



Spencer Stuart Switzerland
POINT OF VIEW

WINTER 2006

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Spencer Stuart is one of the world's leading executive search consulting firms. Privately held since 1956, Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients—ranging from major multinationals to emerging companies to nonprofit organizations—and address their leadership requirements. Through 50 offices in more than 25 countries and a broad range of practice groups, Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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During 2006 Spencer Stuart has celebrated its 50th anniversary. As we look back on our first fifty years in executive search, much has changed in the world of business and what it means to be a leader.

Our firm has moved with the times, but never lost sight of the values that have underpinned our approach to search since 1956. Our clients' interests remain our first concern. We continue to apply our deep knowledge of different industries and functions to solving their leadership needs and to extend our knowledge of, and access to, the best candidates, whether they be inside or outside our national borders.

One of the advantages of partnering a diverse range of clients on senior-level appointments is that we gain valuable insights into a wide variety of companies and sectors. In our Swiss edition of *Point of View* we share our thinking on leadership issues that may affect you and your business.

Maurice Zufferey paints a colourful picture of today's CFO while Roger Rytz and Phil Le Goff analyze the respective merits of splitting or combining the roles of chairman and CEO, explaining the implications of each model. Francois Clerc and Andreas Huerlimann focus on international mobility and the value of international experience; and, finally, Antonio Maturo provides tips on how to get the best of your executive search firm.

Spencer Stuart feiert 2006 ihr 50jähriges Bestehen.
Rückblickend auf unser erstes halbes Jahrhundert im
Executive Search hat sich viel verändert in der Wirtschaft
und im Rollenverständnis ihrer Führer.

In ihrer Antwort auf neue Ansprüche und Möglichkeiten hat sich unsere Firma in diesen Jahren weiterentwickelt, ohne aber jene Wertvorstellungen aus den Augen zu verlieren, die seit 1956 die Grundlage unserer Praxis in der Stärkung der Unternehmensspitze darstellen. Das Interesse und die Erwartungen unserer Klienten bleiben unsere wichtigsten Anliegen, und wir werden weiterhin unsere intimen Kenntnisse der verschiedenen Branchen und Funktionen einsetzen für die qualifizierte Besetzung von Schlüsselpositionen. Dazu gehört der kontinuierliche Ausbau und die Pflege der Kontakte zu den besten Kandidaten, wo immer wir sie finden können, innerhalb oder ausserhalb unserer Landesgrenzen.

Einer der Vorteile unserer Partnerschaft mit den obersten Führungskräften der Wirtschaft ist die Möglichkeit, über Firmen und Industrien hinweg allgemeingültige Einsichten und Erfahrungen zu sammeln. Im vorliegenden *Point of View* möchten wir Ihnen einige dieser Gedanken mitgeben, die Ihnen hoffentlich in Ihrem Führungsalltag von Nutzen sein können.

Im ersten Artikel zeichnet Maurice Zufferey ein farbiges Bild des CFO der Gegenwart. Phil Le Goff und Roger Rytz beleuchten anschliessend Vorteile und Risiken der Aufteilung oder Zusammenlegung der Rollen von VR-Präsident und CEO. François Clerc und Andreas Hürlimann diskutieren die internationale Mobilität von Führungskräften und die Bedeutung internationaler Erfahrung. Schliesslich verrät Antonio Maturo, wie Sie das Beste aus ihrem Executive Search Berater herausholen.

Today's ideal chief financial officer

The increasingly pervasive influence of the chief financial officer on a company's management is currently exercised through the four core roles of strategist, custodian, operations chief and catalyst. In the ever-changing environment affecting market players, these qualities now reflect most accurately the ability of financial officers to best meet the demanding challenges of their role.

Times have changed

Five years ago, in a previous edition of Point of View, we drew up a picture of the main requirements and qualities for which the market was looking when searching for chief financial officers and other finance professionals. In a nutshell, these related to leadership, strategic competencies, operational expertise, deal-making capabilities, risk management proficiency and communication skills. In 2001, a large number of financial officers were very popular in the national, and even international, media. Their public profiles often exceeded their actual contributions to their businesses. Times have changed dramatically for financial officers. The bursting economic bubble, accounting and corporate governance scandals, and the subsequent dramatic change in regulatory and governmental requirements have altered the role.

From our experience recruiting financial officers worldwide across all industries and for organizations varying from start-ups, NGOs and plcs to sophisticated global companies, we have been in a position to see the evolving role, and update the profile of, today's ideal chief financial officer, as sought by the market.

A central role

The finance function remains highly valued and is considered absolutely crucial in any company's success. It is clear in 2006 that financial officers and their specialists are positioned at the heart of their respective organizations. In many cases, their internal profile has been raised by providing key information linking data to operating outcome and strategic goals. Financial management has transformed itself from a purely numerical function to one where the ability to interpret figures and data can have a substantial impact on the strategies and operational courses business line managers take. More importantly, having the insight to accurately gauge the future direction of the business is a great advantage and one that has the ability to exercise a huge influence on both the operational course and the long-term strategy of any organization.

The core elements of the chief financial officer role

Following a systematic review of recent search assignments around the world, we have defined four common elements in the profile of today's most successful chief financial officers. Each has to be:

- > **A STRATEGIST:** helping to develop the business
- > **A CUSTODIAN:** taking care of corporate governance and risk management
- > **AN OPERATIONS CHIEF:** ensuring streamlined transaction processing and production of reports and accounts
- > **A CATALYST:** leading from the front to ensure that any operational or strategic activity is executed effectively and delivered on time.

This represents a shift from some of the key attributes popular during the last economic bubble, particularly with regard to the importance of communication and deal-making skills — these remain important, but their relative weighting has been reduced. In short, the requirement is more for strategy and less for detail — the CFO needs to be a business advisor, not just a manager of the financial aspects of the business.

Strategist

As the chief advisor to the CEO and, very often, to members of the board, today's CFO is required to have an intimate understanding of the company's key missions and to show evidence of in-depth understanding of its strategic dimensions, going well beyond purely financial matters. He or she is expected to add value through a focus on strategic efficiency, i.e. the capacity to stay on course while having the flexibility to adapt to short-term and other operational obstacles and challenges. The financial officer must demonstrate strategic clear-sightedness, i.e. the ability to steer the company on a given strategic course, while remaining alert to any element that may positively or adversely affect that goal.

Finally, the financial officer must guarantee strategic consistency, nurturing a strategic course also through non-financial values, for which however investments or risks might have to be incurred.

Custodian

There is no doubt that the scandal-ridden period between 2000–2004 taught many companies some hard lessons. As a consequence, the financial officer is now required to be the gatekeeper of various different and nationally-defined corporate governance cultures, handling such things as reputation

and general risk, political correctness, capital management constraints and shareholder expectation. The role and responsibility of policy enforcer has grown significantly, making today's financial officers far more than their predecessors, liable and accountable to directors, shareholders and their CEOs.

Operations chief

This is an area where sophistication has also increased, albeit in a manner that can still be linked to past situations and requirements. Spotting market trends, client needs and new business developments remains a key part of financial officers' tasks, as does the capacity to critically question business managers' tactical goals and decisions. However, this has not changed fundamentally since the turn of the millennium.

Catalyst

The CFO is expected to educate board members and executive committee colleagues on regulations much more than even a few years ago. The challenge of merging business entities, of bringing business cultures closer to each other, or of embedding one's company into a given social and political environment, means that financial officers must show greater awareness of stakeholders, local communities and diverse environmental factors, and be able to factor these into their company's development. In this regard, conflict management, organizational agility, dealing with ambiguity as well as change and relationship management, have all evolved to be crucial skills for financial officers in recent years. A CFO is also expected to instil inspiration into the company and turn his or her own financial organization into a role model or centre of excellence. Soft skills and the ability to interact well with others are closely correlated to these requirements.

Conclusion

Performance, growth and risk are undoubtedly the three issues that now rank at the top of the financial officer's agenda. No candidate for a complex financial officer position can avoid being able to demonstrate the corresponding experience, proficiency and talent required to perform the role to the highest standard.

The increasingly pervasive influence of the chief financial officer on a company's management is currently exercised through the four core roles of strategist, custodian, operations chief and catalyst. In the ever-changing environment affecting market players, these qualities now reflect most accurately the ability of financial officers to best meet the demanding challenges of their role.

J. Maurice Zufferey

Einsame Spitze oder Zweierteam?

Die Skandale in der amerikanischen Wirtschaft vor rund 5 Jahren waren in den USA die Auslöser heftiger Diskussionen über die Frage, ob die Rolle des Chairman und des CEO nicht von zwei verschiedenen Personen wahrgenommen werden sollten, wie das in vielen Firmen in Kanada, in Europa und auch in Australien vorgelebt wird.

In England, das bis zum Cadbury Report 1992 diese beiden Rollen auch in einer Person vereint hatte, war der Vorschlag einer Doppelspitze anfänglich mit grosser Skepsis begegnet worden. Aber bereits fünf Jahre später hatten über die Hälfte der kotierten Firmen einen „Non-Executive Chairman“. In der Schweiz haben heute von 27 SMI Firmen sechs Unternehmen einen CEO, der gleichzeitig Verwaltungsratspräsident ist.

„Keine eindeutige Empfehlung: Es geht vielmehr darum, die Stärken der gewählten Regelung auszunützen und ihre möglichen Schwächen zu vermeiden.“

Wichtige Aspekte der Corporate Governance wie Unabhängigkeit der VR-Mitglieder, Transparenz und die Sicherstellung der „Checks and Balances“ lassen die Doppelspitze als klar vorzuziehende Regelung erscheinen. Trotzdem können Unternehmen mit Doppelspitze in empirischen Untersuchungen nicht auf einen besseren Leistungsausweis hinweisen.

In unserer Zusammenarbeit mit Firmen unterschiedlicher Grösse und aus unterschiedlichsten Branchen kommen wir deshalb auch zu keiner eindeutigen Empfehlung der einen oder anderen Regelung der Führung an der Spitze. Aus unserer Sicht geht es viel mehr darum, die Stärken der gewählten Regelung auszunutzen und ihre möglichen Schwächen zu vermeiden oder zu überwinden.

Machtvolle Führung im Doppelmandat

Aus der Zusammenfassung der Rollen des VRP und des CEO in einer Person ergibt sich eine klar identifizierbare Führungsspitze mit wichtigen positiven Merkmalen:

- > **Volle Identifikation des VRP/CEO durch eindeutige Verantwortung für den Erfolg** des Unternehmens. Ausgeprägte Motivation und Fähigkeit, Richtungsänderungen und Korrekturmassnahmen frühzeitig einzuleiten
- > **Motivierender Einfluss auf Identifikation und Engagement der Mitarbeitenden** mit ihrem Unternehmen, wenn sich der VRP/CEO voll mit dem Unternehmen identifiziert und dieses überzeugend führt
- > **Raschere, eindeutige Entscheidungen in Zeiten des Wachstums, der Akquisitionen/Desinvestitionen und der Krise**, wo bedeutende, Widerstand hervorrufende Entscheidungen gefällt und durchgesetzt werden müssen

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- > **Maximal möglicher Informationsstand auf Ebene Verwaltungsrat:** mit dem VRP/CEO verfügt der Verwaltungsrat über ein umfassendes Wissen über Produkte, Konkurrenz und Märkte ebenso wie über die laufenden Geschäfte und anstehenden Probleme. Ein zeit- und kostenintensiver Informations-austausch zwischen CEO und VRP fällt weg
 - > **Eindeutige Führungssignale nach innen und nach aussen:** der tägliche, unmittelbare Kontakt mit dem Unternehmen, den Mitarbeitenden und den Kunden und der Kontakt mit den Verwaltungsratsmitgliedern gibt dem VRP/CEO die Möglichkeit, nach innen und aussen eindeutige Ansichten und Erwartungen zu vertreten
 - > **Engere Zusammenarbeit zwischen VR und Geschäftsleitung:** der VRP/CEO involviert seine VR-Mitglieder früher und direkter, da keine formelle und keine personelle Schranke überwunden werden muss
 - > **Nur eine einzige qualifizierte Person muss für diese Aufgabe gefunden werden.** Dies erleichtert die Suche, und das Risiko entfällt, dass zwei Personen an der Spitze sich in destruktiven Konflikten behindern und dem Unternehmen Schaden zufügen.

Ein Doppelmandat schafft beim VRP einen deutlichen Macht- und Wissensvorsprung und entzieht damit dem VR Kontroll- und Überwachungskompetenz und damit Einflussmöglichkeit. Der Erfolg des Doppelmandates steht und fällt mit der überdurchschnittlichen Qualifikation und Belastbarkeit des Unternehmenschefs und seiner Fähigkeit und Bereitschaft, divergierende Ansichten erfolgsfördernd einzubeziehen. Erfolgreiche Firmen mit dieser Organisationsform begegnen den möglichen Risiken deshalb systematisch mit einer Reihe von unmittelbaren und präventiven Massnahmen:

- > Besonderes Gewicht auf die finanzielle und persönliche Unabhängigkeit der VR-Mitglieder und Stärkung der internen Kontrollsysteme zur Erhöhung der Transparenz
- > Eine starke Geschäftsleitung als Gegengewicht zum VRP/CEO und keine Exekutiv-Mitglieder im VR

„Der Erfolg des Doppelmandates steht und fällt mit der überdurchschnittlichen Qualifikation und Belastbarkeit des Unternehmenschefs.“

- > Die „Checks and Balances“ werden durch einen starken, unabhängigen „Lead Director“ sichergestellt. Sein Verantwortungsbereich wird der Zusammensetzung, den Bedürfnissen und der Kultur des Verwaltungsrates angepasst. Oft unterstützt er den VRP in der Planung der VR-Sitzungen, fördert die Kommunikation zwischen den VR-Mitgliedern, spielt eine führende Rolle in der Beurteilung des VRP/CEO, ist verantwortlich für die Nachfolgeplanung im VR, beurteilt regelmässig die Corporate Governance bezüglich Struktur

und Prozesse, stellt den benötigten Informationsfluss sicher und ist federführend in der Beurteilung des Verwaltungsrates, seiner Arbeit und seiner Mitglieder. Um dieser Rolle Gewicht und Erfolgsaussichten zu geben, wird der Lead Director fest gewählt und nicht als unter den VR-Mitgliedern rotierende Aufgabe angesehen

„Die ‚Checks and Balances‘ werden durch einen starken, unabhängigen ‚Lead Director‘ sichergestellt.“

- > Schaffung eines Nominations Committee für die Wahl neuer VR- Mitglieder
- > Schaffung eines Compensation Committee (wenn nicht im Nominations Committee integriert), das für die Entschädigungen von Geschäftsleitung, CEO und Verwaltungsrat Empfehlungen an den Verwaltungsrat entwickelt, und zwar sowohl bezüglich der Gehaltspolitik und den anzuwendenden Massstäben wie auch für die auszahlenden Entschädigungen. Eine seiner wichtigsten Aufgaben wird es sein, die finanziellen Anreize so anzusetzen, dass sie tatsächlich jene Entscheidungen und Handlungsweisen auslösen, die zum langfristigen Erfolg des Unternehmens führen. Persönliche und finanzielle Unabhängigkeit des Committees sind hier ebenso nötig wie unternehmerische Weitsicht und Erfahrung mit der Wirksamkeit von Anreizsystemen und ihren Auswirkungen.

Ausgewogene Doppelspitze

Grössere Unabhängigkeit und Transparenz und grössere Belastbarkeit, Verfügbarkeit und Sicherung der Kontinuität sind die Merkmale der Rollenteilung zwischen CEO und VRP:

- > **Der CEO kann sich voll auf den Unternehmenserfolg, die Rentabilität und letztlich den finanziellen Ertrag des Aktionärs konzentrieren**, ohne die zahlreichen belastenden und zeitaufwändigen Aufgaben eines VRP auch noch abdecken zu müssen. Damit höhere Belastbarkeit des CEO im Krisenfall
- > **Grössere Unabhängigkeit in den Entscheidungen und grössere Transparenz in der Geschäftsführung**: zum eher operativen und damit allenfalls kurzfristigeren Blickwinkel des CEO kommt der langfristiger ausgerichtete, strategische Blickwinkel des VRP. Daraus entsteht eine konstruktiv kontroverse Diskussion mit einer grösseren Zahl von Optionen und Entscheidungskriterien
- > **Der VRP sorgt für den notwendigen Informationsfluss**, da er unter dem gleichen Wissensnotstand leidet wie seine VR-Kollegen
- > **Der VRP entscheidet unabhängig von persönlichen Interessen und mit langfristiger Perspektive über das Entschädigungspaket** von CEO und Geschäftsleitung (zusammen mit seinen VR-Kollegen)
- > **Der VRP ist in einer idealen Position, die Leistung des CEO objektiv zu beurteilen**, unter Einbezug seiner VR-Kollegen. Nichts in seiner Beziehung zum CEO hindert ihn daran, den CEO abzusetzen, wenn das aus Sicht des Verwaltungsrates im besten Interesse des Unternehmens und seiner Aktionäre ist.

Verlässt der CEO das Unternehmen, wird das Trauma seines Abganges durch die bleibende Präsenz des VRP gemildert. Während der CEO noch im Amt ist, spielt der VRP eine wichtige Rolle in seiner Nachfolgeplanung

- > **Der VRP ersetzt die Einsamkeit des CEO an der Spitze als Sparringpartner, Mentor und Rückhalt in schwierigen Situationen.** Die Herausforderungen an den CEO sind heute bereits derart vielfältig und belastend, ohne dass er noch einen Verwaltungsrat führen muss. Eine auf gegenseitigem Vertrauen und regelmässiger Kommunikation beruhende Beziehung mit dem VRP schafft ein sehr wirksames Zweierteam
- > **Der VRP kann genügend Zeit und Energie für die Führung des Verwaltungsrates aufbringen,** ohne durch die täglichen Ansprüche der Geschäftsführung davon abgehalten zu werden. Dies kann sehr wohl einen bis drei Tage pro Woche fordern. Er unterhält den Kontakt mit seinen VR-Kollegen zwischen den Sitzungen, kümmert sich um Aktionärsanliegen, stellt eine wirksame Arbeitsweise des VR sicher, entscheidet über die Traktanden der VR-Sitzungen und bereitet ihre Bearbeitung vor, pflegt gewisse Aussenbeziehungen und trägt zu weiten Teilen die Verantwortung für die Corporate Governance. Damit kann sich der CEO auf die Herausforderungen der Geschäftsführung konzentrieren
- > **Die Aufgabe als (nicht-exekutiver) VRP ist ideal für einen ehemaligen CEO** (einer anderen Firma), der weiterhin eine aktive Rolle übernehmen und seine gesammelten Erkenntnisse und Erfahrungen in einer unterschiedlichen Führungsaufgabe einbringen will. Damit können einige der talentiertesten CEOs für diese tragende Aufgabe gewonnen werden.

Der Erfolg der Doppelspitze steht und fällt mit der Qualität der Zusammenarbeit zwischen VRP und CEO. Um diese sicher zu stellen, ergreifen erfolgreiche Unternehmen deshalb insbesondere die folgenden Massnahmen:

- > Das Nominations Committee legt bei der Suche und bei der Auswahl von CEO und VRP grossen Wert auf deren persönliche Kompatibilität, um eine wirksame und fruchtbare Zusammenarbeit ohne destruktive Konflikte zu gewährleisten
- > Die beiden unterschiedlichen Rollen des CEO und des VRP werden von allem Anfang an klar definiert, um territoriale Konflikte oder Missverständnisse zu vermeiden: der VRP leitet den Verwaltungsrat, und der Verwaltungsrat betraut den CEO mit der Führung der operativen Seite des Unternehmens, der damit die volle Verantwortung für die Realisierung der Strategie und den Erfolg des Unternehmens übernimmt

„Verlässt der CEO das Unternehmen, wird das Trauma seines Abganges durch die bleibende Präsenz des VRP gemildert.“

- > Das Nominations Committee des Verwaltungsrates beschäftigt sich permanent mit der Nachfolgeplanung an der Unternehmensspitze und im Verwaltungsrat, um eine qualitativ hoch stehende Nachfolge zu sichern
- > Der VRP stellt hohe Anforderungen an den Informationsfluss und die Transparenz und pflegt einen engen Kontakt zum CEO um sicherzustellen, dass Entscheidungen zeitgerecht gefällt werden können und dass insbesondere negative Vorkommnisse und Einflüsse früh genug auf VR-Ebene bekannt sind.

Der Markt hat noch nicht entschieden, welche Führungsstruktur an der Spitze für das Unternehmen und die Aktionäre die Beste ist. Aufgrund der Vorstellungen über die wünschbare Corporate Governance haben Aktionärsvertreter, Presse und Öffentlichkeit den Druck zum Übergang vom Doppelmandat auf die Doppelspitze deutlich verstärkt. Dieser Trend dürfte sich in den kommenden Jahren fortsetzen.

Trotzdem dürfte das Doppelmandat immer dann wieder eine Zukunft haben, wenn eine aussergewöhnliche Persönlichkeit beide Aufgaben wahrzunehmen weiss, wenn ein starker CEO für die Übernahme der Präsidentschaft die beste Wahl darstellt oder wenn in einer Situation der Umwälzungen im Unternehmen eine besonders starke Führung benötigt wird und kein VRP mit befriedigender Qualifikation zur Verfügung steht.

„Der Erfolg der Doppelspitze steht und fällt mit der Qualität der Zusammenarbeit zwischen VRP und CEO.“

Risiken und damit mögliche Fehlentwicklungen kommen in beiden Fällen vor. Ob als Mitglied einer Geschäftsleitung oder eines Verwaltungsrates oder als Aktionär wird man versuchen, gerade die Ursachen für Fehlentscheidungen und Fehlverhalten auch danach abzufragen, ob sie allenfalls am Doppelmandat oder an der Doppelspitze liegen — und gegebenenfalls eine andere Lösung fordern. Flankierende Massnahmen zur Kompensation der jeweiligen Risiken empfehlen sich auf jeden Fall.

Phil Le Goff und Roger Rytz

Executive mobility: a growing trend in careers — and companies

Cross-border assignments and non-national placements are becoming increasingly common in Europe as markets open up, facilitating an unprecedented movement of human capital across the continent.

Almost all senior roles today include an international dimension, making it difficult to manage businesses across borders and on different continents without exposure to a range of cultural and working environments. Management mobility is seen as an important asset, and executives with international experience have a distinct competitive advantage. Clients these days rarely specify a desired nationality when hiring. In fact, many organizations are transforming their structures from being country-focused to being truly functional and global, thus increasing their need for international experience.

This demand for international experience is likely to increase dramatically over the next five years. It is already seen as an important indicator of agility, intellectual curiosity and entrepreneurial spirit — key indicators of success in a globally integrated company. This is particularly important in western Europe, where a career usually requires extensive cross-border mobility.

International experience is evident among executives in companies seeking geographical expansion in an increasingly global market. Executive mobility, a rapidly increasing trend among executives from emerging markets who are particularly hungry for knowledge, creates internal competition as well as

drive. This provides organizations with a cultural breadth and creativity that fuels constructive debate, yielding more — and better — solutions.

Mobility in functional roles

Despite the cost barrier, there is a high incidence of mobility among functional roles in Europe, particularly finance, HR, technology and marketing. This mobility is driven by a number of external trends including globalization, cross-border education and migration in western Europe. Internal factors also play a part, with companies needing to integrate operations and regional and global levels in order to grow. In addition, international mobility is critical in helping companies move from poorly assimilated local structures to integrated global organizations capable of competing on a global level.

The increase in the proportion of senior executives, who have lived and worked abroad, shows how functional roles are changing. Traditionally, executive mobility was highest in general

“Even as a company with a focus on the home market, the mobility of our top management is extremely important for two main reasons: First, Switzerland is a country with a high cultural diversity and four language regions. Second, different cultural backgrounds provide colour to the management team and generate a creative tension, which yields — in my experience — more and better solutions. Since cultural diversity develops the understanding for “the other” but also for the competitors these corporations are more competitive.”

Carsten Schloter: CEO Swisscom (German, lived and worked in Germany, France and Switzerland)

management, commercial and marketing roles, but HR is fast catching up, proving that senior HR roles frequently reach beyond local laws and regulations.

International experience will soon be a requirement for HR executives expected not only to act as change agents and employee champions, but to be business partners on a global level. However, despite the recognition international experience is gaining in terms of its value to organizations, there is still a misconception where HR is concerned that only locals make good HR managers. While this may be true for labor relations work involving works councils and unions, the HR scope is wide enough to allow teams to include a mix of local and international skills.

Who's going where?

The UK is the most popular destination for executives relocating in Europe followed by Switzerland, France, Germany and Italy. Executives with experience in Brazil, Russia, India and China are also in demand. The unique mix of business leadership and operational skills required in these very competitive markets makes experience in those countries extremely valuable and ensures that executives with such experience are highly sought after by organizations wishing to expand into those regions.

“In the future, we will send clear signals along appointments that the international dimension of the career development is highly desired or sometimes even required.”

Reto Blum, VP HR Rieter Automotive (Swiss, lived and worked in the US and in Switzerland)

Executives with emerging market experience can also add tremendous value in a developed region.

In our survey of 520 executives who had spent time moving from one country to another for new career assignments, Italians ranked as the most ubiquitous, followed by French, German, Dutch and UK executives. Swiss executives had made the fewest international moves.

Considerations for the mobile executive

The reluctance of the Swiss to relocate stems primarily from concerns over family. While large corporations can ensure that spouses' needs are taken care of during a move, this is not always the case in smaller companies which do not have the resources but nevertheless require executive mobility to strengthen competitiveness. The problem is addressed by identifying management talent early so that any international moves can be made at a time when the executive's personal circumstances make relocation easier.

Increasing globalization is making intercultural competence a necessity, requiring executives to become more flexible and develop lifestyles to accommodate their increasing mobility.

“In the context of increasing globalisation, the intercultural competence has become an absolute necessity. However, this requires the willingness to travel, to take risk, to balance personal flexibility with family needs and the preparedness to accept new lifestyles.”

Martin Staub, CEO Bulgaria Telecom (Swiss, worked in Switzerland, Germany and Bulgaria)

Nevertheless, the influence of family when deciding whether to go abroad should never be underestimated — decisions over schools, lifestyle and work for spouses are the most influential factors for many people when deciding whether — and where — to work abroad.

How an organization approaches executive relocation has a huge impact on the success or failure of an appointment. Good, practical relocation support from an empathetic HR department is critical, especially regarding children's education. Most people are willing to make changes to their lifestyles as long as their children's education is consistent.

An international role can take various different forms. It can mean living in a foreign country which is the base for managing a region; managing a business in a foreign country or region while resident in your own country; or regular travel from a home base to a region or specific country. The type of mobility involved may depend on the company's requirements and the executive's preference. For executives to thrive in international roles they must have not only the skills but also the personality to suit the demands.

“From a personal perspective there was one key advantage when I moved from Finland to Switzerland: In Finland I was one Finn amongst other Finns whereas in Switzerland I was one Finn amongst Swiss and this provided me much higher degree of visibility and that visibility helps in developing your career provided you do deliver the same or even better results.”

Jouni Heinonen, CEO Gurrit (Finn, lived and worked in Finland and Switzerland)

They must also develop an understanding of, and respect for, the culture they find themselves in.

Advantages of executive mobility

The most obvious career benefit to the individual of an international assignment is the acquisition of experience and skills not available in the home country. International experience allows executives to see beyond the often superficial differences that exist from one country to the next, understand the similarities and recognize the common principles.

The mere fact that an executive seeks out international experience shows a degree of entrepreneurial thinking and a willingness to take calculated risks — qualities attractive to companies looking for leaders to boost their company’s competitiveness on an international level. In Switzerland this is especially appealing given that many Swiss see international engagement as a threat rather than an opportunity.

“Executive mobility opens your mind and provides a different perspective that is invaluable for finding the best solution to a particular business situation. The executive must be able to balance this by sometimes embracing but sometimes challenging “how things are done here”. However, while executive mobility is an important tool to achieve better performance, it is not a guarantee for promotion; business performance matters more.”

Kevin Thompson, SVP Europe Technology of UPC Broadband (American, worked in the US and Switzerland)

While the benefits to career and company of having an individual live and work in another country are evident, there are also drawbacks. Working in local roles in different countries can result in that individual adapting so well to the local culture that he or she loses sight of the broader picture. Depending on the country of posting, the individual may also get lost in the system, lose visibility and find it difficult to repatriate.

An organization can ensure that those based abroad are not side-lined at a critical point in their careers by providing career sponsors in their home country and career planning beyond the expatriate assignment. This also applies to individuals removed from highly visible HQ roles to smaller, country roles. In addition, they should be included regional meetings and training.

Conclusion

Despite the advantages of and the need for executive mobility, companies are nevertheless aware that executives with international experience cannot replace local staff. The value of international experience dwindles over time, making it important that mobile executives do not lose touch with their own countries.

“Local roles in different countries prepare people for regional/global roles, as they have a broader than one country view and will be better positioned to synergies the local needs into common regional/global platforms once they move to regional/global roles. Living and working in a different country requires agility and interest in different cultures.”

Luisa Delgado, HR Director Western Europe, Procter & Gamble (Swiss, worked in Portugal, UK, Belgium and Switzerland)

Research shows that executives working in a different country add the most value to their roles after two to three years in that position. After five years, this value decreases and at the same time reintegration into their own countries becomes more difficult.

Executives also need to bear in mind that while mobility is recognized as a key to career success and progression, it does not, in itself, guarantee a successful career move. Results still determine career success. For companies, the importance of mobile executives will continue to increase substantially and demand for international experience is likely to exceed the availability of qualified talent.

François E. Clerc and Andreas Hürlimann

Getting the most out of your executive search firm

The primary concern of CEOs and HR executives today is hiring, developing and retaining a highly talented workforce. Companies are continuing to compete for the most talented executives, and forming an effective partnership with an executive search firm is crucial to winning the war for talent.

Having decided to engage an executive search firm, you will want to evaluate your options carefully and thoroughly. You will need to ask searching questions:

Choose your search firm as you would your friends

Having decided to engage an executive search firm, you will want to evaluate your options carefully and thoroughly. You will need to ask searching questions:

Some are more obvious:

- > How well do you know my industry?
- > Do you have the appropriate functional expertise?
- > How many searches have you done in this sector?
- > How well do you know the universe of candidates?
- > How well-versed are you in conducting references in this specific function or industry?
- > What is your firm's off-limits policy?

Others questions are less obvious:

- > Who will actually do the work — including the interviewing and referencing?
- > How many searches are you currently handling and at what stage are they?
- > What resources will be devoted to this search?
- > If a search has to be restarted, how do you reinvigorate the team?
- > What is your placement rate? How do you define a successful outcome?
- > How do your placements perform? What is their promotion track record?

Once you have covered these points, ask for an account of a failed and a successful assignment.

Watch out for...

- > Consultants who don't come prepared to talk about realistic solutions
- > Functional or industry experts who are there only to close the deal, not work on the assignment.
- > Consultants handling numerous assignments still in their early stages.
- > Unrealistic timelines that seem geared only to winning the work.
- > A search firm that wants to be all things to all clients.
- > Fees that seem too good to be true.

Make sure everyone is grounded

After engaging the executive search firm, ensure everyone agrees with what is needed in the role and the parameters of the assignment. The following steps can help avoid problems later.

WHAT WILL BE YOUR ROLE IN THE PROCESS?

Ensure that key executives helping to make the hiring decisions are involved from the beginning. Their support can be critical to the success of the search process. One important factor for a successful outcome is the need to invest time with your consultant(s) at the beginning of the search process. Get to know them as well as they get to know you, your company, your organization's strategic direction...your cultural needs.

DO THEY KNOW YOUR EXPECTATIONS?

It is vital that your search firm understands your priorities and ask questions such as:

- > Do you prefer regular telephone updates or written reports?
- > What specific information are you looking for in a progress report?
- > How many candidates do you expect to meet?
- > How important is speed, and why?
- > Do you wish to see benchmark candidates? Would you rather meet good candidates as they are discovered or have the search firm present a comprehensive slate of candidates at agreed upon intervals?

By stating what is most important to you and acknowledging any challenges that might appear; you are giving your consultants a better guide as to how to manage the assignment (at Spencer Stuart we call this the "Client Priority Guide").

WHAT CAN YOU EXPECT WHEN?

Your search firm should discuss in detail what you can expect and when.

Your consultant should lead...but speak up if they are out of step

Your search firm is your strategic adviser and should lead the search, but your insights are critical. Ask yourself if your search consultants have done the following:

- > Advised you on the state of the marketplace — compensation, general fluidity, candidate availability, etc — and how that could affect the search?
- > Created a position specification including competencies required for success based on the needs of your organization and their knowledge of the market?
- > Looked for potential candidates in organizations requiring similar competencies?
- > Spoken with third-party sources to identify and qualify candidates prior to contacting them?
- > Presented only candidates who fit the position specification?
- > Provided strategic guidance and objectivity during candidate review?
- > Validated candidates' backgrounds through in-depth reference checks?
- > Assisted in negotiations to help eliminate surprises and reach agreement?

When it comes to daily management of the assignment, your search firm should shoulder the burden. If they are not providing you with the fundamentals, or if you are unhappy with how the search is progressing, say so.

First impressions matter

Convincing top executives — especially those happy in their current environment — to join a new company is not easy. During the interview process be sensitive to candidates' needs and remember that they are assessing you as much as you're assessing

them. Be punctual and use time wisely. Ask questions related to critical skills and behaviours required of the position but also answer candidly any questions the candidates may have.

Avoid the common pitfalls

Having witnessed many clients make the same mistakes, we believe these common pitfalls are avoidable:

THE SEARCH LOSES ITS IMPORTANCE

If the position is critical to your organization, treat the search process as such. Ensure that key decision-makers are available and involved. If they are not, the candidate will question the importance of the position.

EARLY CANDIDATES ARE OVERLOOKED

The best candidates can be the ones you meet early on. Have confidence in your judgement (and that of the search firm) if you favor a candidate you met early in the process.

DEAFENING SILENCE

Candid and regular communication between you and your search firm is critical. Problems arise when communication is lacking.

TOO COMFORTABLE WITH “YES, YES AND YES”

Your search consultant should challenge you in a professional manner, offering perspective and guidance based on his or her experience and industry intelligence. Beware of people who always agree with you — this should be a consultative relationship based on reaching the right solution.

SEARCH CONSULTANTS GO SILENT

Make sure your search firm delivers on the stated objective and priorities. Stress that they are responsible for flagging potential problems early and bringing them to your attention.

ENDING ON A SOUR NOTE

Never feel pressured to complete a search if you are not comfortable with the finalist candidate. Your search firm should never push you into placing a candidate if he or she is not suitable.

ASSUMING THE PROCESS IS OVER

The end of the search process is, in reality, only the beginning. Do not overlook the importance of integrating the new executive into your company.

A final word of advice

Your search consultants are critical in recruiting the best talent for your organization and are your ambassadors in the marketplace — how they interact with potential candidates and referrals reflects on your organization too. By selecting the right search consultants for your needs, establishing realistic expectations and maintaining communication, you will increase your chances of hiring the right executive and doing so in a manner that complements your organization's reputation.

Recruiting the best talent through your search firm is not simply about getting to a shortlist of candidates. It is about being a partner in a process where the participants play equal and complementary roles. The best results are achieved through mutual understanding, proper motivation, and outstanding communication.

Antonio Maturo

Spencer Stuart publications



Challenges facing R&D leaders in the consumer sector

What makes an outstanding R&D professional in the consumer and packaged goods industry?

To find the answer to this question, members of the global Spencer Stuart Consumer Goods & Services Practice conducted interviews over several months with senior R&D professionals from some of the world's leading consumer-oriented businesses, as well as CEOs, divisional directors and heads of marketing.



The changing influence of the chief marketing officer

During the first half of 2006, we interviewed over 30 chief marketing officers from major UK businesses, most of them FTSE 50 companies. We wanted to test our hypothesis that the role of the chief marketing officer (CMO) has been steadily evolving from its traditional roots in advertising and brand development towards a more broad-based, commercially oriented and demanding role requiring a rare combination of leadership, creative, analytical and financial skills.

As well as exploring the nature of the role, we talked to CMOs about impact, accountability, tenure, compensation, team building, succession planning and career development.

For copies of these and other Spencer Stuart publications, visit www.spencerstuart.com/research.

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Spencer Stuart was established in Switzerland in 1959. Today we operate from offices in Zurich and Geneva and employ six consultants and seven research associates. We have conducted more than 700 assignments in Switzerland since 2000. Over 80% of our placements are still with the client organisation four years after joining.

Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients — ranging from major multinationals to emerging companies to nonprofit organizations — and address their leadership requirements.

Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments.

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