



HEADWAY

NEWS AND VIEWS FROM AHEAD
PART OF THE EUROPEAN EXECUTIVE SEARCH NETWORK



**BANKING ON CHANGE P.2 ► REASONS TO BE CHEERFUL P.2 ► WIRED FOR CHANGE P.3
► SWEDES DISPEL A PUBLIC SECTOR MYTH P.4 ► REVIEW P.4**

► TALENT MASTERY

**'Your job is to build
a talent pipeline.'**



Elitism may not sit comfortably in political agendas in Europe. Despite fragility still in some companies and countries, the signs are that world class companies are once again prioritising their pursuit of gold star talent.

It was the Greek philosopher Plato who divided men into bronze, silver and gold, the latter with the wisdom and education to rule. Today companies go further still, some describing the potential of their strongest employees as *deep gold*, or *pale gold* and nurturing their elite with utmost care. Many accelerate the development of their chosen few with stretching assignments, such as operations in another country and managing a product globally.

'Once again we are approaching high times in the War for Talent,' headlined Guy Vereecke, AHEAD's Managing Partner in *De Tijd*¹ recently. In evidence, AHEAD statistics show a 10% increase in new assignment leads over the previous year and a jump in new business from 25% to 44%. 'The war for talent may not yet rage as vehemently as years ago', he adds 'but the quest for the *vital few*² is front of mind again as premier league firms ramp up their recruitment efforts here and internationally. Winning companies are those with strong employer brands who have managed to retain and nurture their gold star performers despite economic turmoil. Today many, including consulting firms, are actively reinforcing their leadership cadre.'

Among the most admired and well equipped talent factories are GE and Procter and Gamble who are openly proud of their relentless pursuit of hiring and developing the best, usually training enough for themselves and others. Instrumental in building GE's reserves of gold talent over four decades, Bill Conaty provides a timely explanation of why 'smart leaders put people before numbers' in a much heralded new book called 'The Talent Masters'³.

'Talent management is about people, not jobs,' explained his co-author Ram Charan, keynote speaker at the recent CIPD conference in Manchester. 'Your job is to build a talent pipeline, keep ahead of social trends and debate in private with the organisations' leaders about the direction for the company and how to achieve that.' He maintains that people development professionals need to become the *trustees of talent* within organisations and develop people's *God given talents* rather than trying to improve their negatives. Plato would surely approve...

1. *De Tijd*, January 12, 2011

2. a term coined by Italian economist Vifredo Pareto, who claimed that 'the vital few' account for most progress

3. 'The Talent Masters: Why smart leaders put people before numbers' by Ram Charan and Bill Conaty, Random House Business, Jan 2011

► BANKING ON CHANGE

Impenetrable global megabanks plus an interconnected network of smaller shadow banks. A surge in supremely complex derivatives understood only by a tiny elite. And a growing feeling that fractional reserve banking is inherently bad and impossible to control...

With the Global Economic Summit in Davos at an end, it's already two years since the collapse of Lehman Bros and the unprecedented bail out of other banks. As bankers' bonuses make headlines again, there is much debate about what – if anything - has changed.

As global expert Georges Ugeux¹ points out, before the crisis the financial sector accounted for 10% of employment but 25% of earnings. And that continues. The Financial Times reports that Goldman Sachs, Morgan Stanley and JPMorgan recently set aside a combined £22bn for payments to investment bankers.

On a more encouraging note, banks like Barclays and Credit Suisse are at least considering novel ways to pay top bonuses – namely 'CoCos'², innovative bonds that convert into equity in times of stress. This makes them appealing to regulators because they act as capital buffers and also to banks because they do not dilute shareholders upfront. Meanwhile to many observers it seems only logical to introduce a general bonus system recognising longer term performance rather than short term risk taking;

and rewarding star performers rather than every average journeyman.

Admittedly, the Basel Committee has made some progress in increasing the amounts of protected capital that the banks are forced to hold. But at the time of writing, there is still much to decide on the shape that the sector will take in the future. Some experts propose the break up of these banks and insulating high risk overleveraged activities from low risk, retail banking. With the same incentives, people and structures, of course the banks are going to do it again, suggests Professor Simon Johnson of MIT.

Thankfully governments seem increasingly intolerant of underwriting an oversized and interconnected banking system. Despite much rhetoric they still appear unsure what to do with a maze fraught with legal inconsistencies. But find a way soon, they must - on behalf of the people who elected them and who are banking on change.

1. Chairman of Galileo Global Advisers, and formerly Group Executive VP of the NYSE.
2. CoCos are Contingent Convertibles or Enhanced Capital Notes - a new form of fixed income security which have arisen out of the need for banks to increase their capital ratios as a result of the banking crisis. The first UK issuer of ECN's has been Lloyds Banking Group plc. This was under an Exchange Offer announced on 3 November to exchange its existing Tier 1 and Upper Tier 2 securities into new ECN's. The key feature of the Lloyds ECN's is that while they carry mandatory coupon rights they may also be mandatorily converted into ordinary shares if the Core Tier 1 capital ratio of the bank falls below the 5% level (known as the trigger).

► REASONS TO BE CHEERFUL

What better way to start 2011 than with the notion that you will get happier and happier? That's provided you are over 46 and past the dreaded U-bend in life.

According to a growing breed of happiness experts, at the start of adult life people are generally pretty cheerful. Things go downhill until you hit your mid-life crisis when the pressures of work, finances, teenage children and aged parents often collide. Once these things plateau, what you lose thereafter in vitality, mental sharpness and looks, you stand to gain in contented happiness.

Interestingly in Bhutan, the concept of Gross National Happiness shapes the planning process. Closer to home, leading economists in France have been asked to devise a broader measure of national contentedness than GDP. Even in Britain, the coalition government is making noises about collecting data on well-being. There a team of economists led by Prof Andrew Oswald of Warwick Business School has produced research that suggests there are clear links between workers' happiness and their productivity. "Positive emotions appear to invigorate human beings, while negative emotions have the opposite effect."

Among the subjects in one test who reported higher happiness levels after seeing a short comedy film, productivity was significantly higher than for the other subjects, for both men and women. The Warwick economists noted: "Happier workers, our research found, were 12% more productive. Unhappier workers were 10% less productive."

"Given the extraordinarily homogeneous sample of our subjects, the difference in productivity was unexpectedly striking," they wrote in the University of Warwick's Economic Research Institute journal. "If happiness in the workplace brings increased returns to productivity, then HR departments, business managers and the architects of promotion policies will want to consider the implications." So, even if middle age awaits, it's reassuring to know that there's a light at the end of the U-bend. In the meantime, bring on Tom and Jerry...

There's a light at the end of the U-bend.



► WIRED FOR CHANGE

It's always fascinating to follow the careers of high achieving candidates – not to mention former colleagues. HEADWAY caught up with former AHEAD consultant Aleksandra Ljubinkovic, after her diverse international experiences at INSEAD, Mars, Dell and in banking. Swedish born and an engineer by training, Aleks spent her early years in the Swedish industrial company ESAB before joining AHEAD. Dublin-based now, she is currently Head of Revenue Development at Google...

At the moment, the closest I can describe my role is like an internal consultant - some strategy, planning, finance and other operational responsibilities. It's a very fluid role, and each week, month, quarter feels like a completely new position as I move between teams and projects to execute and drive the business forward in some way.

So when you hire people into your own team, what attributes are you particularly looking for?

Drive, energy, passion, real results. I always look at what a person has actually delivered - a CV which shows details here stands out. Plus creativity: how they came up with creative solutions, and how they managed to implement them. And leadership: be that the ability to lead a project or the ability to lead people. Generally I look for candidates who have the ability to present an idea then bring others along to execute this idea.

'Working for AHEAD was priceless learning.'

It's over ten years since you were an AHEAD consultant. How useful was this stint career-wise?

I think that everyone should really spend at least a year of their life working in recruitment. Apart from learning interviewing skills, one learns the real art of hiring good candidates, which I think is crucial as one moves into more senior roles in any organisation, as the ability to hire the right people for the right position will make a real difference in driving the business and delivering business results.

Overall, I would say that working for AHEAD was priceless learning which I have used in so many ways throughout my career so far and I am sure I will continue to use as long as I am active working.

During your time at AHEAD you were on a path to INSEAD. What impact did it have on you and your development?

INSEAD was a real high point in my life in general. There are many excellent business schools, but INSEAD has a special edge to it. Students come from every corner of the world which creates a really interesting melting pot of experiences globally, and this is invaluable experience today when companies operate across countries and cultures. INSEAD also has slightly older students, better equipped to jump into more senior or broader roles as they graduate as the learning curve is quicker from theory to application. Having an INSEAD MBA opens doors and the alumni are powerful. We INSEAD-ians always find each other and there is quickly mutual respect and cooperation.

Your time in banking must have been pretty full-on... especially in senior roles in strategy and e-commerce.

When I came into banking it was almost at the peak of the cycle, so everything was fun and rosy and there seemed to be a never ending surplus of cash. Yet what hit me first was the slow speed of banking. Having worked for a tech company like Dell I was used to a very fast paced environment, where a quarter was like a year in terms of speed anywhere else. In general banking is a pretty conservative industry which changes very slowly, which is also probably part of the reason why all the banking troubles have been such a big shock to bankers in general; they're just not prepared to handle and deal with big changes facing them.

One of my last missions was to move the online business in the Australian bank forward - a real tough mission in this conservative environment. But, in the space of 3 months, I had secured millions of dollars of investment to build up the online channel and had a new, but experienced online team in place to deliver. At this point however everything changed as the banking crisis hit full on.

The peak of the banking crisis and its fallout, was probably the most change I have ever seen in my life in such a short period, and the trauma that it caused colleagues around me was quite an experience to see as well. I don't know if I am just wired differently for change, but I was probably the least impacted. I never felt stressed out but figured that sooner or later once the boat stops rolling it will all be fine and something new will come out of this.

As a bystander now, do you think the banking sector has changed at all since the financial crisis?

My personal opinion is that nothing has really changed in banking - the same people who caused the problem in the first place are still around, and they are not the kind that will change any time soon, so I don't think much will change in real terms. Yes, there will be cosmetic changes of course, and regulation might change somewhat (but to date nothing big has really changed in terms of regulation either... so we can't really expect banks to change practices without that as a driving incentive), but overall I think it will be baby steps compared to what most people would believe is really necessary to reform that industry. Just like the old crash in the 20ies Americas, many books were written, but no real lessons learned.

Looking ahead, wouldn't you like to run a business as No 1?

The question of what next is always something I think about. My passion definitely lies in online, so in the medium term I can see myself running a smaller business which uses online as its main business medium, alternatively an online channel which is a true business unit of a larger corporation.

What life experience so far has been the most fun?

I always have fun, so it is hard to pick any specific one. I am generally a fun loving person, so as long as there is a challenge, there is fun!



► SWEDES DISPEL A PUBLIC SECTOR MYTH

Recent research by AHEAD's Swedish partner SOURCE, challenges the widely held myth that leaders in the public sector are inferior to private sector leaders. Their study investigated possible differences between each using data collected on 558 leaders assessed as part of their recruitment processes between 2007 to 2009. The focus was on cognitive and personality differences using psychometric tests (BasIQ measuring cognitive ability, Hogan's Personality Index and Hogan Development survey).

Results showed that public sector leaders –mainly from central and local government – scored higher on general intelligence and no differences were reported on personality scales measuring desirable leadership traits. This indicates that the perception of public sector leaders as inferior to private sector leaders in terms of personality and cognitive ability does not hold any scientific value. The results also are

in line with previous research in Sweden that claims that this is a false perception.

'Contrary to popular belief, the only real difference that has been shown is that private sector organisations are better in presenting themselves and their reality in a more positive way,' explains Jana Cagin from SOURCE. 'The real difference lies in the size of the organisation – the bigger the organisation the more bureaucracy, rather than whether it is private or public. A great concern is that this perception keeps reinventing itself, not only externally but also internally as a self-fulfilling prophecy.'

'So far SOURCE has received very positive reactions from media as well as leaders and clients in the public sector', says Jana Cagin. 'They are happy to receive positive feedback for once, and realize that they have to get better at communicating what makes them an attractive employer in order to be able to attract talented people.'

For more information contact Jana Cagin via jana.cagin@source-executive.se.

► REVIEW: WHY SOME PEOPLE HAVE POWER AND OTHERS DON'T¹

Powerful people not only have more friends than the rest of us. They also enjoy better health and the visibility and stature that accompany power can produce wealth. Most of us will agree that power is part of leadership and is necessary to get things done.

In his new book on power, Professor Jeffrey Pfeffer of Stanford Business School starts by showing the weak link between performance and job outcomes. He lists CEOs who destroyed shareholders' value and who remained in position and vice-versa. In fact great performance may even leave you trapped because a boss does not want to lose your abilities.

It is performance coupled with political skill, which will help you rise through the ranks. Those people who make it and who accomplish amazing things have will and skill. Will is defined by three personal qualities: ambition, energy and focus. The four skills useful in acquiring power are: self-knowledge, and

a reflective mindset, confidence and the ability to protect self-assurance, the ability to read others and empathize with their point of view and a capacity to tolerate conflict. The trick is also to find those departments that are on the rise, which are not necessarily those who produced the current big-wigs. Then you have to stand out and be bold - something which is again our nature, but it works. Secondly, build a network within your organization and outside (loose networks work). Thirdly be loyal. Pfeffer also gives some recipes on how to keep power once you won it and also describes some costs and treats involved, which finally result in how people lose power.

The book is very American in its approach eg. when it claims that it is not that difficult to use the ideas of the book to increase your power. Nevertheless it gives useful insights based on a combination of academic research and testimonials.

1. Power: why some people have it and others don't, Pfeffer, Jeffrey HarperCollins, New York, 2010, 271 p.

AHEAD is a leading search firm specialising in high achievers. Headquartered in Brussels, we were formerly YESS International Brussels, created in 1990 by Egon Zehnder International. Today AHEAD forms part of the extensive EESN network covering Europe and beyond.

To receive more information, please do not hesitate to contact us via T. +32 (0) 2 223 23 90, brussels@ahead.be or consult www.ahead.be. It would be a pleasure to hear from you.



If you have recently changed your position or contact details, please be kind enough to inform us of any changes via brussels@ahead.be or telephone +32 2 223 23 90. Or if you are not the original addressee, or would like to be added to our mailing list, please do let us know.