



By Scott Petty, Contributing Editor

# The Outside Talent Trend

**H**ome builders have been defying the economy and thriving to unforeseen levels of top-line and bottom-line results. This electrifying growth is beginning to create concern about the supply of exceptional talent. If it isn't coming from within the industry's ranks, where will it come from? From outside the industry, say more and more home builders.

For nearly 50 years, Spencer Stuart, a global executive search firm, has studied what it means to be an exceptional leader across all segments of the organizational spectrum. Spencer Stuart recently partnered with GIANTS to learn from some of the leading industry executives the latest business trends and their impact on short-term and long-term human capital strategies.

## Today's leading talent

As the industry evolves in response to consolidation, the push for quality, scarcity of land and an expanding geographic scope, the talent needed to lead the industry also evolves. More and more first-generation executives, are, or soon will be, cashing out and retiring. And while industry leaders told us they are unconcerned about their level of talent in the short term, they are extremely concerned about the skills needed in the near future. Larger builders are challenged to attract and retain top corporate talent today in order to remain competitive for the future.

Top executives told us that to thrive in the changing home building industry they are beginning to look outside of the industry for the following traits, skills and experiences.

- **Vision:** Aggressive business development with an entrepreneurial mindset is critical. "Our division presidents have a vision for growth in their markets," says Steve Scarborough, CEO of Standard Pacific Homes. "Our success depends on their ability to leverage corporate resources and a decentralized operating structure to com-

pete." Pulte Homes president/CEO Richard Dugas agrees: "We need forward-thinking people always trying to improve our operations."

- **Business sophistication:** A strong understanding of what drives business — including financial expertise and organizational skills — is much more important to GIANTS.

- **Personality:** Executives with strong personalities who are driven, confident and able to think on their feet are at a premium. At Pulte, attitude and aptitude drives whether or not an executive will add value to their organization while also enhancing the culture.

- **Analytical thinker:** Companies need executives who approach problems and opportunities in innovative ways — analytical thinkers with risk management and planning experience.

- **Relationship skills:** Relationship-building skills will continue to be critical to success. Many stressed the importance of being able to influence without authority because of the decentralized nature of home building.

## Recruiting outside talent

Some builders, understanding the need for new skills, turn outside of the industry for the next generation of leadership. The degrees to which large home builders look outside of the industry, however, differ greatly.

One of the leaders is Pulte Homes. "Over the next 12 to 18 months, we will recruit more than 3,000 people. Approximately 80 percent of those we hire will have no home building experience," Dugas says. In fact, half of the company's division presidents have been with the company less than nine months, and all were recruited from different industries.

Still, industry expertise is essential in certain roles. Although Pulte recruits heavily from outside home building, when hiring executives to handle land development issue, they always look within the industry. It is one of the

most difficult disciplines to teach an outsider.

In addition to finding the right position for external hires, companies looking to recruit from outside the industry also need to be aware of the challenges — cultural integration, industry knowledge and the high expectations that others in the company place on that individual.

## Developing human capital

Home builders also are taking a more formalized approach to organizational development. The respondents told us that they recognize the need to provide opportunities for their people to grow, which includes offering both training programs and the opportunity to share best practices across the organization.

Shea Homes addresses internal development by exposing executives to other functional areas throughout the organization, according to Louise Clark, director of compensation and benefits. Management at Standard Pacific Homes also understands the importance of internal development. "We promote from within at all levels of the organization; however, as we continue to grow, it will become necessary to expand our focus outside the industry, particularly for non-operational roles," says Scarborough.

As the industry continues to grow at a breakneck speed, we predict that the number of home builders that look to other industries for talent will only grow. However, when doing this, companies need to be aware of the challenges associated with integrating new executives.

"Creating a company culture that is enjoyable, exciting and growing is the key to success," says Scarborough. "That said, I see the industry moving to a more sophisticated organizational development model. It will be the challenge to create teams using this new model." ■

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