



## THE ROUTE TO ASIA PRESIDENT: SIX QUANTITATIVE INSIGHTS

Asia is becoming an increasingly important source of growth and revenue for Western multinationals. The position of head of Asia<sup>1</sup> for a multinational corporation, considered a career dead-end as recently as a decade ago, is now coveted by many of the best executives as a platform for career acceleration. Take the example of Andrew Witty, who became CEO of GlaxoSmithKline, one of the top pharmaceutical companies by revenue globally, at the age of 43. He joined Glaxo in the U.K. in 1985 and his early career took him around the world, working in Africa, the U.S. and Europe and climbing the executive ladder quickly. At 36, his career accelerated as he moved to Singapore to serve as senior vice president of Asia Pacific, where he ran the region for about four years. In 2003, Witty moved back to the U.K. to head Europe and, less than four years later, was appointed chief executive officer of the \$39 billion GSK group.

If Asia is now an attractive career springboard, what are the attributes required to land the top job here? We set out to identify the career paths leading to the role of Asia president by analyzing in detail the careers of 85 senior executives who have held this responsibility in recent years. This quantitative, as well as qualitative, research aims to answer several key questions:

- > **How much international and Asia experience is required for the role?**
- > **Do Asians stand a chance or does the role inevitably go to a headquarters protégé?**
- > **How often do companies look for candidates internally and when do they go outside?**
- > **What is the best functional path for an executive career to move up quickly?**

The insights we derived from our research can be used by corporate executives, including chief executives and human resource professionals, to create a strong succession pipeline for senior Asia roles. Up-and-coming senior executives may also find the insights from this research useful as they think about their own career planning and development.

<sup>1</sup> With varying titles, depending on the company, including CEO, president, vice president, head or managing director.

### About the methodology

We set out to identify the different patterns of career development leading to the role of “Asia president” in a Western multinational, i.e., a regional Asia head with full P&L responsibility, a business portfolio of at least US\$100M and a coverage of Asia that includes at the minimum Southeast and Northeast Asia (Greater China, potentially Japan) and the Indian subcontinent when applicable. Often the region is labeled Asia Pacific and the territory includes Australia, New Zealand and the Pacific Islands.

Using Spencer Stuart’s proprietary global database (which tracks well over 2 million executives worldwide) and external information sources, we identified and studied the careers of a representative sample of 85 executives who have become Asia president in recent years,

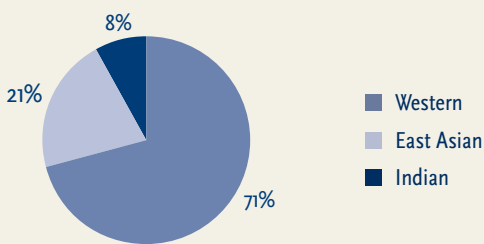
ranging across five major industry sectors — consumer goods, financial services, industrial, life sciences, and technology and media.

We found significant differences within the population and analyzed five primary segments of executives representing different patterns of tenure in Asia and with their company at the time of their career transition to the role of Asia president. Interestingly, these five segments also exhibit marked differences in demographic characteristics and career development trajectories.

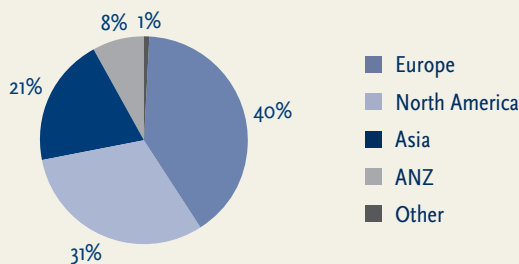
Additionally, our study looked at the functional tracks taken by these executives, across business and support functions along their careers, as well as the strategies companies use to promote at the Asia president level.

## Executive Demographics

Ethnic Distribution



Nationality Distribution



Industry Distribution

Sector	Size of Sample	Fraction of Sample
Industrial	32	38%
Consumer	15	18%
Technology and Media	15	18%
Life Sciences	11	13%
Financial Services	11	13%
Other	1	~1%
<b>Total</b>	<b>85</b>	<b>100%</b>

Gender Distribution



## 1. Five career paths to lead Asia

Our first observation is that companies appoint Asia presidents from a variety of backgrounds and that no single trajectory is necessarily dominant. We reviewed the career paths of the executives in our representative sample at the time of their transition to the Asia president role, and five broad segments emerged from the analysis<sup>2</sup>:



### Corporate Citizens

Long tenure with the company, short tenure in Asia



### Old Asia Hands

Long tenure in Asia and with the company



### White Knights

Long tenure in Asia, new to the company



### Hidden Gems

Fast-track executives with experience in Asia and with the company



### Rising Stars

Fast-track executives with experience with the company but none in Asia

Each segment features marked differences in demographics, career trajectories and likely career potential. Details on each segment are provided in the Appendix.

## 2. Succession planning — A lot of talk but still too little action

White Knights represented nearly 40 percent of our sample. In other words, corporations do not easily find candidates internally for the Asia president role. In our view, two factors contribute to this: some Western corporations are not yet comfortable appointing a local to the top role (only 21 percent of Asia presidents are of East Asia origin and another 8 percent are from the Indian subcontinent); and the internal pool of

Western executives with deep experience in the region is still shallow. This suggests that robust internal succession planning processes, despite being much talked about, are far from being in place.

Retention of top talent is also an issue. Nearly half of the White Knights tapped by companies to take the top Asia role would have been classified as Hidden Gems at their previous employer. These transitions by fast-trackers outside of their companies are often explained by career limitations within the Asia operations of their organizations and the lack of connections and visibility to headquarters. In addition, executives often dread repatriation to the head office, since Asia is seen as entrepreneurial and life for the family is exciting, whereas headquarters in developed markets may be seen as bureaucratic and boring.

## 3. Asia experience is critical

Gone are the days when a Western executive could simply be “parachuted” into the region. There is a growing consensus that, to run Asia today, an executive must show a deep understanding of the region. On average, fewer than 20 percent of executives had no prior Asia experience before taking on the top regional position. The rest of our sample executives averaged 11 years of experience in Asia before taking the top job, sometimes in various stints and based in several Asian countries across one’s career.

Increasingly, nationality matters less when appointing someone to the top Asia job. Across nationalities, there is a growing population of executives who have decided to develop a significant part of their career in the region. They are the ones whom companies fight over for internal succession planning and as external candidates.

<sup>2</sup> At the margin is another segment of “Wild Cards” — executives both new to Asia and the company at the time of transition — representing only 4 percent of our sample. This reflects the fact that few employers are willing to risk appointing someone who has no experience in the region and never worked with the company.

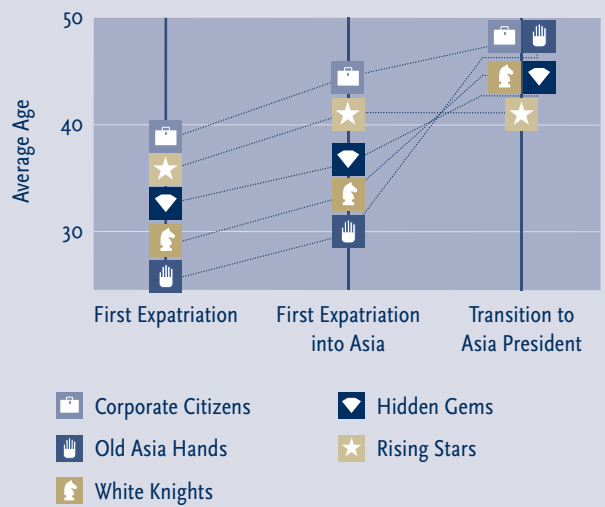
4. Get an early start

Executives who become Asia president have pushed themselves early in their careers. Not surprisingly, most of them satisfy three essential criteria: they are very international, they have experienced Asia early and they have managed a major P&L. More often than not, executives accumulated these experiences in the formative part of their career, which leads to clear career directions for executives looking to rise up in Asia:

- > **Expatriate in your early 30s.** Old Asia Hands left their country for the first time at age 29, White Knights at 30 and Hidden Gems at 33.
- > **Seek significant international experience.** White Knights have lived abroad as expatriates for 14 years on average, Old Asia Hands and Corporate Citizens between 12 and 13 years.
- > **Move to Asia early.** On average, Old Asia Hands arrived in Asia when they were 31.<sup>3</sup> White Knights arrived at 35 and Hidden Gems at 36.
- > **Get your hands on a P&L quickly.** Three-quarters of the executives we studied took their first major P&L before the age of 40.

As a consequence of making aggressive moves early in their careers, these executives became Asia presidents in their mid-40s on average, many earlier than this. The bottom line for aspiring region heads is simple: if you have not left your country and acquired Asia and P&L experience by the time you are 40, your chances of getting the top Asia job are limited. In fact, two of these conditions should already be met by age 35 to even have a shot against the odds.

Career Development Paths



5. Sales and marketing: The golden path

Top jobs go predominantly to executives who have been market-facing in their early careers. The majority of executives in our sample (82 percent) have a sales and marketing background.<sup>4</sup> All Rising Stars in our study have this background. To grasp and operate effectively within the complexity of Asia — with its wide range of regulations, customer behaviors, languages, channels and partnership structures — executives must be creative, flexible and customer-oriented. It appears that companies recognize at the time of promotion that this edge is gained at the front line, facing customers.

In addition, more than half of the executive population studied have spent their entire careers in only one function;<sup>5</sup> they clearly stick to their knitting. To put it bluntly, Asia presidents simply did not earn their stripes in the back office. In short, seek business depth in your career, rather than functional breadth, as it is a predictor of career success.

<sup>3</sup> Excluding executives of Asian origin.

<sup>4</sup> This observation is consistent across sectors in particular in the technology, media and financial services sectors, where 90 percent of the top regional executives had a market-facing background. The consumer sector is most open to other backgrounds — in particular, finance — but still 69 percent of top consumer executives have a sales and marketing background.

<sup>5</sup> Interestingly, two-thirds of executives never had a single stint in a support function such as HR, Finance, IT or R&D.

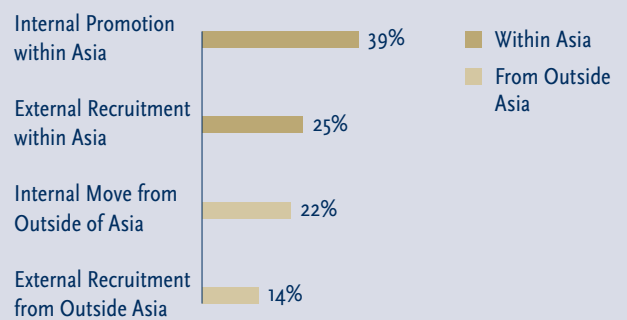
## 6. Move up the ladder within Asia

MNC executives we counsel often ask us whether they should consider going back to headquarters for awhile before coming back to the region. In practice, 45 percent of the executives we studied never even had a stint in their company's global headquarters,<sup>6</sup> suggesting that the lack of head office relationships is not a systematic barrier to promotion.

By contrast, almost two-thirds of the Asia presidents in our sample were appointed from within the region. Of these, 61 percent made the move within their existing companies. In total therefore, 39 percent of the region's top executives got the job by moving up within the region in their company.

<sup>6</sup> Not including White Knights and Wild Cards who, by definition, were new to their company.

## Common Paths to the Top Asia Role



## THE RICH AND DIVERSE POOLS OF TALENT IN ASIA

The quality of executive talent in Asia has grown dramatically over the last 20 years and Western multinationals must learn to nurture and leverage this incredibly rich opportunity. The notion of race or nationality is fast becoming outdated for the top Asia job, and the automatic reflex to appoint a Westerner to run the region is now a vestige of the past. Likewise, systematically favoring Asian talent — a recent trend of corporate affirmative action in some high-profile MNCs — is missing the bigger picture:

> Parachuted Westerners who are insiders in the company and have the right connections at headquarters but have no Asian experience are often ineffective because of their lack of sensitivity to the multicultural aspects of the region. At best, they ought to be an interim solution to prepare a local succession when no local executive is immediately qualified.

> On the other hand, forcing the appointment of Asians for the sake of “Asianizing” the top team deprives the company of tapping the rich pool of Westerners who have made Asia their home and, as our research shows, have often lived in the region for more than a decade. Headquarters should not forget that Asia, much like Europe, is made of many cultures and nationalities, and an Indian, a Japanese, a Singaporean and a Chinese have little in common from a cultural standpoint — making the idea that “an Asian will always be successful in Asia” elusive.

Successful top executives leading in Asia will be those who, regardless of their passport or skin color, have demonstrated a passion and ability for understanding the complex business and cultural intricacies of the region.

## The Old Asia Hand

**Depth of Asia experience:** Extensive, over 10–12 years in Asia

**Tenure with company:** Varied, but at least 3–4 years

Average age to become Asia president: **47**

Average age of first Asia work experience: **31**

Average age of first P&L: **37**

Average age of first expatriation: **29**

Dominant regional background: **Asian**

### Key characteristics:

- > Executive with long knowledge and experience of Asia who has lived and worked on average in three different Asian countries.
- > Very mobile early career but tenure to eventually become Asia president is above average, maybe due to lack of strong connection to HQ.
- > Likely to struggle to evolve career beyond Asia president in current company.

## The Corporate Citizen

**Depth of Asia experience:** Moderate, a maximum to 10–12 years in Asia, often less

**Tenure with company:** Extensive, but at least 12–15 years

Average age to become Asia president: **47**

Average age of first Asia work experience: **44**

Average age of first P&L: **36**

Average age of first expatriation: **38**

Dominant regional background: **European**

### Key characteristics:

- > Executive with a very long commitment to the company and extensive career time spent in HQ and/or in home country.
- > Late in coming to Asia (in mid-forties) and in becoming Asia president.
- > Potential CEO successor if stint in Asia is not too long.

## The Hidden Gem

**Depth of Asia experience:** Emerging, at least 3–4 years in Asia

**Tenure with company:** Moderate, between 3–4 years and 10–12 years

Average age to become Asia president: **43**

Average age of first Asia work experience: **36**

Average age of first P&L: **38**

Average age of first expatriation: **33**

Dominant regional background: **European, North American**

### Key characteristics:

- > Executive combining a solid experience and understanding of the company, with an emerging expertise on Asia — combines “best of both worlds.”
- > Likely positive career development after a stint as Asia president, still in mid- to late forties.
- > Potential CEO successor, particularly if has spent time networking/working at the corporate HQ.

## The Rising Star

**Depth of Asia experience:** None

**Tenure with company:** Moderate, less than 10–12 years

Average age to become Asia president: **41**

Average age of first Asia work experience: **41**

Average age of first P&L: **35**

Average age of first expatriation: **36**

Dominant regional background: **Varied**

### Key characteristics:

- > Executive fairly new in the company and sent directly to Asia as president, without any prior experience being based in Asia for work.
- > Spent only a few years outside of home country and youngest to become Asia president, at 41 on average.
- > Assignment likely to be developmental, and limited to a few years, as part of a career plan. Potential CEO successor if things go well in Asia.

### The White Knight



**Depth of Asia experience:** Emerging to extensive, at least 3–4 years in Asia

**Tenure with company:** None

Average age to become Asia president: **44**

Average age of first Asia work experience: **35**

Average age of first P&L: **37**

Average age of first expatriation: **30**

Dominant regional background: **European, Asian**

**Key characteristics:**

- > Executive hired into an organization to bring in his/her Asia experience, often when the company is shifting gears in Asia towards building the business.
- > Started expatriation early in career and experienced Asia from early thirties, located in two different Asian countries on average before becoming Asia president.

### The Wild Card



**Depth of Asia experience:** None

**Tenure with company:** None

Average age to become Asia president: **45**

Average age of first Asia work experience: **45**

Average age of first P&L: **38**

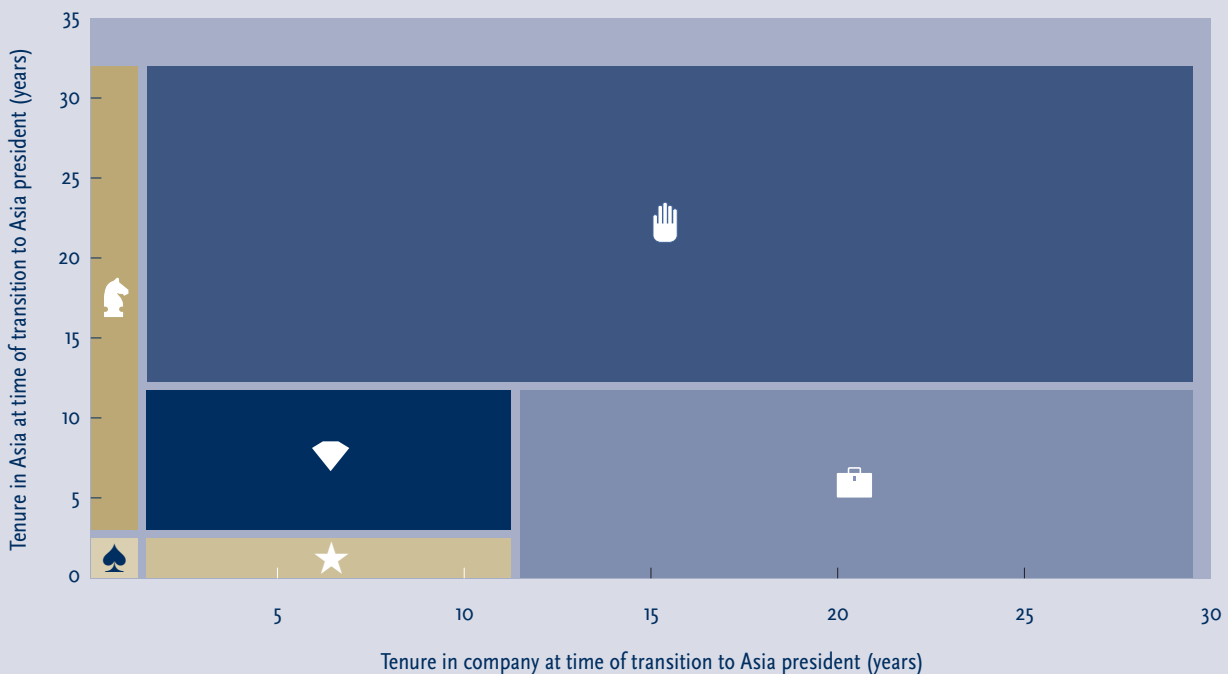
Average age of first expatriation: **38**

Dominant regional background: **Varied**

**Key characteristics:**

- > Executive hired to an organization to bring in a specific expertise that can be easily transferred to Asia, even for someone without regional experience.
- > Career has mainly developed in home country and expatriation first occurs only in late thirties.
- > Likely to do a stint in Asia for a few years and move out to another geography.

### Executive Career Segmentation



## About the authors



**Fabrice Desmarescaux** is based in the Singapore office of Spencer Stuart and leads the firm's Financial Services Practice for the Asia Pacific region. He also is actively serving several clients in the Middle East. Fabrice's clients include international private equity and real estate investment firms; asset and wealth managers; and consumer, corporate and investment banks.



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## About Spencer Stuart

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Spencer Stuart has maintained a presence in Asia Pacific for more than 35 years. The firm established an office in Sydney in 1970 and, since then, has opened offices in Beijing, Hong Kong, Melbourne, Mumbai, New Delhi, Shanghai, Singapore and Tokyo. From these locations, Spencer Stuart consultants execute assignments across the region, including ANZ, China, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Thailand and Vietnam, for clients in a broad range of industries.