely challenging, aspects of his position. Prior to assuming this role last year, Mr. Cook held a variety of management positions within Manulife’s U.S., Canadian, International, and Corporate divisions.

What constitutes “diversity” for this regional CEO? “We operate in 10 countries, ranging from well-established markets such as Japan, Hong Kong, and Singapore to rapidly developing markets in places like China and Vietnam,” Mr. Cook explains. “It’s an important objective of mine to figure out the best ways to leverage our organization’s knowledge and successes across diverse countries and businesses, some very developed, some almost in the start-up phase. And I need to make sure that while doing that, I avoid creating a bureaucracy with bloated regional overhead that will bog us down with unnecessary costs and slow decision making within this fast-growing area.”

Like Mr. Cook, the most successful regional CEOs possess an ability to balance a larger and long-term strategic focus with keen attention to essential financial matters as well as to the intricacies that underlie different business models across the region. Yet they don’t get lost in detail. After all, it’s also an important responsibility for them to build strong management teams throughout the region that they can rely on as they pursue the corporation’s overall growth and profitability objectives.

This isn’t so easy. During in-depth interviews with seasoned global executives and other business experts, certain themes repeatedly surfaced regarding skill sets and career backgrounds that help regional CEOs meet the challenge.

“When I was appointed Group President for Stryker International, with responsibility for the company’s business outside the Americas, I was given the key objective of helping to make the corporation more global,” recalls Luciano Cattani. He served in that role for three years before recently becoming Stryker’s Executive Vice President for International Public Affairs.

“What I found most valuable as I stepped into my role and responsibilities as regional CEO was the ability to see the big picture,” Mr. Cattani says. “To me, that meant connecting the dots between what I saw, as I looked toward the future of our industry, and what needed to be done within the international business of our company to help the organization prepare for the changes involved in becoming truly global. Then I set about trying to help that change happen by presenting my colleagues with the opportunities of globalization related to a couple of specific product lines.” He pauses and then adds, “When we started delivering high growth rates, that really triggered their attention.”

His experience is not an isolated one. “In order to be effective, regional CEOs must be strong communicators,” emphasizes Pagan Van, the Managing Partner, Hong Kong, of CTPartners. “That’s because they need to be able to serve as conduits of essential information between the home office and the region. After all, in order to develop and implement strategy, they need the support of the home office and that won’t happen if the home office doesn’t understand the region’s potential as well as its challenges.”

Claire Babrowski is very familiar with that situation. “I know all too well,” she says, “that there are times when you’re out in the field and you get memos from corporate headquarters that leave you stranded somewhere between rolling your eyes and picking up the phone to ask who in the world ever came up with this crazy idea! On the other hand, I’ve also been on the other side. I know why executive teams in a home office make the decisions that they make and what they expect from regional CEOs. There are real complexities,” she concludes, “within even the most successful collaborations between regional executives and home offices.”

There’s no single formula when it comes to the ways that regional CEOs best “report up” their organization’s chain of command. But the most successful of these executives usually interact regularly with the global CEO and direct reports, such as the CFO and COO, through videoconferences, telephone calls, e-mails, and occasional face-to-face meetings. Similarly, it’s important for regional CEOs to have meaningful

contact with the company's other senior leaders at the home office and abroad.

At Manulife, Robert Cook believes that "educating global headquarters and the other members of the executive team about the nature of our far-flung businesses is a big part of my responsibility. And that's as it should be. It's just not possible for people to understand these markets without being based here, no matter how often they might come for a visit. There's a tremendous learning curve."

At Stryker, Luciano Cattani relied on a communication strategy that he is convinced made the difference in his relationships with other executives. "I focused on simplifying the communication to corporate leaders about the regions. It didn't make sense to waste people's time on what was happening within tens of different countries, because this information would have been too fragmented. The only exceptions," he notes, "were India and China, which are just 'kids' in terms of their stages of development but are growing so very rapidly that I felt they needed individual attention from senior executives."

To Victor Agnellini, who serves as President of the Caribbean and Latin America (CALA) regional unit of Alcatel-Lucent, his responsibilities as a communicator are both essential and multifaceted. "With the merger of our two companies, completed on December 1, 2006, we now do business in more than 130 countries around the world. It is my responsibility to represent CALA within our global organization and to make sure that we have the right talent, resources, and strategies in place to deliver the value that the corporation expects."

How does he make that happen? "When I stepped into this role after the merger, from my previous position as President of Lucent Technologies for the Caribbean and Latin America, I spent a great deal of time traveling to all of our main markets," Mr. Agnellini teams and their key customers whenever possible."

With responsibilities for a region that includes 40 countries, that has added up to a lot of time on the road. But it was well worth it, Mr. Agnellini notes. "I needed to be engaged with all the members of our 'family,' including the members of our team that I didn't yet know. Now, even when I'm not traveling, I make certain to have weekly calls with my key leaders and continuously feed myself information about what's going on within the various markets."

To Claire Babrowski, the willingness to travel intensively, to communicate exhaustively, and to do whatever else is needed to represent one's region most powerfully within the global organization are all

prerequisites for successful regional CEOs. “You can’t just phone in your involvement and expect to have a seat at the global leadership table,” she emphasizes. “As a regional CEO, if you want the executive team to understand and value your region, which also means providing the region with the support that it will need along the way, then it’s up to you to make the effort to attend important meetings in person and to do things like volunteer your region for pilot programs that might impact the company’s future in a significant way.”

There are many ways to measure successful regional CEOs, including the growth rates that they achieve, new markets they develop, strategic initiatives they launch, and communication networks they create and nurture within the leadership team. But it’s remarkable how often these executives mention regional talent development as one of their toughest challenges and core priorities.

“I always knew that talent management would be important for me, but until I stepped into my role, I never understood what a challenge it is here in the Asian marketplace,” notes Mr. Cook of Manulife. “The war for talent is so much more pervasive here than I’ve seen anywhere else. Take China, for example, where it is the biggest obstacle that I face. The limited availability of skilled middle managers is the primary constraint on growth in China. There, and elsewhere in the region, it’s simply the case that the more skilled and experienced people you are able to successfully recruit, the greater the growth that you can achieve.”

Similarly, “talent is the key focus for us,” comments Stryker’s Mr. Cattani. “In recent years, we have made massive improvements in Asia Pacific, including top-quality additions at the second and third line of reports. But there’s still a great deal that we must achieve when it comes to building global talent,” he concludes. “In Europe, the Middle East, and Africa, for example, the executive development battle is ongoing. It’s fair to say that talent underlies every factor of a global business. If you have it, your company will be a leader. If a regional executive makes talent development a priority, he or she will deliver enormous value to the organization.”

From his vantage point in the Caribbean and Latin American region, Mr. Agnellini agrees. “At Alcatel-Lucent, we are truly a global corporation, with a diverse senior leadership representing all regions of the world. But the challenge for me, and my colleagues throughout the company, is to hire and retain the most qualified people, who will be as diverse as our marketplace, will understand different cultures, and will be

able to help us achieve our goals in different countries. They will enable us to embrace our opportunities.”

Indeed, the bottom line for successful regional CEOs may be as simple as that. They help global corporations embrace opportunities, including those opportunities that the company may not even know it possesses.

Q&A ROUNDTABLE

1. The CFO Role: Private vs. Public Companies

The boom in private equity activity over the last few years has focused a spotlight on the role of chief financial officer for such companies. How do the required skills and responsibilities of a CFO for a private company compare to those of a public corporation counterpart? PQR recently spoke with CTPartners' Barry Bregman, a New York-based Partner, and David Burton, a Partner based in London, about the similarities and differences in these two key C-Suite roles.

Q Are the same skill sets required for public and private company CFOs?

Barry Bregman

The desired profile is very similar. In both cases, you are seeking someone with a strong accounting foundation who has grown into an operating and financial management role.

One key distinction might be in the area of analytics. How the CFO reports, analyzes, and thinks about the business is critical to PE investors. A CFO who was the original controller might not be using the right lens to study the business, from the PE investors' perspective.

David Burton

PE firms also prefer to hire CFOs who have served as public company CFOs or taken a company through an IPO. The endgame for the PE firm might well involve taking the company public, so this experience is vital.

Q How do responsibilities of public and private CFOs differ?

Barry Bregman

They have very different investor constituencies, and that impacts who they communicate with, what they communicate, and how often. Public company CFOs focus externally, while private company CFOs focus internally. A private company CFO might meet daily with the PE investors to field questions, but there is no additional burden of tending to a public constituency.

David Burton

Private company CFOs often enjoy the pace and flexibility of the role—meeting regularly with key stakeholders, making speedy decisions, and moving quickly on initiatives. Public companies typically have numerous stakeholders with diverse interests. The CFO must communicate with these stakeholders through a variety of formal channels, and this can be time-consuming. A public company CFO spends more time inspiring confidence and calmly managing expectations of the stakeholder community.

Q Are there other differences?

David Burton

Private company CFOs can act quickly, yet they don't really have more autonomy. The CFO at a private company dances to the tune of being resigned to that reality. Although the pace may be slower in a public company, CFOs there often enjoy more autonomy to manage the function without day-to-day interference.

Barry Bregman

Both jobs have their own pressures. Public companies have more resources and staff supporting the CFO. At a PE firm, the continual focus on cost management means accomplishing everything with as few people as possible. And yet, privately held companies generally choose to meet most of the regulatory requirements of public companies. It's part of their preparation for a future sale or IPO. So there is little variation in regulatory responsibilities.

Q What are the most common career paths for public and private CFOs?

David Burton

In the U.K., many FTSE 100 CEOs have risen through the CFO/finance route. It's desirable to many public company CFOs to seek a public company CEO or chief operating officer role as a next step. However, with the increasing attraction of PE-backed opportunities, public company CFOs also are pursuing COO and CEO roles there.

CFOs of PE-backed firms often are motivated by the wealth-creation opportunities. We see "serial" PE CFOs who move every few years from one PE-backed company to the next, benefiting handsomely as the company goes to an IPO or is sold. In the close-knit PE world, reputation is key, so successful CFOs are in high demand and can be snapped up quickly by other PE firms when they become available. Eventually, these CFOs will likely leverage their talents and seek to become CEOs of PE-backed businesses.

Barry Bregman

There are several desirable career paths. When a public company divisional CFO has no sight line to the CFO slot, I often counsel that person to take a private company CFO role. Then it is likely that the person will have the experience of taking the company public, and, voilà, the executive is a public company CFO. I also meet many public company CFOs who aspire to run a business. Those executives might choose a private company COO or CEO position at some point in their careers.

It comes down to deciding what course will deliver the most satisfaction to the individual executive. Luckily for these executives, they often have attractive choices.

UPDATE | NEW & NOTEWORTHY DEVELOPMENTS AT THE PERFORMANCE - DRIVEN SEARCH FIRM

1. To the C-Suite

The surest route to the top of a corporation is not always straight up the corporate ladder. To learn why, and to read about a wide range of career advancement strategies, executives can turn to an important new book by CTPartners Vice Chairman Umesh Ramakrishnan, *There's No Elevator to the Top* (forthcoming, fall 2008, Portfolio/Penguin Group). As a longtime search professional specializing in C-Suite positions, a sought-after industry commentator, and a regular guest on CNBC, Mr. Ramakrishnan, who is based in Cleveland, possesses a deep understanding of the elements of successful corporate leadership.

In his new book, Mr. Ramakrishnan identifies those qualities that separate top executive leaders from the rest of the pack. He presents powerful, proven lessons on topics that include the importance of using listening skills in executive offices and the reasons why star teams are not made up solely of star players. Mr. Ramakrishnan shares insights and anecdotes from top business leaders at Dell, Cadbury Schweppes, Aetna, BT Group, JCPenney, PepsiCo, and Infosys Technologies, among others. Like an exclusive lunch date with a table full of CEOs, *There's No Elevator to the Top* both engages and enlightens.

2. Kudos to CTPartners Professionals

The recently released BusinessWeek list of The World's Most Influential Headhunters included five CTPartners professionals. BusinessWeek selected the list of 50 headhunters by considering numerous factors, including individual reputation, years of search experience, the global scope of the recruiting practice, visibility within client markets, accessibility of the recruiter, and recognition within the recruiter's firm and the search industry.

Brian Sullivan - Chairman and CEO

Sylvain Dhenin - Vice Chairman, Geneva and Paris; IT services, manufacturing, energy,

private equity, technology, and telecom

Burke St. John - Vice Chairman, New York, and Global Head of Financial Services

Diane Segalen - Vice Chairman, Paris; Financial services, private equity, investment banking, board practice

Kathryn Yap - Managing Partner, Singapore and Head of Asia Pacific TMT Practice;

Technology, telecom, media, biotech, health care, and industrial

Mr. Sullivan commented, "CTPartners is honored by this selection by BusinessWeek and pleased to have global representation among the consultants named. Burke in New York, Diane and Sylvain in Europe, and Kathryn in Singapore represent the global excellence that is our goal. All of their work translates to high-caliber service for our clients, and we appreciate this recognition."

3. Digital Leadership

Global corporations face unique leadership challenges as they pursue growth opportunities in the digital age. In a marketplace that is defined by rapid-fire change and fierce competition, effective leaders must be nimble, execution-oriented, and capable of flexing across innovative business models and organizational approaches. With time of the essence and a limited pool of top leadership talent, CTPartners recently announced the formation of its Digital Media team. The group, which brings extensive search experience within the global technology, media, and telecom sectors, is dedicated to solving digital leadership challenges and helping clients be highly relevant and competitive in the battle for consumer loyalty.

Sharing their clients' focus on execution and results, the team understands the leadership demands and opportunities that exist within the digital space. With strong support from other professionals in CTPartners' renowned TMT practice, the Digital Media team provides maximum access and exceptional results to CTPartners' valued clients as well as global executive candidates in the digital marketplace.

GIVING BACK

1. Helen Keller International sets its sights on ...Preventing Blindness Worldwide

Kathy Spahn wants to put an end to preventable blindness. As President and CEO of Helen Keller International (HKI), a New York-based non-profit with established programs that prevent and treat blindness and malnutrition in 23 countries around the globe, she knows that nearly 75% of all blindness is preventable or treatable using techniques easily accessible in developed countries.

HKI works with local healthcare providers and within communities to prevent blindness. This includes promoting face cleaning and good hygiene to fight the infectious disease trachoma and addressing the root causes of preventable blindness, particularly vitamin A deficiency, the No. 1 cause of childhood blindness. Improving nutrition is a major focus for HKI. Ms. Spahn says, "The link between basic nutrition and vision is clear."

Good nutrition not only improves eye health but is also important for overall health. HKI's homestead food production programs in Africa and Southeast Asia start with a community or school garden that provides essential, vitamin-rich vegetables. Often, there is a surplus of food, which can be sold at a profit. Suddenly, the community sees both a health and an economic boost.

The success of HKI's programs isn't possible without strong corporate support. "I'm a firm believer in working hand in glove with the private sector," says Ms. Spahn. "It's the only way we can tackle these problems." In India, for example, HKI partners with the H.J. Heinz Company, which manufactures a tasteless, odorless powder that can be sprinkled on food to add the recommended daily allowance of vitamins and minerals. HKI works closely with the government and local partners to

mobilize the distribution of the “sprinkles” to children so they receive the nutrients they need to survive and thrive.

Diane Segalen, a Paris-based Vice Chairman of CTPartners, has been involved with HKI’s European affiliate since 1999. Ms. Segalen was so moved by HKI’s mission that she spent three weeks in India and Burma, delivering medical training materials and organizing transportation for patients. She comments, “By mobilizing human energy and dedicating capital, we can offer sight and hope for a better life to children and adults around the world.”

Ms. Spahn, who came to HKI in 2005 from the top job at ORBIS, another global nonprofit devoted to preventing and treating blindness, is always looking for opportunities to develop corporate partnerships. She’d like to attract more unrestricted support—funds that are not earmarked for a specific project or region—from global corporate donors in Europe, Asia, and the U.S.

“Unrestricted donations are critical for organizations like HKI to build infrastructure, such as information technology and human resources, and enable us to explore and seize new opportunities,” concludes Ms. Spahn. “Unrestricted dollars are the very best way companies can help.”

Do You Want to Get Involved? Contact Helen Keller International at www.hki.org

Chapter 10

TO LEAD | BRIAN SULLIVAN

1. The Succession Planning Imperative

Planning for CEO succession should be considered an essential duty for boards of directors, regardless of the state of the economy, the company, or the industry. Unfortunately, succession planning—or the lack of it—primarily attracts attention during periods of business difficulty, especially when prominent chief executives are unexpectedly removed. We’ve seen this most recently with the collapse of the subprime mortgage market.

Yet this issue is about much more than today’s headlines. Succession planning is critically important for two reasons.

The “positive” reason is continuity. Succession planning increases the likelihood that the leadership vision, core strategies, and business achievements of the organization will continue uninterrupted, if and when the chief executive is replaced. Preparing for this should be an imperative for all boards of directors.

The “negative” reason is discontinuity. When crises prompt unplanned changes in top leadership, the result can be highly disruptive. Shifts in corporate culture and leadership vision may be inevitable and, in some instances, desirable. But in most cases, discontinuity at the top creates problems that can and should be avoided.

Despite these powerful incentives for succession planning, many boards of directors don’t make this a priority or carry it out. A 2007 Thomson Financial survey of directors found that 24% had not undertaken CEO succession planning during the previous year. Some 10% of those directors said that they had never discussed the topic.

Many directors realize that succession planning is important to immediate strategic planning. A survey by PricewaterhouseCoopers and Corporate Board Member magazine found that 35% of board directors are dissatisfied with their company’s succession plans, with about half of

those attributing their displeasure to the fact that succession planning is not regularly on the board's agenda.

Problems may arise because boards mistakenly view this kind of planning as a long-term matter, rather than an issue of pressing concern, an important element in crisis planning. It's when a chief executive dies unexpectedly, or must be replaced under difficult circumstances, that a board's failure to carry out succession planning has the most serious consequences.

While succession planning for senior management is a responsibility of Human Resources and the CEO, planning for CEO succession clearly should be a board responsibility. A CEO's attention will understandably be focused on such matters as earnings "89 days from now" and the corporate strategies to be implemented to produce those earnings. CEOs should be involved with, but not responsible for, the board's succession activities. Likewise, CEOs shouldn't be permitted to raise roadblocks to the process.

Boards can best facilitate this process by formally establishing a Succession Committee, with a chairman and ongoing responsibilities, similar to the Audit, Nominating, and Compensation committees. Right now, succession is everyone's responsibility and, therefore, it is no one's responsibility. With a Succession Committee in place, the chairman would be expected to report to the board regularly on the committee's strategy for identifying potential CEO successors, its timeline, and, as progress occurs, internal executives under consideration.

Committee members would meet with likely candidates among the direct reports and next-highest level of executives to assess these people against the company's leadership criteria and succession time frame. Then, as the strongest potential successors are identified, the entire board could take steps to get to know them in a meaningful way. Potential candidates should be asked to report to the board on key corporate issues. This will provide insight into the talents, acumen, and managerial style of each individual.

After strong internal candidates are identified, the board must ensure that these individuals have the right experiences to prepare them to step into the CEO role. Savvy boards might prepare for multiple succession scenarios, identifying a strong financial candidate who would be best-suited in one scenario or a visionary leader for another circumstance.

How should directors respond, if CEOs attempt to dissuade them from setting up succession committees and pursuing planning activities?

There is only one answer: Boards need to put succession planning on the agenda and keep it there. That's the bottom line.

As recent events have emphasized, directors must feel comfortable with a company's succession plan because they will need to answer for it—or its absence—if the CEO needs to be unexpectedly replaced. If they're dissatisfied with what's happening on this front, it's worth asking whether this is the right board for them.

From the same author on Feedbacks

PQR - Fall 2007 (2007)

A timely and insightful business magazine published by CTPartners.

For its worldwide readership of corporate leaders and up-and-coming executives, PQR covers the globe, reporting on major business trends, talent management strategies, fascinating business personalities, and need-to-know developments impacting executive recruitment, retention, and human capital.

PQR - Spring 2007 (2007)

A timely and insightful business magazine published by CTPartners.

For its worldwide readership of corporate leaders and up-and-coming executives, PQR covers the globe, reporting on major business trends, talent management strategies, fascinating business personalities, and need-to-know developments impacting executive recruitment, retention, and human capital.

PQR - Winter 2008 (2009)

A timely and insightful business magazine published by CTPartners.

For its worldwide readership of corporate leaders and up-and-coming executives, PQR covers the globe, reporting on major business trends, talent management strategies, fascinating business personalities, and need-to-know developments impacting executive recruitment, retention, and human capital.



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