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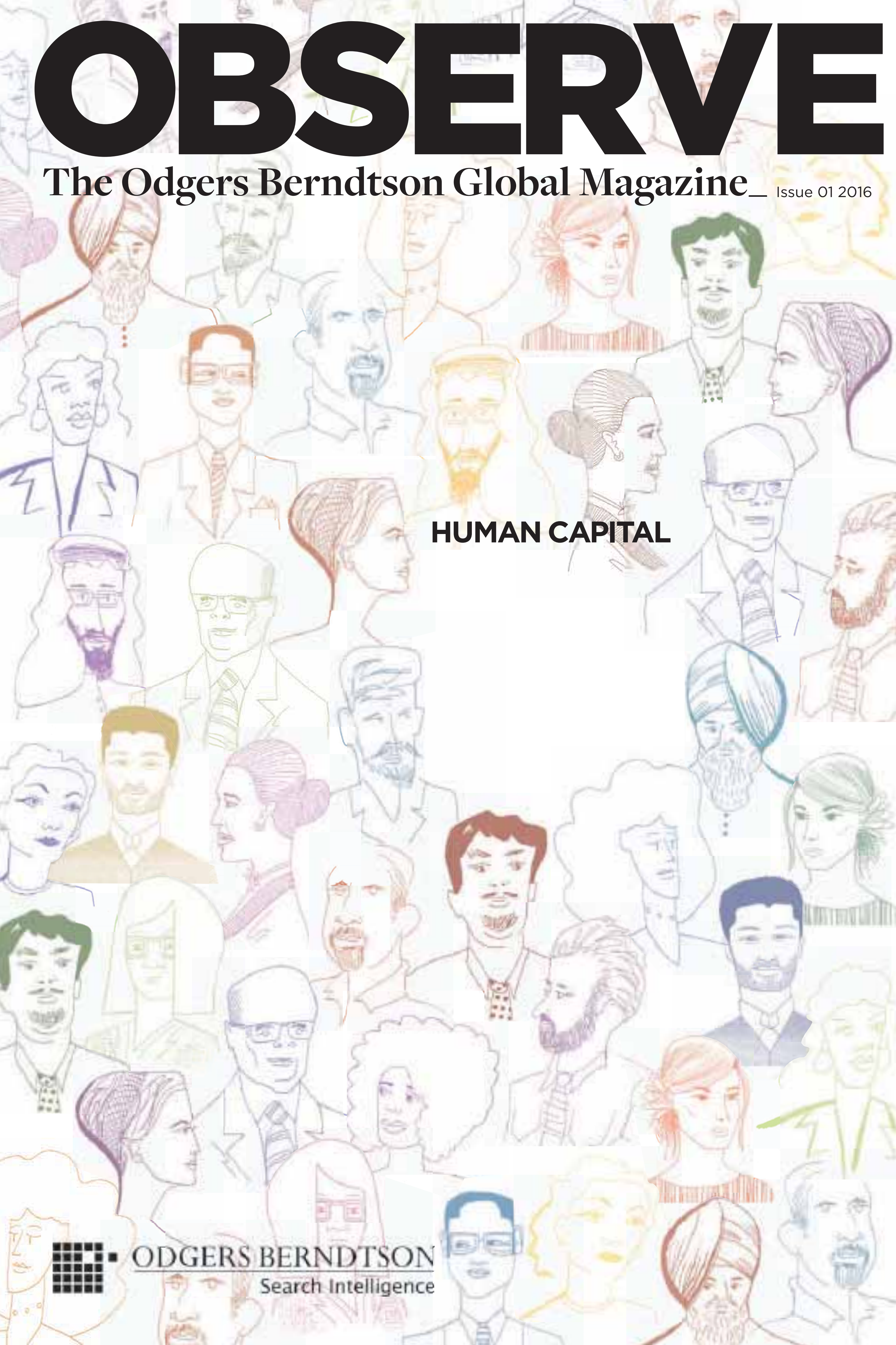
The Odgers Berndtson Global Magazine_

Issue 01 2016



HUMAN CAPITAL

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At Odgers Berndtson, we help organisations recruit the best people for their most important jobs. In an increasingly connected and complex world, and in a time of widespread economic uncertainty, we believe our services are more critical than ever.

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Most importantly, this principle applies on a global basis. With a network of 53 offices in 29 countries worldwide, we know that effective leadership is a vital quality regardless of national borders.

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The Odgers Berndtson Global Magazine_ Issue 01 2016

ASIA

DIGITAL

AUSTRALIA

ACTIVISM

HUMAN CAPITAL

A special issue

HIGH PERFORMANCE

MOTIVATION

DIVERSITY

SUCCESSION

SEARCH

AUTHENTICITY

AFRICA

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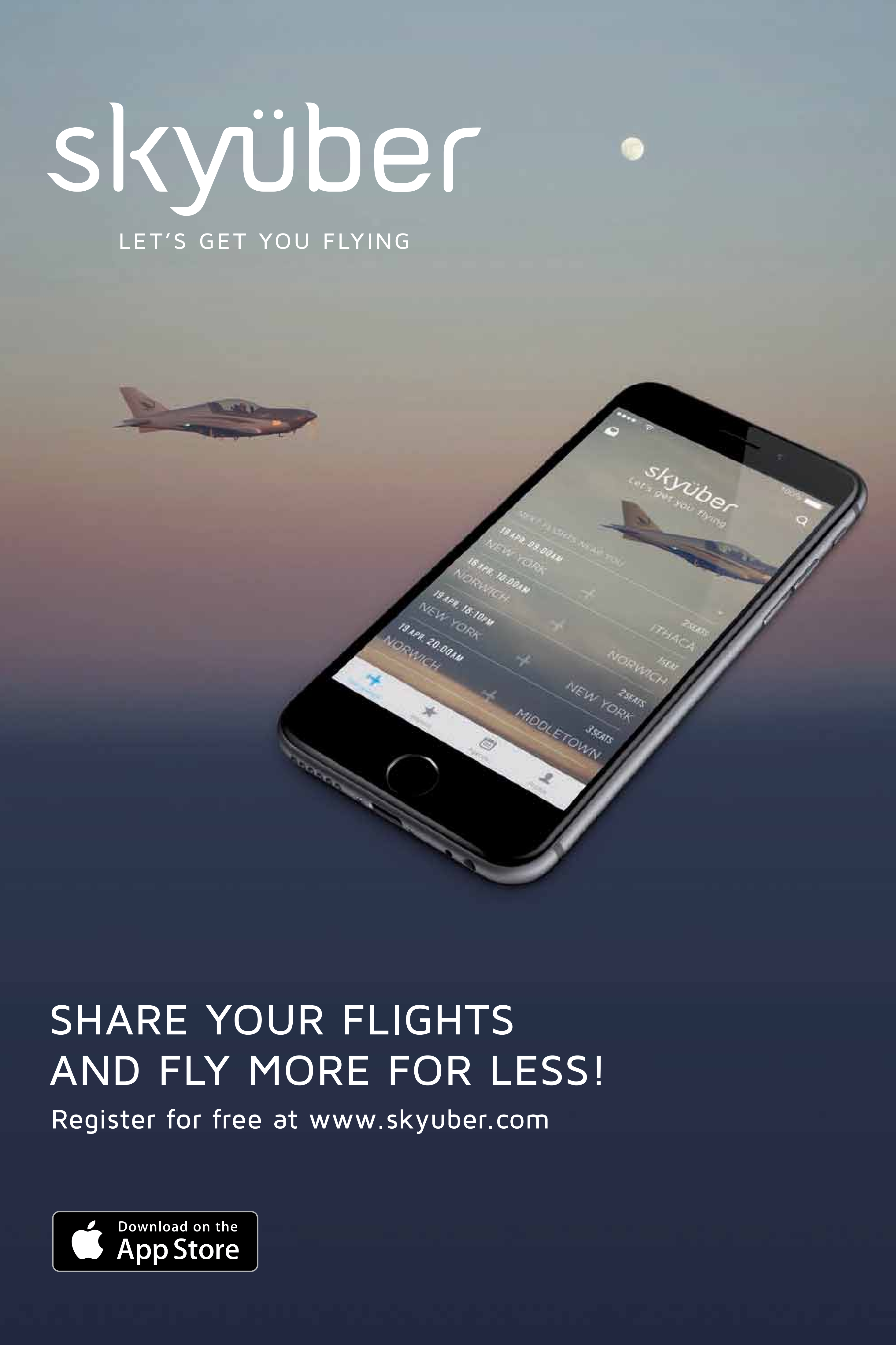
HR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This issue of *Observe* has at its heart a subject that is perhaps the most significant for businesses across the globe: human capital. Our attitudes to it and the way we recruit, train, support and develop people at *all* levels of the corporate structure can define an organisation. Get it right and the future is bright; get it wrong and the consequences can be terminal. So in this issue we look at a wide range of human capital-related themes, all with a global perspective.

We open with an exclusive head-to-head interview between Steve Potter, who heads up Odgers Berndtson's US operation, and Johanna Söderström, Corporate Vice President of Human Resources and Aviation at Dow Chemical. With Dow in the news right now, Söderström's views on the role of the CHRO make fascinating reading.

Elsewhere we look at different facets of the human capital agenda – both in and out of the boardroom – from markets as diverse as Australia, Turkey and Africa.

One of the most significant human capital issues facing those in the C-suite is that of diversity: not just gender equality but a host of other parity issues that need to be addressed. Our in-depth report should be required reading. And to end we have an interview with Lord Rose, former CEO at Marks & Spencer, talking about his new role heading up the Britain Stronger in Europe campaign.

Do please tell us what you think by using the social media channels listed here. Your opinions are always of value to us.

Baroness Virginia Bottomley
Chairs the Odgers Berndtson Board and CEO Practice

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Lord Rose on the Britain Stronger in Europe campaign

A range of books, apps, research and insight all looking at the wider human capital arena

RENAISSANCE 2.0

THE SECOND MACHINE AGE by Erik Brynjolfsson and Andrew McAfee

The authors of *The Second Machine Age*, Brynjolfsson and McAfee consider the ramifications of game-changer technologies upon work, societal progress and economic prosperity. Crucially, they make the case for optimism about the changes the future holds – a rare distinction in a field flooded by doomsayers.

€24.49/£10.44/$10.86

SOME ASSEMBLY REQUIRED

WORLD ECONOMIC FORUM

The World Economic Forum's Human Capital Report of 2015 has questioned a fundamental assumption of modern human capital – that recruitment means finding the needle in the haystack. As the report concludes: "Business must rethink its role as a consumer of 'readymade' human capital. Some companies understand this and are already investing in the continuous learning, re-skilling and up-skilling of their employees, but most employers still expect to obtain pre-trained talent from schools, universities and other companies."

www3.weforum.org/docs

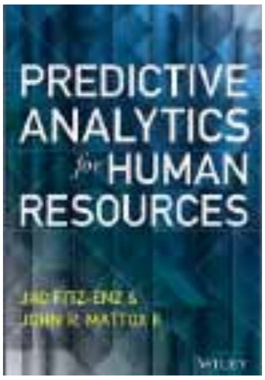
GRZEGORZ KNEC/ALAMY

CAVEAT EMPTOR

WHY INVESTORS ARE THINKING ABOUT HUMAN CAPITAL

How, precisely, can you quantify the value of people to an organisation's future performance? The investment community is getting to grips with Human Capital Management, but the challenges of reporting are proving complex.

hrmagazine.co.uk



MEASURE IT, MANAGE IT

PREDICTIVE ANALYTICS FOR HUMAN RESOURCES by Dr Jac Fitz-enz and John Mattox II

A valuable, practical and fluent exploration of analytics for human capital management, *Predictive Analytics for Human Resources* offers an insightful guide to confidently navigating a field where information overload is famously close. A healthy focus on fundamentals is as welcome as it is refreshing.

€69.89/£33.99/$39.76

THE NEXT STEP

BUSINESS NEWS DAILY: HR EVOLVES INTO HUMAN CAPITAL MANAGEMENT

HR, as Nietzsche nearly said, is dead. Human Capital Management is today's go-to tool for making sure you get the most from employees. But how much further does Human Capital Management go than the philosophies of Human Resources did?

businessnewsdaily.com

TIME AND TIDE

AGEING WILL REDUCE ECONOMIC GROWTH IN THE NEXT TWO DECADES

Yesterday's long-term problem may be today's problem already, according to a Moody's study on the worldwide impact of demographic changes, and a full 34 countries will have populations where 20 per cent or more are elderly as soon as 2030 – causing working age populations and household savings to decline. Moody's Senior Vice President Elena Duggar predicts that "ageing will reduce aggregate annual economic growth by 0.4 percentage point in 2014-19 and by a much larger 0.9 percentage point in 2020-25".

moodys.com/research

INCAMERASTOCK/ALAMY

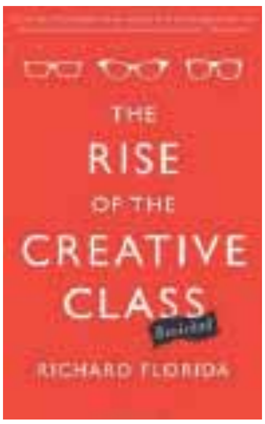
ON THE SPOT DECISION

ADHOCRACY FOR AN AGILE AGE

Does human capital need to be shackled by a chain of command? A compelling debate about adhocracy – where key decisions are made on the spot by those who can see the problem up close instead of referred upward to authority – is well worth your time. Or is it? The decision is yours. Make your choice.

mckinsey.com/insights


GARY WATERS/IKON IMAGES



BY HAND OR BY BRAIN

THE RISE OF THE CREATIVE CLASS, REVISITED by Richard Florida

A tour de force in the theory of human capital management, Florida's breakthrough work has returned in an updated edition which loses none of the original's provocative thought, scholarly insight or colourful flair. Now refreshed and expanded in response to our changing times, Florida's breakthrough work reflects upon the growth – now rapidly accelerating – of an entire class who create for a living.

€46.68/£11.84/$17.41

(SLIDE) RULE

CALLING ALL ENGINEERS!

A study of the world's 100 best-performing CEOs has found that 24 have undergraduate or graduate degrees in engineering. "Studying engineering gives someone a practical, pragmatic orientation," says Nitin Nohria, Dean of Harvard Business School.


FLIRT/ALAMY STOCK PHOTO

JUMP THE QUEUE

'LEAPFROG SUCCESSION' – A NEW TREND IN CEO APPOINTMENTS?

More and more CEOs are 'leapfrog leaders,' having been fast-tracked past more senior executives in the management hierarchy, according to research by Boston Consulting Group. However, BCG warn that fast-track CEO succession should be the product of a deliberate strategy, not out of desperation: "If a leapfrog appointment is based on a compromise or is the 'least worst' option, the new CEO has clearly not been properly prepared for the role and might well flounder when taking office."

APPS

workday.

Workday is a complete human capital management tool for managers, HR administrators and employees alike

Kenexa

Kenexa 2x Mobile is a real-time tool to help busy hiring managers approve hiring and job requisitions while on the move

aquire InSight™

Aquire InSight offers an analytics suite to track trends within your organisation using your existing data

diversityDNA is a helpful tool for training on cultural differences in the workplace – vital for the modern global business

diversityDNA™
exploring individual diversity

Rypple

Rypple Feedback takes performance reviews and ramps them up to make it easier for leaders to recognise achievements and offer regular feedback to employees

ACCERO

Accero Workforce Intelligence offers more than 200 predefined HR metrics, scorecards, charts and graphs, allowing HR professionals to review their organisation on the move

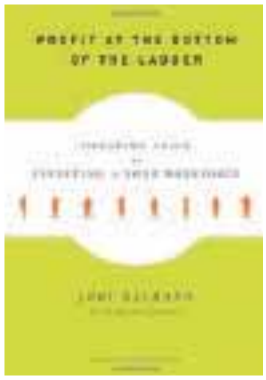
YOU SAY POTATO...

THE HUMAN CAPITAL CENTURY AND AMERICAN LEADERSHIP: VIRTUES OF THE PAST

A prescient classic from the US National Bureau of Economic Research that reflects on the link between education and ultimate workplace value. Are elements long held up as virtues actually vices in today's human capital environment?

nber.org/papers/w8239

A STRONG FOUNDATION?



PROFIT AT THE BOTTOM OF THE LADDER: CREATING VALUE BY INVESTING IN YOUR WORKFORCE by Jody Heymann

A well-articulated challenge to the reflexive instinct to cut in times of crisis, Heymann's book demonstrates what can be gained from rethinking how expendable employees, benefits and working conditions are and how much can be gained from the efforts of an energised and motivated frontline workforce. The bottom line, it seems, depends on the bottom of the ladder just as much as it does on the top. €29.10/£31.94/$24.88

AHEAD OF THE CURVE

WHAT SWEDEN AND JAPAN CAN TEACH THE US ABOUT ITS AGEING WORKFORCE

It's going to happen everywhere sooner or later, so it makes sense to look at best practice now. *The Atlantic*'s interview with Joseph M Coleman, author of *Unfinished Work: The Struggle to Build an Aging American Workforce*, explores mindsets, options and challenges in this complex area of human capital management.

theatlantic.com/business/archive/2015

SQUARE PEG FOR A SQUARE HOLE

CONNECTING TALENT WITH OPPORTUNITY IN THE DIGITAL AGE

There is talent and there is opportunity, so it follows that the one must connect to the other or the human capital will only go to waste or go elsewhere. An examination by McKinsey highlights what the Digital Age means for this challenge.

mckinsey.com/insights

NICK LOWNDES/IKON IMAGES

A CHANGE IN PERSPECTIVE

HUMAN RESOURCES VS. HUMAN CAPITAL – WHAT'S IN A NAME?

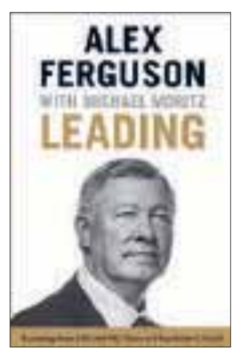
The Human Capital Review – who, after all, should know the difference – consider the points of distinction between Human Resources and Human Capital to help you navigate where you are between the two. Better yet, their questions may prompt you to rethink your assumptions about your true position. As they note, to talk about bulls is not the same as being in the bullring.

humancapitalreview.org

LARRY LILAC/ALAMY

LEADERSHIP... WITH A HAIR-DRYER

LEADING by Sir Alex Ferguson and Sir Michael Moritz



Amazon.com lists more than 130,000 titles focused on leadership. Make that one more. Sir Alex Ferguson's *Leading*, co-written with early investor in Google Sir Michael Moritz, distils the lessons learned from 38 record-breaking years of football management. Fergie's one-to-one feedback sessions with players he perceived as underperforming – the legendary 'hair-dryer treatment' – were famously up-close and high-volume, so could we be witnessing the birth of a new technique for the executive appraisals process?

€35.10/£7.99/$78.60

WHERE DO YOU STAND?

WHAT IS THE POINT OF HUMAN CAPITAL REPORTING?

A reflection by Paul Kearns, one of the UK's most influential voices on Human Capital and the chair of the Maturity Institute, on just what the fundamental purpose of Human Capital is or should be. It may be an underdeveloped field, but it is certainly one that can't be ignored.

hrmagazine.co.uk


GAME PLAYER
GAME CHANGER

Dow's champion of change

With a backdrop of the pending Dow-DuPont merger, STEVE POTTER talks to Johanna Söderström, Corporate Vice President of Human Resources and Aviation for Dow, about human capital, the HR profession and the challenges of developing and retaining top talent

PHOTOGRAPHS BY JEFF GLENN

Steve Potter, Partner, Odgers Berndtson USA: To begin with, what is unusual about your role at Dow compared to other CHRO functions?

Johanna Söderström, Corporate Vice President of Human Resources and Aviation, CHRO, for The Dow Chemical Company: At Dow we have had a very strong HR function for many years. HR is part of the executive team, which I believe is becoming more the case for many companies. But the big difference with Dow is that our Chairman & CEO, Andrew N. Liveris, is dedicated to people and employee development, and is personally involved in strategies related to employees, including succession planning as a key part of business growth. That makes my role unique in that I am his partner and advisor in setting these strategies.

SP: So, it's a very strategic role?
JS: Yes, imperative to securing our future growth by having the right people, and yes, imperative to understanding a business decision's overall impact on people and the organisation.

SP: As you know, this issue of *Observe* has human capital as its overarching theme. What is Dow thinking about in terms of finding, training and retaining talent?
JS: I would say there are different angles to this question. One is specifically the US situation; another is the global situation. Yes, everyone in our field is fighting for the same talent, no question. And I think the talent that can be successful at Dow in the future needs to be adaptable and mobile. So it's not only about finding the one with the right skill, but finding those that are able to →

> "The talent that can be successful in Dow... needs to be adaptable and mobile"



succeed anywhere in the world. People tend to be more restricted in how they want to move around these days, which is different than before. Another angle is the education systems. The system still produces a lot of talent, but they are not necessarily prepared for the work environment. So it's not just about the skill, it is about finding employees with traits like adaptability to change and wanting to win – all the time, and being able to reinvent themselves. We have four generations working side-by-side at Dow. There are some companies today that already have the fifth generation. We're not there yet, but we will be, and that creates a lot of interesting dynamics among different generations.

SP: Do you use any kind of assessment tools to look at the personality-driven issues, people that are flexible, people who move?
JS: Yes, in the interview phase we're actually looking for agility, change readiness and adaptability. In the US, what we've realised is that the skills we need in our manufacturing facilities are akin to those found in the traditional blue collar worker – but with a new skill set.

SP: The entry-level job has changed: a truck driver used to be a truck driver. Now a truck driver needs to work a computer. He's a member of the supply chain. Educational training, vocational or otherwise, has become much more demanding at virtually every entry level, so what are you doing about training?
JS: In 2015 we embarked on a totally new era. We started an educational program that we are conducting in five different locations in the US. We are partnering with community colleges and using a selection process where we look for the right personality traits. Safety, as an example, we feel, needs to be in your genes if you work at Dow. You can teach somebody, but if it's not in your genes, you're not going to care for it. At Dow, safety is number one. You have to have that desire to go home safe every day from work, so part of the screening process looks for that. If we think they have the right personality, then we'll enter them into the community college, and also place them in either one of our facilities or a manufacturing plant. We'll split their time half and half for about two and a half to three years. So, they get the theory side in college and then they get the educational hands-on with our operators in the plant.

DOW CHEMICAL – FACTBOX

- In the last five years Dow has hired 20,000 people
- In 2014 it employed approximately 53,000 people worldwide
- Almost one third are from the millennial generation
- Dow combines the power of science and technology to "passionately innovate what is essential to human progress"
- Dow delivers a broad range of technology-based products and solutions
- It serves customers in around 180 countries and in high-growth sectors such as packaging, electronics, water, coatings and agriculture
- Dow has more than 6,000 product families – manufactured at 201 sites in 35 countries across the globe
- In 2014, Dow had annual sales of more than $58 billion

SP: Do you find that creates corporate loyalty or a talent pool others try and poach?
JS: We are six months into it so we haven't yet gone through the whole process of actually delivering people with our diploma. But, I have no doubt that these people will be extremely hot on the market.

SP: But hopefully very loyal.
JS: Yes exactly, you always hope you get loyalty when you invest in educating your employees.

SP: Right now you're probably facing your biggest challenge ever as a CHRO →

with the pending merger with DuPont. I understand you can't get specific about what you're doing but how do you approach such a monumental challenge, the bulk of which is going to be people?

JS: I think the positive side is that Dow has been through a lot of transformation in the last five to 10 years. We've changed our portfolio significantly. We acquired Rohm and Haas [a major US specialty chemical maker]. We divested. We invested. We've restructured the workforce to be sure we tackle the right future needs. Change is an everyday phenomenon at Dow. I would say if someone asked us if we have change readiness, the answer is yes. In the last five years we hired 20,000 people and one third of our workforce has less than five years' experience with the company, and almost one third are millennial generation employees. In any M&A deal, it's about talent assessment, including the structure and making sure productivity never suffers when you

map out the new organisation. And most important is to get to those specific answers employees are looking for as quickly as possible, without making promises you can't keep.

SP: Some companies do a really good job at measuring their return on human capital, for others it's much more intuitive, or they don't do it at all. How do you approach that?
JS: Initally, we measured the same things everyone else measures, but I have to say it wasn't very satisfactory because it was only benchmark metrics. Things like employee count or salary information. Everyone does that. We wanted to go further, so we began to look at analytics. Three years ago everyone started to talk about HR analytics but no one really had a solution, so we created our own. This meant we put all the different data we had on people – whatever it might be – engagement survey, recognition, where people are based, promotion rates, turnover – anything you can think of that touches our people. We pulled all that into a system, and then started to derive many different data and correlations.

So with the analytics, we know exactly what's happening, and can create models to understand a variety of scenarios. Whenever the organisation changes we can see what it would look like with a different set-up. That is unique. What we're getting to now are those hidden patterns we couldn't detect before. As an example, we wanted to know what the return on investment is for an international assignment. Is it really paying off to send someone to China and pay additional premiums versus hiring a local person and training them? Return on investment for expats and international assignments has been something we have wanted to do for a very long time, so we're pulling in everything we know like market share change, how fast does →

this employee develop and change his or her career trajectory after returning from the assignment – all of these different parameters. Then we can answer the question: 'What is the return on investment for an assignment?' We haven't cracked the code yet, but we're close.

SP: Let's talk a little about diversity. It's on everybody's mind. In Europe, governments are getting involved. But the US is not doing that yet. How does Dow approach the subject of diversity and create a diverse workforce and a diverse environment?
JS: It took us too long to figure out what to do, but we're on the right path now. We established a real business case for diversity at Dow – that it isn't about compliance, but really a corporate leadership imperative to have diverse teams. As long as you focus on diversity of thought, you will get to the right answer.

SP: How do you innovate in human capital?
JS: In my opinion, human capital is all about internal and external marketing. If you can convince your own people to do their very best and to always go beyond, you will attract others who want to be on that same winning team. It's all about marketing, and I believe this will translate into good strategies for the people in your company.

In fact we started a new recruiting campaign called 'The science to your success'. It's about science, which is what this company does. We're actually changing the planet here at Dow through our innovations that focus on improving humanity. And that's very appealing whether you're a millennial or baby boomer – being on a winning team that's making a difference in the world.

Everyone knows that you have to source and recruit and find the best talent, yes. It's how you do it, how fast you do it, doing it better than your competitors. That's how you compete to win the talent.

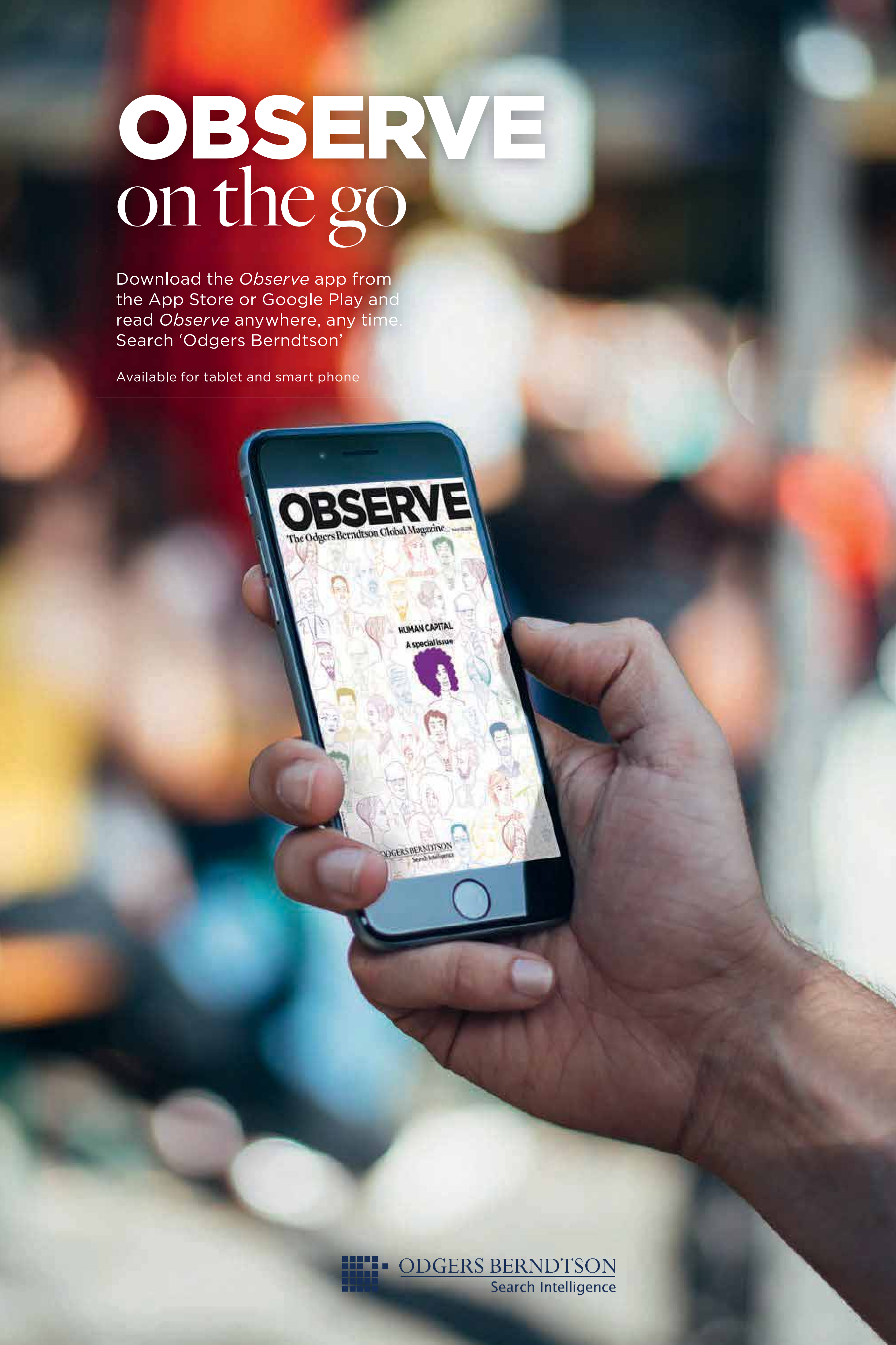
SP: Do you have any examples of recruitment outside of Dow's comfort level, outside your core businesses maybe internationally, maybe in digital where the process worked?
JS: Yes, we used the channels everyone else used. We did the same as everyone else did in terms of embarking on 'What can LinkedIn do for you' and all these other things because they're tools. Now the question was: 'How can you get to that additional niche that others haven't figured out yet, how can you always be a step ahead?' So, for example, we knew everyone was going to mobile devices two to three years ago for everything; you don't sit in front of your desktop anymore. So we asked ourselves, 'How can we make sure all our applications have easy access to apply?'. Dow was among the first companies to meet all the criteria of the Corporate Mobile Readiness Report. Who would have thought that a chemical company would be among the first in driving this type of innovation for recruitment?

SP: What do you think the biggest strategic challenges will be over the next five years for HR and for someone in your role?
JS: Two different answers: one is that the overall marketplace will change, the number of players will continue to shrink and they will continue to fight for the same talent. The other thing is the way in which schools and universities are educating for this profession. I personally don't think it's the right way. Right now, it's the traditional 'Here are the basics of HR'; fine. But how do you teach HR with a business acumen? How do you understand the environment and get the context of it so that you are not afraid of looking from the outside in and then tearing things up and doing things differently? That is the future challenge for everyone who wants to be in the HR profession. We need to think about it differently.

> “In this role you have to make sure you hold the line and keep calm”

SP: Talk a little bit about training at the executive level.
JS: We have a succession plan with our C-suite roles. We watch it continuously, and review once a year with the board, three times a year with the executive leaders themselves. And we'll look at what has been done in terms of their development, what specific needs do they have? We map progress, we use executive leadership team members to provide a light mentoring touch and also suggest additional mentoring with external coaches, when and if needed. And then we try to give them experience with external boards, or on joint venture boards to gain exposure to a variety of business situations and depending on their development needs.

SP: My last question is something I haven't yet touched on. Do you have any advice for your peers or people aspiring to do what you do?
JS: In this role you have to make sure you see the big picture, you keep calm, you calm the troops, you make sure you know this is the context and broader impact, and paint the picture of now and the future. You have to do your job, you have to make sure you know your stuff, know the organisation, and know what's happening all the way from the plant floor to the executive wing. You have to know what people think, stay on top of things, but never be superior to the workforce. ■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The Odgers Berndtson Global Magazine
HUMAN CAPITAL
A special issue
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March of the wearables

Wearable technology opens a new world where the 'bio-performance' of employees can be measured and optimised. But tech-driven productivity gains must be balanced against new legal and ethical issues, as *Observe* reports

Innovation and automation have been the two pillars of improving productivity since the first factories of the Industrial Revolution.

Entrepreneurs have always found ways to apply new machinery and technology to re-engineer old working practices or create new products and services; driven by the dream of achieving more in less time, at lower cost and higher margin.

But what happens to processes that defy automation? What happens to those tasks where a human being is required to exercise intricate motor skills, creativity, persuasion or empathy? How do you increase human productivity and performance, at least until the advent of true artificial intelligence?

Twentieth century management textbooks tells you it is about motivation and environment. You need to think about employees' financial rewards and benefits in kind, adapting the workplace, investing in training or plain outsourcing tasks to a cheaper, more productive labour force overseas.

The 21st century answer is 'augmented performance'. The emergence of smart, wearable technology has opened new opportunities to understand and quantify employee performance: from identifying moments of stress that are linked to poor decision-making, to how slouching at a desk can sap productivity. Welcome to the wearable tech era of human optimisation. →

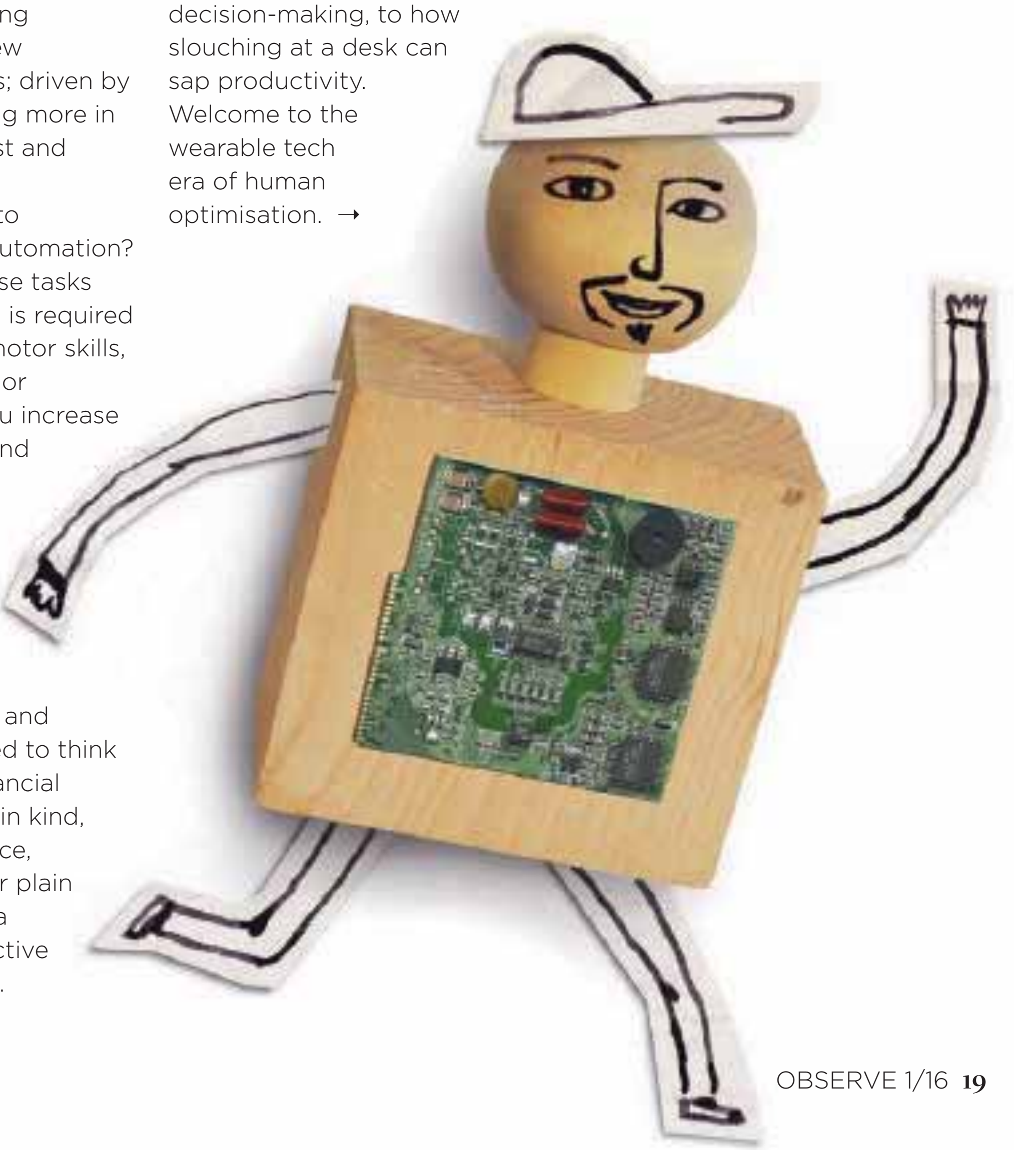
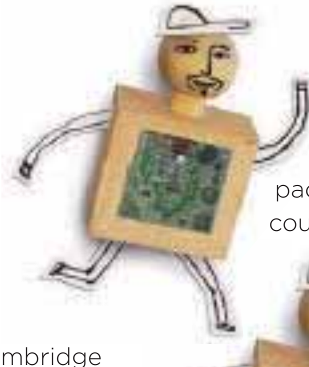


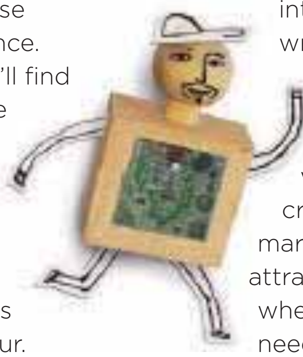
ILLUSTRATION: ROGER CHOUINARD/IKON IMAGES



The 'quantified self' in the workplace

The task of measuring your well-being used to be a matter for the medical profession. Today, wearable technology is democratising how we understand our own health, fitness and lifestyles. Data about anything from our sleeping patterns, the calories we burn, to stress levels and blood pressure is just a finger tap on a smartphone away. Elite sport – where the margin between good and great can be measured in milliseconds – was among the first fields to exploit this new opportunity to optimise performance.

Now you'll find wearable tech pioneers in retailing, mining, oil exploration and even on Wall Street; from white collar professionals to blue collar labour.



Truck drivers for mining group Rio Tinto in Australia wear smart caps which monitor for momentary lapses in concentration – signs of 'microsleep' which can lead to road accidents. Warehouse staff working for Amazon and the UK supermarket giant Tesco wear GPS trackers that guide them quickly through the shelving racks. Smart glasses are being used on remote oil platforms and fields – allowing staff on the ground to live-stream technical or infrastructure problems that expert colleagues in offices miles away could help solve. On Wall Street and in the City of London, banks and hedge funds are using wearable tech to monitor stress and its impact on decision-making.

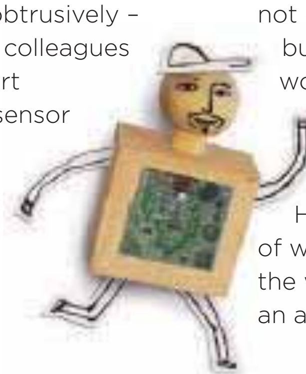
Research by Cambridge University neuroscientist Dr John Coates – a former Goldman Sachs and Deutsche Bank trader turned academic – has shown how traders become averse to risk at moments of market volatility. As their personal stress grows, traders retreat from making bold, potentially lucrative moves in the market. "Under conditions of extreme volatility, such as a crisis, traders, investors and indeed whole companies can freeze up in risk aversion, and this helps push a bear market into a crash," Dr Coates wrote in the *New York Times*. "Unfortunately, this risk aversion occurs at just the wrong time, for these crises are precisely when markets offer the most attractive opportunities, and when the economy most needs people to take risks."

Measuring, managing and exploiting this "biology of risk", as Dr Coates called it, is precisely what banks and hedge funds are hoping wearable tech will help them achieve.

The scale of the opportunity

So if the impact of individual or team health and fitness on performance can now be measured unobtrusively – just by asking colleagues to wear a smart wristband or sensor pack – how significant could be the gains for a business?

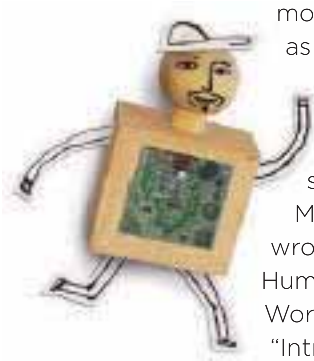
According to Dr Chris Bauer of the Institute of Management Studies at Goldsmiths, University of London, the commercial opportunity is "substantial". Dr Bauer's Human Cloud at Work Study – sponsored by the US technology firm Rackspace - included field trials of wearable technology in the workplace. The trials saw an increase in productivity from those using wearable tech of 8.5 per cent. Intriguingly, their happiness at work also increased – by 3.5 per cent – compared to peers whose performance was not "augmented" by the new technology. Dr Bauer concluded: "Wearing devices such as brain activity sensors, motion monitors and posture coaches can significantly increase employees' productivity while also improving their job satisfaction." Give someone a back monitor that vibrates when they start to slouch at their desk and they'll not only be more productive, but happier too. Or so it would seem.



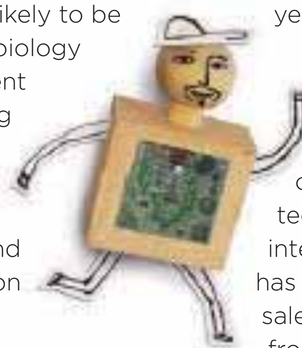
A legal and ethical quagmire?

However, the adoption of wearable technology in the workplace comes with an array of legal and ethical

considerations. Will employees sign up willingly to having their bio-performance monitored by their managers? Probably yes, according to Nigel Beighton, the Chief Technology Officer at Rackspace. “Many employees will already be familiar with well-being and activity monitoring as they’ll have similar applications on their smartphones,” Mr Beighton wrote in the Human Cloud at Work report. “Introducing dedicated workplace wearable technology projects should be straightforward provided companies are open and collaborative in what data they will collect and how it will be used.” However, there is already one legal case that suggests a more cautious approach may be needed. The Californian courts are due to consider whether damages should be awarded to a sales representative fired by her employer for deleting a tracking app from her iPhone. The sales rep objected to the idea that her whereabouts could be monitored by managers in her personal as well as work time. The courts will decide whether or not her privacy was breached unlawfully and whether or not she was wrongfully dismissed.

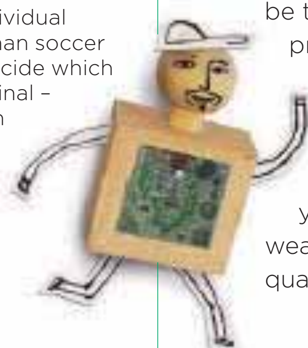


Lawyers are likely to be busy. Bringing biology into management decision-making runs a fine line between differentiating performance and discrimination on the grounds of health or physical ability. The question of who owns data about the quantified self is murkier still. Is it the employee or the employer who owns data gathered from a smart wristband or sensor pack that is worn in the workplace? What are the limits to how that data could be used – and who gets to see it? Does a company health insurer have the right to see bio-performance data from the workplace, for example? Indeed, could the old aptitude test and psychometric test be replaced by bio-performance testing during the executive search process? The courts may well be asked to decide in the years ahead.



The question of timing

In the meantime, wearables are at the crest of a new wave of tech optimism. The market intelligence consultancy, IDC, has predicted that worldwide sales of wearable tech will rise from 19 million ‘units’ – from smart glasses to smart watches – in 2014, to 45.7 million units in 2015, to 126.1 million units in 2019. With the growing consumer adoption of this new technology, businesses face an unprecedented opportunity to quantify and optimise individual performance. There is a unique chance to identify, understand and fully realise whatever untapped potential can be found in the workplace. The pioneers in the workplace will be the first to feel the productivity and performance benefits – and the first to suffer employee push-back and litigation. But the question is less will your business embrace wearable tech and the quantified self, but when? ■



HUMAN CLOUD AT WORK

The Goldsmiths-Rackspace Human Cloud at Work study explored the potential of three wearable devices in the workplace:

- The GENEActiv high-velocity accelerometer wristband, which measures movement and activity;
- The NeuroSky Mindwave portable electroencephalogram (EEG) monitor – a headset that assesses brain signals for signs of concentration, stress and relaxation;
- The LUMO back strap that can be worn under or over the clothes which acts as a posture and activity coach. It vibrates when its wearer starts to slouch at their desk. But it can also be used to track steps taken, time spent sitting, calories burned, and sleep habits.

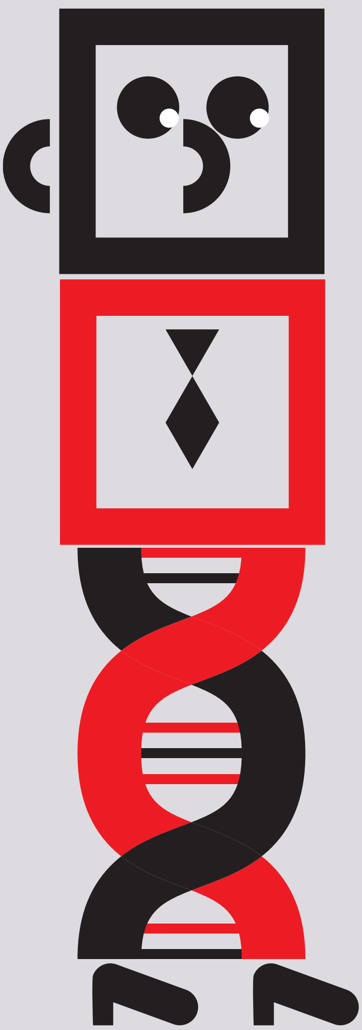
WEARABLE TECH AND SPORT

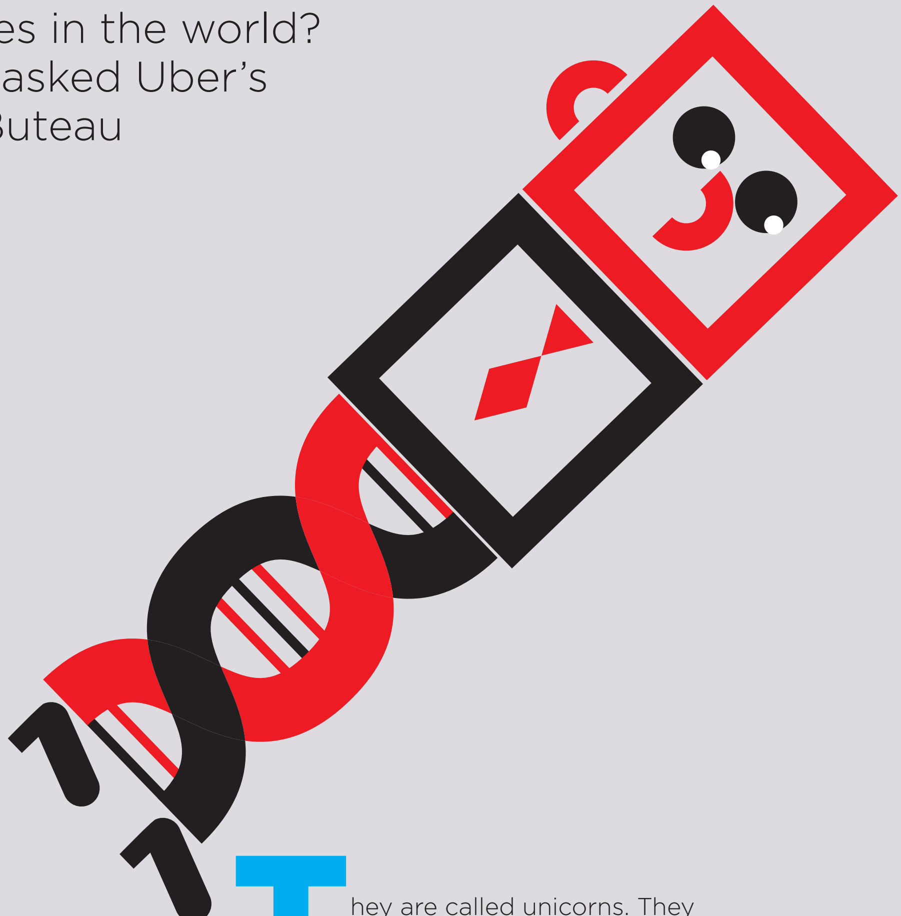
Each elite sport now seems to boast a story of how wearable technology has revolutionised coaching and helped individual athletes or teams exceed expectations. Famously, German soccer coach Joachim Löw drew on training ground data to decide which substitute to play in extra time of the 2014 World Cup Final – the substitute who went on to score the winning goal. In basketball, Stephen Kerr, coach of the Golden State Warriors, was highly criticised in 2015 when he rested four players mid-season after wearable tech data suggested they were highly fatigued and at greater risk of injury. An injury-free Warriors team went on to win their first NBA final in 40 years.

RIDING THE UNICORNS

What does it take to lead the fastest growing and most innovative companies in the world? MATT HIGH asked Uber's Nicolas Buteau

ILLUSTRATION BY DUST





They are called unicorns. They are the new kids on the block, the pioneering and highly innovative software and tech start-ups that have experienced incredible growth and achieved a valuation of at least $1 billion. They have a thirst for talent.

The unicorns – companies such as Uber, Xiaomi, Airbnb, Snapchat, Pinterest and Dropbox – are competing in an era of aggressive recruiting driven by their ever-increasing scale and a need to hire, or poach, the very finest talent.

Bursting out of their native Silicon Valley they have entirely transformed the accepted life cycles that govern the creation, growth and maturation of traditional companies. Now they are doing the same to the human capital landscape.

"Such innovative businesses, like Uber, Airbnb and so on have human capital needs that are outside of the norm," said Rachel Botsman, a leading commentator on the rise of the share economy, in the last issue of *Observe*.

"They are incredibly commercially savvy but think completely differently about organisational culture and structure. Traditional roles are being redefined or completely fractured because they have multiple dimensions," said Botsman, before adding: "The people running and building these companies have a very different DNA."

World changing ambitions

Leading the herd is ride services company Uber Technologies. In just six years Uber has entirely disrupted the taxi and transportation sector with its unique app-based service. Its rise has been meteoric – from a presence in 17 cities just three years ago, the company is today active in 350 cities in 65 countries worldwide. It employs 5,500 people, a figure that has grown from 2,000 at the start of 2015 and from 100 just three years ago.

Promising a fast-paced work environment and 'world changing ambitions', Uber, along with the other unicorn companies, is responsible for a migration of executive level individuals from other sectors drawn by the unique prospect of working for one of the world's most innovative and exciting start-ups and the more fulfilling career prospects that this brings.

The perfect proposition

"In many ways we've become the alternative to investment banking or management consulting – industries that in the past have attracted the cream of the talent," says Nicolas Buteau, Uber's Recruitment Manager EMEA. "A large proportion of graduates

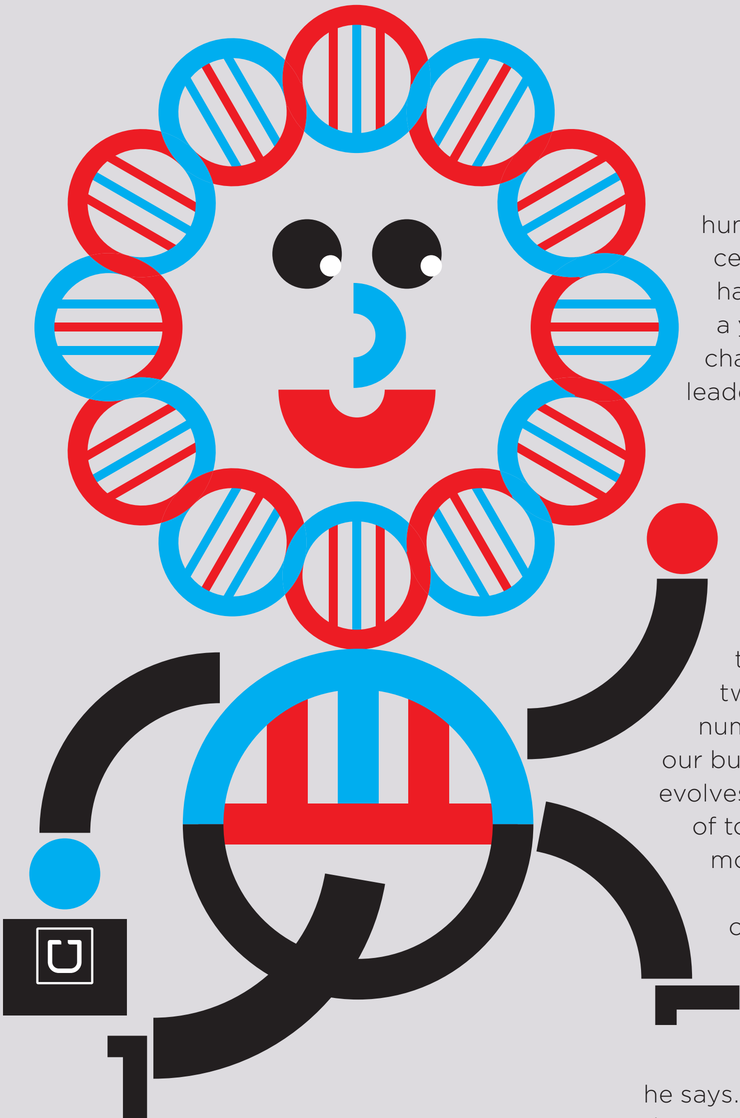
are keen to bypass that part of their career as soon as possible and join an innovative and fast-moving environment where their sense of achievement is far greater and more pronounced.

"We're changing the way that employees relate to their work, and that's an incredibly exciting prospect for today's leaders," he adds. "Uber is the perfect proposition for candidates that want an entrepreneurial environment that rewards them unlike any other. We're building the business of the future, but you can see the impact of your actions on a daily basis."

But what does it take to lead a company with a structure that Buteau describes as "so fast-growing, like having 350 start-ups all working at the same time"?

"Some of our challenges – and the extent of our growth – are unprecedented," says Buteau. "Our hires must be strategic and hands on, visionary, passionate, determined to grow personally and professionally as fast as the company (quite a challenge in a business that is growing fourfold each year) and prepared to deal with an insane level of ambiguity."

According to Buteau, Uber's success and its ability to disrupt new markets and verticals "relies on recruiting the best and brightest, with a focus on problem-solving, team work, creativity, analytical skills, passion for the business and a vision that goes beyond what is happening today. →



"We want leaders that can take a step back and maintain a bird's eye view of the organisation – essential considering our geographical diversity – but also individuals who are prepared to 'get stuck in' and get things done when it's needed. Personally, I look for optimistic leadership: always inspiring others, gaining trust and respect, staying positive and joining forces in good spirit to make the sum greater than the parts."

And optimism is in abundance at Uber as its expansion continues unabated. "We've essentially had to build the company as we scale," Buteau explains. "To give you an idea of that scale in human capital terms, around 70 per cent of the company's employees have been in the business for just a year. You can only imagine the challenge that presents in terms of leadership and cultural values."

We are all leaders at Uber

"There is an expectation that you scale as rapidly as the company does," he adds. "It's an almost unique prospect in terms of employment. Anyone that has been here for a year or two has progressed through a number of positions. The nature of our business means that each job evolves so fast that the job description of today is obsolete two or three months later."

For Buteau the challenge of such a rapid up-scale is in maintaining the culture and drive that defines Uber's workforce. "Change as you grow is unavoidable," he says. "The challenge is to maintain the spirit of entrepreneurship that is fundamental to our success. But this is why we continue to raise the bar in terms of human capital. Quite simply, if we stop hiring entrepreneurs we stop innovating."

There is no danger of that happening. The unique proposition of unicorns such as Uber provides opportunities that leaders of the future will find nowhere else. "In a sense we are all leaders at Uber," Buteau says. "Every new hire is the leader of tomorrow and with our headcount increasing threefold each year, there is unlimited potential for everyone joining us. It's an exciting prospect indeed." ■

Nicolas Buteau is Recruiting Manager EMEA at Uber

HR: The top performers

ILLUSTRATION: MATT KENYON /IKON IMAGES

Odgers Berndtson's Australia office recently conducted some primary research that attempted to understand which key characteristics determine high performing HR teams. Here's a précis of what they found

Questions asked

1. Please can you share a brief overview of the structure and some broad brush metrics of your business?
2. What is your total headcount in Australia, and if applicable, globally?
3. What role does the HR team play in your organisation? Does HR have a seat at the leadership/executive table?
4. Does your strategic plan include people-related goal(s) as a key priority?
5. What are the most significant challenges you are facing as a business?
6. What are your most pressing short and long term HR challenges specifically?
7. How does HR respond to those challenges?
8. Do you think the challenges reflect the market generally or your execution?
9. Looking over your career, what in your experience are the most important attributes that distinguish a high performing HR team from the pack?
10. Knowing what you know, would you design or structure companies differently in order to maximise the potential of their people?

Top five common denominators of high performing HR teams

1 A business agenda at the heart of what they're doing

It was agreed unilaterally that all high performing HR teams have strong commercial acumen and a deep knowledge about the business. HR needs to be central to business decisions, not an ancillary influence.

Most said they want their team to comprise all HR backgrounds – from strategy, project management, technology – and to have a deep understanding of what it really means to be doing various roles. They take every opportunity to make sure people are coming from a position of knowhow, founded on 'actually doing' rather than theoretical understanding.

"You have to understand the business and understand the financials of the business because you have to be seen to understand what people are working towards and the pressures the businesses are facing – it adds to your credibility and your level of engagement with the business."

2 Customer focused and actively contributing to the big goals of the organisation

Great HR teams have moved away from the transactional and operational to the strategic. Key hallmarks of a good HR team are responsiveness, agility, collaboration, a self-managed team and individual accountability.

"Responsiveness is key – if HR are asked and don't respond for three to four days, it's not acceptable. People think you're payroll, hire and fire. We're not the soft touchy feely brigade here for a hug, we're here to drive the business forward."

3 Full accountability and measuring success by business outcomes

High performing HR teams are closely aligned with where the business is heading, put measures in place to achieve the wider business goals and then track performance in a measurable and timely way.

It's all about action and showing HR can deliver – and using commercial data to drive change.

"We can help with diversity, inclusion, flex work practices, behaviours and culture. And many would see that as fluff but we can showing commercially why you would do it. It's not enough that it might be a nice thing to do – we need to show it's about the employer value proposition."

4 Deliver a great employee lifecycle of experience that is aligned with the company vision and strategic plan

Great HR teams support over the horizon employee needs, not just today's. A competitive and attractive employer must pre-empt not respond to changes in employee aspirations. HR must recognise the employee's needs: a greater desire for flexibility, the need to contribute in a meaningful way, career development – more than just remuneration. Employee needs must be integrated with business aspirations.

"HR is the voice for employee experience. HR is often seen as aligned with management – and we are – but ultimately it's about whether employees have a good experience at work. Are they treated with dignity, are we developing their careers, do our leaders care about them? HR can influence that and maybe that's something that's not front and centre for managers."

5 Act as the voice and conscience of the organisation as well as great leadership coaches

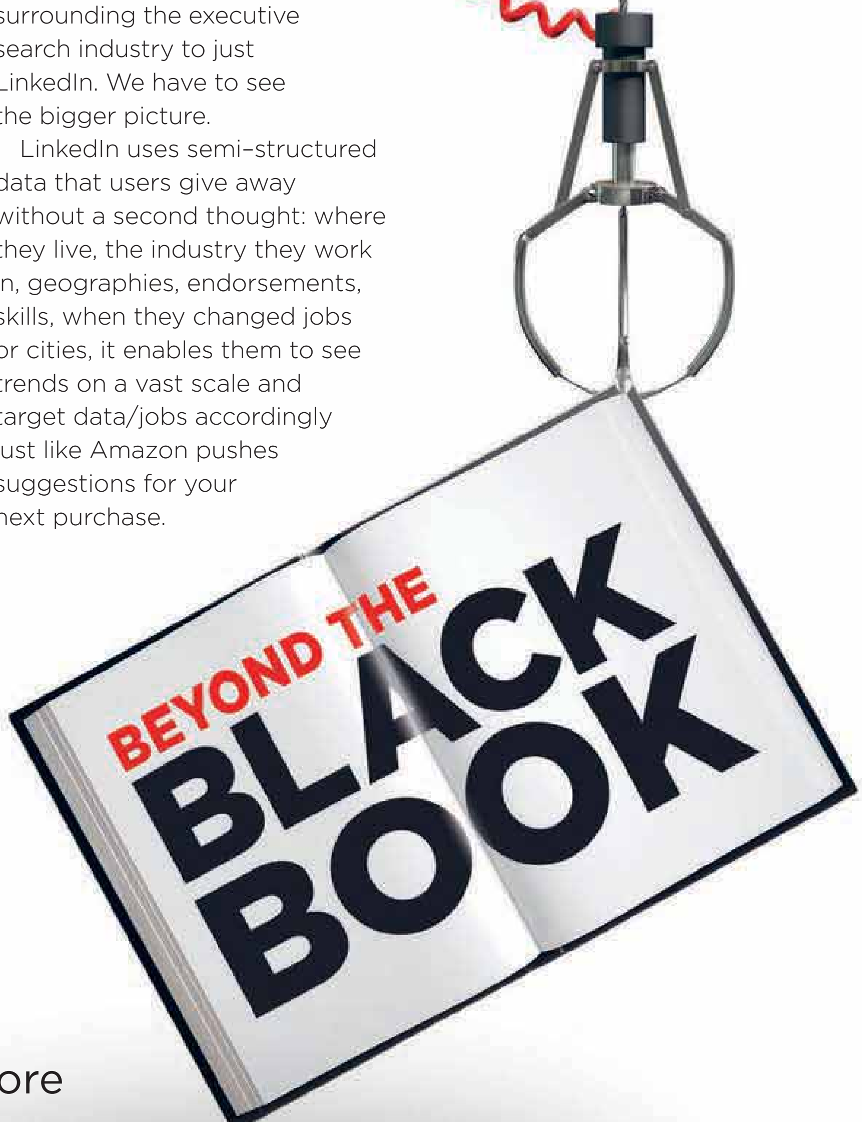
They take ownership around people practices and are vocal enough to challenge when something is not right. The best HR departments have the trust of the CEO to such an extent they can fearlessly share the challenging feedback they most need to hear. Alongside this, to build the capability, most leading teams have a number of development programs in place and invest significantly in training and development.

"If an HR director is going to be really effective one thing you have to accept is you have to make yourself one of the loneliest people in the business – you need to be able to stand above and to the side in terms of objectivity, more than anyone else."

"HR needs to be the one who will have the rough conversation – and it takes balls. You have to risk any career ramifications that may come from that. But other leaders look to us to have that tough conversation." ■

Beyond the Black Book

Even though the executive search industry is adapting to technology, says MEG MYERS, it still needs to have the human touch at its core



The headhunting business has changed dramatically over the past couple of decades. The view was that the all-powerful and much sought after headhunters' 'black book' – essentially a list of their best contacts – defined the industry. People wanted to be both in it and know who else was there.

And then in 2003 (yes, it was that long ago) Reid Hoffman came along and threw open those pages for everyone to see. For the first time the world could take a peek at some of those coveted details. LinkedIn had been born and those that wanted to could now see inside the book.

At first, the executive search market resisted its power: it would not hit 'their' market, it was for the 'aspirational set' not the senior directors that they typically dealt with. We all know what happened. LinkedIn now has more than 300 million users, there are now over one billion LinkedIn endorsements, more than 40 per cent of LinkedIn visits are now via mobile, and there are well over two million LinkedIn groups.

Yet, interestingly, despite these statistics, LinkedIn's detractors continue to argue and find fault: LinkedIn has to be verified, LinkedIn costs, LinkedIn only covers a certain percentage of the market, lots of senior people do not want to be bombarded by another way of being contacted, LinkedIn lets you see who it wants you to see and not always who you are after. And so on.

The debate will no doubt continue but we cannot limit the changing forces surrounding the executive search industry to just LinkedIn. We have to see the bigger picture.

LinkedIn uses semi–structured data that users give away without a second thought: where they live, the industry they work in, geographies, endorsements, skills, when they changed jobs or cities, it enables them to see trends on a vast scale and target data/jobs accordingly just like Amazon pushes suggestions for your next purchase.

Machine learning

We have also seen the encroaching impact of cognitive analytics which uses the human brain as its model; how we process information, deduce and most importantly learn is starting to take a lead role in these conversations. Machine learning (also known as data mining, pattern recognition and predictive analytics), natural language processing (used already with Siri and Cortana) which enables the parsing, the understanding of unstructured data (think handwriting, voice commands/ transcripts, mobile data points, email, tweets, blogs, posts, images etc…) and a whole lot more capability in terms of storage and processing. What this might mean takes us way beyond LinkedIn's email of jobs to you that seem to match your profile.

For example, take a look at the rise of wearable technology (see pages 19-21) and we start to see another set of data points that can feed into the senior appointment process. Your health data may not be only useful to your insurance company; your actual employer may find this of value. It could be just the point of data that it uses in its human resources assessment such as analytics that highlight talent pipeline issues, diversity mapping and performance management. GPS is already being used in the supply chain so there is natural progression in monitoring employees at all times: we can monitor what they are working on, who they are talking to and messaging and match this against set KPIs, to improve training.

The data that we need to ensure that you can pass your due diligence checks could alter massively. Where appropriate, there is already in place various background checks e.g. criminality, financial probity, your internet footprint, etc… but move beyond the blogs and the tweets and think about how comfortable you would be for your search history to be fed into the interview process too? Imagine when we can combine this health data, your search history along with various language/ profile analysis tools and apparently 'know' the candidate both inside and out.

> "We need to shout again that what we offer is more than dehumanised data points"

The privacy backlash

Never mind the privacy backlash that might ensue, as big data starts to affect everything we do, we need to shout again that what we offer is more than dehumanised data points no matter how many patterns are recognised. Don't get me wrong, Amazon, Netflix et al can tell you what most people with similar profiles bought but most people with similar profiles are not me and the nudge towards certain products and films, although sometimes useful, can actually result in me compromising on my original search. My options actually feel limited rather than expanded upon because I am being pushed to follow the pattern rather than towards a fuller search and sometimes even to question what I seek.

The impact of big data

LinkedIn disrupted the black book and at that point it became paramount that we spell out to our clients that it is not profile of individuals that they are buying, but that we work hard to understand and follow their market so we can offer the best advice. We know our candidates not just the data on their CV.

And now in the face of the next stages of big data, we must again reaffirm that we work hard as a team together because – to use the old cliché – people will always be people. We will obviously take full advantage of what technology can offer us but it is our role to challenge the assumptions so we can avoid the obvious, move beyond the patterns and provide an independent voice, a reflective space and most importantly a creative leap so only the most well considered outcome is delivered. ■

Meg Myers is Head of Information & Knowledge Management at **Odgers Berndtson**

Authenticity 2.0

ROB GOFFEE and GARETH JONES argue that leaders require more than just authenticity to perform at their best

Authenticity has become the latest buzzword in business. Dozens of books, both in America and in Europe, have been encouraging individuals, especially those who aspire to leadership, to be their true selves – to find their 'true north'. Alongside this, executives are encouraged to tell their life stories in compelling ways. But is authenticity on its own enough for the exercise of leadership?

There have been some considerable differences between the American and European accounts of authenticity. In the US, it seems that being yourself is both a necessary and sufficient condition for the exercise of leadership. It is as if authenticity is solely the property of individuals. In Europe authenticity is more commonly seen as a necessary, but insufficient, condition for leaders. Rather, leaders should use themselves skilfully and in context. This view forces us to see authenticity as not just the property of individuals, but of relationships – you can't be a leader on your own! If leadership is a relationship it should be as much illuminated by sociological concepts as it is by psychological ones. The last hundred years of research on leaders has been excessively psychological.

What does it mean for leaders to act skilfully and in context? Above all, they need the skill of situation sensing – the ability to collect and interpret soft data. To walk into the Frankfurt office and notice that morale is up, to feel that something is not quite right in the marketing department. And of course, a critical part of situation sensing is reading the cultural context.

This essential skill can be developed. Leaders do need to be themselves, but skilfully and in context. Perhaps the real challenge, in this age of endless corporate scandals, is to build authentic organisations, places where people can be their authentic and best selves. ■

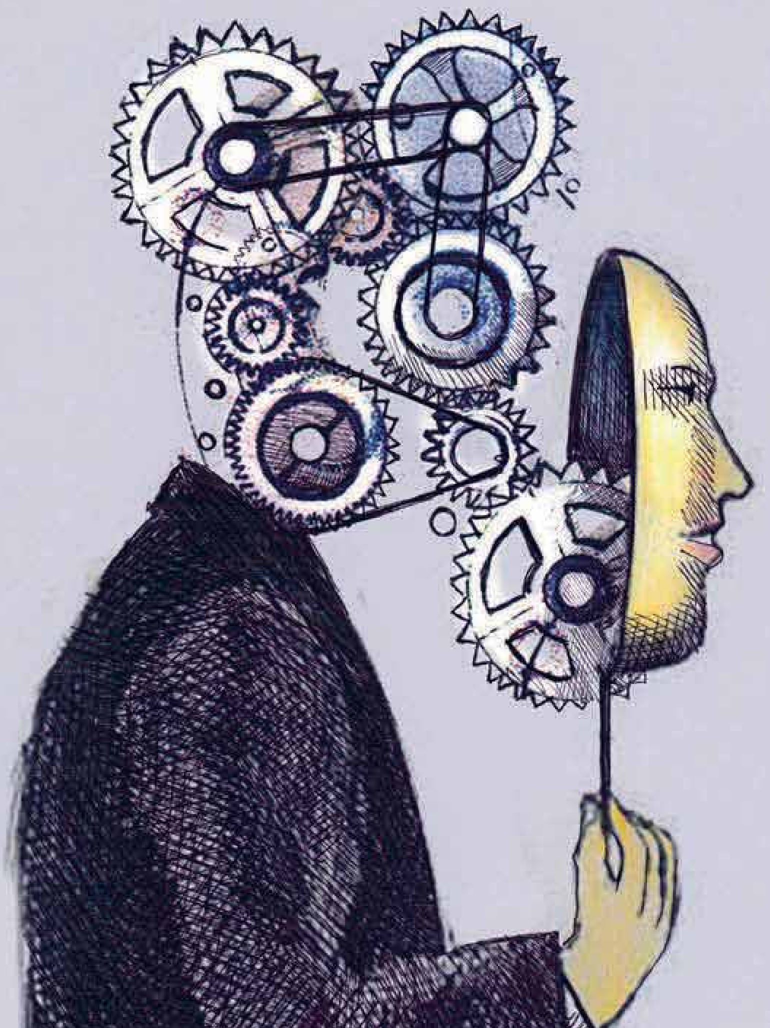
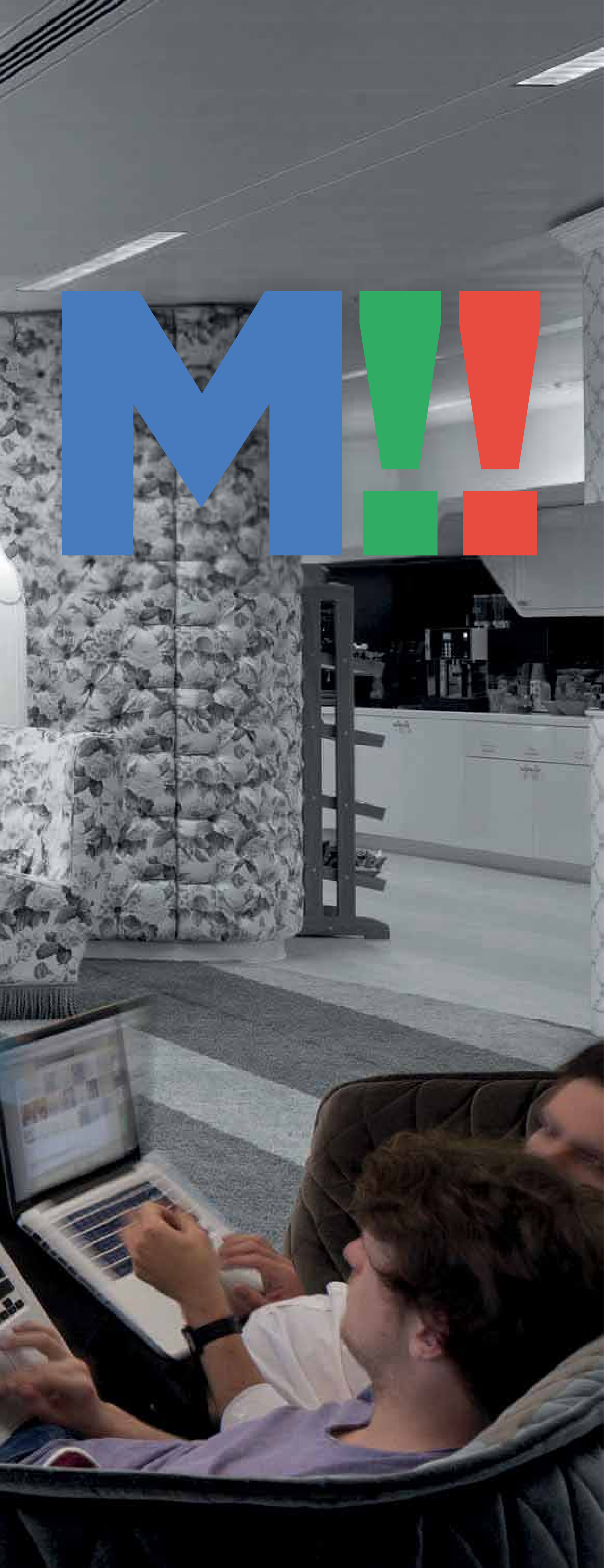


ILLUSTRATION: IKON IMAGES/ALAMY

Why Should Anyone Work Here? What It Takes To Create An Authentic Organization by **Rob Goffee** and **Gareth Jones** is published by Harvard Business Review Press, $30

TECH, TECH BOO



In a world that is increasingly driven by code there is a new commodity shaping human capital: the 'rock star' software engineer.
MATT HIGH reports

Think of a software developer, or 'coder', and what comes to mind? The chances are that the words rock star or superstar weren't part of the image you conjured. And it's almost certain that you didn't picture today's software engineers as masters of their own destiny, revered like leading musicians or actors with their own Hollywood-style talent agencies to represent them.

But this is the cutting edge, the pinnacle of 21st century innovation where software developers reign supreme. The world as we know it is being rewritten in code, and an unprecedented tech boom and the worldwide proliferation of 'digital' means that software development and programming are no longer restricted to Silicon Valley.

"Everything is driven by 'digital', and the need to compete in new markets or defend from new digital entrants makes time of the essence," says Alan Mumby, Partner and Head of CIO & IT Transformation Group at Odgers Berndtson. "The rate of change has never →

PENSON/REX/SHUTTERSTOCK

ROCK STAR LIVING Google Headquarters, Covent Garden, London. A 160,000 sq ft hub featuring a secret garden, 'granny flat' interiors, allotment and work and lounging space for 1,250 non-traditional desks before been experienced and it is pretty exhausting trying to keep up with it."

To put it simply every business, every industry, every government, everybody needs code. "Competing in such an environment takes new skills and tools, and those with them are the most sought after resource," says Mumby. "Knowledge is everything and it will become your only property worth anything."

Demand for the best and brightest software developers has ignited a talent war of epic proportions as everyone, from the smallest start-ups through to major global investment banks and multinational corporations, competes for the most talented coders. In 2015, for example, it was estimated that in the US alone around one in every 20 job postings was related to software development/engineering, while in London a distinct lack of software talent is driving an increasingly competitive market.

And when time is money, everyone wants the best. Those in the highest demand are known as 'rock stars', and they are a rare breed. Consider them the elite, the top few per cent of all software developers who, through their exceptionally creative lifestyles and talented coding have become the hottest human capital commodity.

HORNBIL IMAGES/ALAMY

HIRING THE SOFTWARE SUPERSTAR

- Can they really motivate and lead, no matter how unique their technical skills are?
- Are they commercially focused despite their deep technical expertise?
- How deep and broad is their technical expertise? Is it relevant to the role?
- Are their all-round communication skills capable of being effective at Board level?
- Do they possess robust all-round stakeholder management and political skills?

Anatomy of a rock star

"Someone who is exceptional in their role is not just a little better than someone who is pretty good," Facebook founder and CEO Mark Zuckerberg once claimed. "They are 100 times better." And so it is with the rock star coder.

Programming, like any creative pursuit, is a labour of love for rock stars. Beware the common misconception that writing code is mechanical and purely scientific. The rock star is a highly creative, artistic and unique individual. They live very rich and very diverse lives – many are musicians, artists or poets – and their desire to create and innovate brings an incredible advantage in the coding they produce.

Like musicians or artists, their ability to draw from their vast experiences and inspiration allows them to be a more sophisticated, efficient and economical programmer who is more creative with code.

"They have one overarching talent, which is to blend really deep, cutting-edge technical acuity with the ability to lead teams of people on journeys defined by a vision. But a vision is useless without the means to deliver it, and those who can do both are the new techno-rock stars," says Mumby.

At its most basic level coding consists of problem solving and an understanding of what needs to be done to make the code as scalable and effective as possible. A rock star could, for example, allow you to achieve in one hour what you can do in four or five hours with a team of very skilled software developers. There are even reports of rock star developers entering a business and solving a problem in a relatively short timescale that an in-house engineering team hasn't been able to solve in some years, adding exponential value to the business in the process.

The world's a stage

If you're wondering what it takes to secure your own rock star – and why

> The rock star is a highly creative and unique individual. They live very rich and very diverse lives

wouldn't you be – then you'd better be prepared to enter a fierce bidding war. The sparsity of such highly skilled individuals has had a significant impact on the hiring process and created an environment where rock stars are effectively able to pick and choose whatever job, salary and bonus packages they wish.

Six-figure salaries are standard for the very best, as are the video games, pool tables, breakout areas and other novelties that have become synonymous with the 'modern' and 'cool' tech office.

But it goes beyond that. Everything is being offered, from on-site haircuts, on-site yoga and other activities to an indoor tree house (Airbnb), a music room (Dropbox) and free gourmet meals delivered to desks. That's not to mention the 'precation', a fully paid for holiday to a destination of choice that's taken after a contract is signed, but before a single line of code is written.

OPPOSITE The rock star: living by their own rules and free to work when and where they wish

BELOW Blending cutting-edge technical acuity with creativity, passion and a vision

JUICE IMAGES/ALAMY

Other examples include Twitter, which paid senior vice-president of engineering, Christopher Fry, more than $10 million in stock options in 2012 – a figure that was second only to that received by the CEO. Meanwhile Google, in an attempt to prevent a leading programmer defecting to Facebook, paid him $3.5 million in restricted stock options.

If you can offer those kind of figures then you're certainly an attractive prospect, but remember, the rock star is more than a mere mercenary. By their very nature they are attracted to different or exciting opportunities, businesses with unique missions or innovative concepts that give them the opportunity to create code that will have a significant and lasting impact on the world.

This is perfect for the innovative and fresh tech start-up, coincidentally a favourite stomping ground of the rock star coder, but how can larger businesses compete? Quite simply, by making the working environment and the business culture as attractive a prospect as possible. A bank might, for instance, offer the prospect of changing the global economy for the future, or an insurer might describe coding work as protecting the world from the dangers of cyber crime or hacking.

Remember also that cultural fit is, in a large majority of cases even more important. When you hire a superstar you expect results, but what of the preconceptions associated with the world of software developers? To an extent it's true that, while exceptionally gifted in terms of raw talent, many rock stars are less so when it comes to social interaction, dealing with the 'business' of doing business, communicating effectively and negotiating contracts.

But if you can navigate past this effectively and create an environment and culture that is able to lure such talent, you'll have a formidable weapon in your arsenal. The choice is simple: if you want to remain competitive in a market that is changing more rapidly than ever before you need to hire the very best – you need a rock star. ■

The view from Turkey

As part of its New Generation Boards programme, Odgers Berndtson Turkey has been running a series of high-level events aimed at better understanding board and leadership issues

Everybody agrees that mature and effective leadership is more critical than ever in these turbulent and uncertain times. But it is also true that through close collaboration and the sharing of knowledge and experiences, we can bring fresh insights and novel approaches to solving these difficult challenges.

At Odgers Berndtson Turkey we have been bringing together industry leaders, role model executives and academics to create ad hoc collective knowledge platforms in which to share best practices and investigate critical board and leadership issues.

In the past two years, these have included a series of high-level meetings held under the general heading 'New Generation Boards' as part of our ongoing CEO and Board practice to help improve board dynamics.

Our most recent event was hosted by the Istanbul Stock Exchange, Borsa Istanbul, and organised by us in collaboration with the Corporate Governance Association of Turkey.

Some of the country's top executives, representing a wide range of industries, from publishing to automotive to services, attended to hear the keynote delivered by Christian Wulff, former President of Germany from 2010 to 2012, who shared his opinion on the 'Three is for sustainable growth' – inclusiveness, implementation, and investment – the focus of Turkey's G20 Presidency.

This was the fifth gathering of the New Generation Boards meetings. Previous speakers, such as Ian Goldin, Professor of Globalisation at Oxford University, who served as Vice-President at the World Bank and advisor to Nelson Mandela, also stressed the importance of good governance beyond the corporate context. ■

Ayşe Öztuna Bozoklar
is Managing Partner,
Odgers Berndtson, Turkey

DISCUSSION POINTS

- Inclusiveness and increased diversity at board level, with members drawn from different social backgrounds and age groups, and especially an increased representation of women in board and senior executive roles, are crucial for better leadership and governance in the future.
- Anti-corruption legislation and strict corporate governance principles can no longer be considered enough to prevent serious wrongdoing. Instead, companies need to build a corporate culture where each board decision is scrutinised carefully for its long-term implications, not just the short-term effect it can have on revenues.

COMMENTS FROM PANELISTS

“ Panel member Ali Kibar, chairman of Kibar Holding, a major industrial conglomerate active in the metal industry, said: “Every board should have a 'Mr No', a director who will challenge dominant ideas and, if necessary, directly oppose the views of the chair.” ”

“ Panel member Agah Uğur, CEO of Borusan Holding, a leading conglomerate operating in iron and steel, energy and logistics said the presence of non-executive directors themselves did not guarantee board diversity “unless the board is truly prepared to share power and to listen to opposing ideas.” ”

“ Panel member Vuslat Doğan Sabancı, chair of Turkey's leading media group, Hürriyet, said: “Board diversity should include non-executive members from different industries and cultures. We started appointing non-executive directors 12 years ago with a long-term perspective, and our group has benefited from this.” ”

High performing organisations have one thing in common – a palpable sense of energy and a unique blend of values, beliefs and behaviours. DI RIX went culture hunting

IT'S ALL ABOUT THE CULTURE

ALAMY

When you walk through the doors of a high performing organisation, it is said that the difference is palpable.

Like a breath of fresh air, employees are energised, engaged and confident about their organisation's strategy rather than confused and resigned to it.

And those observations can be quantified by key performance measures like sustained earnings and market share growth.

So how does a company go from being good to great and from great to exceptional? It's all about the culture... that unique mix of values, beliefs and behaviours that together creates trust and a sense of shared purpose.

And 'Culture' – Merriam-Webster Dictionary's word of 2014 – has established itself as one of the corporate buzzwords that senior executives should ignore at their peril.

According to Edgar Schein, widely regarded as the 'father' of organisational culture and author of *Organizational Culture and Leadership* (first published in 1985): "The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you."

Schein argued that leaders should not confuse culture with other concepts like climate, values or corporate philosophy and said that culture operated at a level below these and largely determined them.

Great culture, great numbers

Like Schein, Jack Welch, for 21 years the head of General Electric, was vociferous about its importance. While boosting GE's stock market value by over 5,000 per cent and being named *Fortune* magazine's Manager of the 20th Century, he boasted that "great cultures deliver great numbers".

But the GE culture of routinely culling the bottom 10 per cent of GE staff – who were graded annually on a five-level scale – regular public hangings of poor performing managers and excessive pay for top executives led, critics believe, to a culture of backstabbing and a climate of fear.

> So it's for CEOs to take a serious look in the mirror, because it all starts with them

Toronto-based Human Capital Strategist and Executive Coach, David Wexler, is typical of a new breed of manager that has turned his back on Welch's management model.

"High performance cultures do not differ from industry to industry or market to market. They start and end with the CEO. And only when that CEO stops paying lip service to the notion of culture do things improve."

No 'I' in team

"If his actions prove contrary to his words, it leads to low trust and high cynicism. The driving factor to high performing workplaces are high levels of employee trust."

Chris Canazoli, head of New York-based organisational culture consultants gothamCulture agrees.

"A company may say they want to encourage teamwork, but when you look at the compensation model they use for the salesforce, you often find it heavily skewed towards individual performance. And the salesforce is not going to work collaboratively, if the reward and recognition processes are designed for individual performance."

Wexler commends Xerox and Proctor & Gamble for their longstanding enviable cultures. Both take a long term view in terms of career development and progression, investing in formal training of future leaders. Because their cultures are so strong, they are unlikely to be shaken by one bad hire or bad period of company activity.

"Even when firms like Rim (maker of Blackberry) with great cultures hit on hard times, employees want to stay connected either through LinkedIn or social media where former employee pages are set up and regular get-togethers in bars near the HQ organised. Ex-employees then work to help one another find work."

Small cultural changes can also have huge positive knock-on effects even in rules-based patriarchal firms like Toshiba and Honda he says.

While VP and Global Head of Human Resources for software company Alias Systems about 10 years ago, he appointed a Japanese national with a background in global hotel chains as head of HR in Alias's Asian operation in Tokyo which instantly led to increased employee morale and engagement.

"The first thing she did was to throw out the traditional rules-based work plan that was in place and replaced it with a more progressive empowering approach which treated adults like adults.

"Workers were told that they no longer had to ask to use the bathroom, and the culture instantly started to improve," he said.

A climate of openness

Denizbank CEO Hakan Ates is in no doubt about what is driving high performance at Turkey's fifth biggest private bank, which he started 18 years ago. While he cites transparency, accountability, responsibility and fairness as key, he says his most valuable resource is human.

"I have a motto that whenever anyone joins the firm we recreate the bank from →

scratch. His or her contribution and ideas will be instrumental, and as an organisation we reshape culturally."

A recent winner of a global banking industry award for innovation, Ates says to achieve high performance a bank's culture must welcome and encourage staff to express their ideas in a climate of openness "because the more you do that, the more eager people will be to give".

"I am a matchmaker, not a banker," he says. "On the one side we have our most valuable resource that is human and on the other side is technology. Bring those together and we are on to a winner. Because to win in financial services you have to keep coming up with new technologies to give the customer the best experience and to stay ahead of the competition."

Rocky Ozaki, HR director of Vancouver-based PaySavvy, which provides software to manage human capital, says that it is in the start-up technology sector that the future workforce (aka 'connected generation') is making the biggest waves, because they can rewrite the rules.

No shortage of ping-pong tables

His commitment to building "amazing company cultures" has led him to develop an industry-wide People & Culture (employee experience) survey, whereby technology companies can discover their ranking against other participating tech companies, which will then help them attract, engage and retain top talent in the hyper-competitive tech industry.

"In 2014/15 our team examined countless technology companies. While there were no shortages of ping-pong tables and beer fridges, a surprising number hadn't considered team member retention or performance impacts as a result of a slightly or fully disengaged staff.

Reaping the rewards

"We're not a 'top employer' competition so we won't share company names. Instead, we will tell you what percentile your engagement scores fall into. The more companies involved, the more data we can share and the more we force one another to continually improve," he says.

So how do you know whether your investment in culture will reap dividends?

Over an 11-year period John Kotter and James Heskett, authors of *Corporate Culture and Performance* (first published in 1992) carried out an extensive research project detailing the corporate culture of 207 large US companies across 22 industries, looking at how each company's culture affected its economic performance.

From that research, it highlighted the difference in results – over the 11 years – between 12 firms that did and 20 firms that did not have performance-enhancing cultures, even looking at companies that were similar in every other way – American Airlines versus Northwest for example – to isolate the effect of corporate culture.

And the results were staggering. The average share price growth in the 12 'good' firms was 901 per cent, compared to just 74 per cent in the 20 'bad'.

Those that cared for all their stakeholders grew four times faster than companies that did not. Job creation rates were seven times higher and net income increases 750 times higher than in those companies that didn't manage their cultures well.

So can we be optimistic about the new millennium workplace? Not according to Wexler. "If you ask most employees if they are happy at work they will say no. So it's for CEOs to take a serious look in the mirror, because it all starts with them." ■

Di Rix is a freelance business journalist

THE ASIAN QUESTION

Failure to help Asian managers rise up the multinational corporate ladder can cost companies money and reputation. ARWEN JOYCE looks at new research conducted by Odgers Berndtson Singapore that examines this complex issue

ILLUSTRATION BY MATTHEW RICHARDSON

Asia has long been a region of focus for multinational corporations (MNCs) seeking growth opportunities. Home to 60 per cent of the world's population and constituting a third of the global economy, Asia is too big to ignore but presents unique challenges to companies that have a primarily Western outlook. Unsurprisingly, the same cultural and communication differences that make doing business in Asia challenging for Western companies also play a role in keeping Asian executives out of the upper echelons of management. This is a challenge MNCs will need to tackle head-on in order to maintain their competitiveness in this crucial market.

According to IMA Asia, a group providing advisory services to executives in the region, 80 per cent of the members of its Asia CEO Forum, comprising APAC presidents working for large MNCs, are expatriates. The executives in the forum who are from Asia were all educated abroad and have spent time working overseas, often in Europe or the United States.

Surveys conducted by Odgers Berndtson in 2015 with HR managers at 19 MNCs who base their Asian headquarters in Singapore confirmed this finding. Odgers asked the executives on a non-attribution basis about their experiences identifying and promoting high-potential Asian employees. One HR manager at a global technology company believed that Asian employees tend to remain one or two levels below where they should be in terms of their skills and career path.

Given the importance of diversity and local knowledge to success in this region, why is it proving difficult to promote qualified people? According to the recruiting and human resources professionals that Odgers Berndtson surveyed, a few key issues stand out.

Barriers to entry

One reason Asia-born managers find it difficult to reach the next rung on the MNC leadership ladder relates to cultural differences in communication and leadership styles. In Asian cultures that score high on the power distance index [which measures the extent to which the less powerful members of organisations and institutions accept and expect that power is distributed unequally], respecting your elders, deferring to those above you in the corporate hierarchy and consensus building are key. As a result, a highly capable Asian

employee may be reluctant to tell his superiors ‘no’.

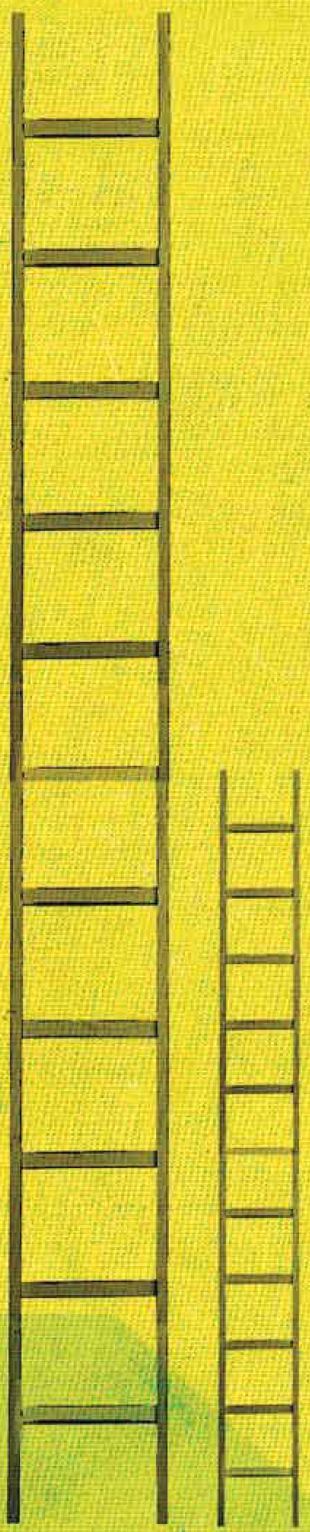
Western managers, by contrast, value a plain-talking straight shooter and may therefore find an Asian employee’s deferential communication style to be too opaque. As a Singapore-based executive of a multinational pharmaceutical company pointed out, this can lead to Asian talent being viewed as less skilled at managing upwards, managing conflict and giving feedback. Communication differences can also result in trust issues and MNCs are especially reluctant to promote someone perceived to be non-communicative to roles involving compliance and financial oversight responsibility.

Another stumbling block is the degree to which Asian employees rely on their managers to identify and present them with growth opportunities. A human resources leader at a global chemicals company observed in this regard: “Managers need to push Asian employees to be more proactive in managing their own careers.”

A final issue mentioned by most of the Singapore-based executives Odgers Berndtson surveyed is the reluctance of many Asian employees to relocate internationally. A human resources manager at a computer hardware MNC noted: “Candidates must have experience in multiple markets before they can be considered for regional leadership roles.” This can be a limiting factor for otherwise high potential Asian talent. As a global pharmaceutical executive said: “Asian employees tend not to want to move as they may be the family’s sole income earner.” Even unmarried Asian employees may be reluctant to relocate for a long-term assignment if it means leaving their parents behind.

Re-evaluating MNCs’ approach

Expecting all Asian employees to transform themselves into Western versions of themselves cannot be the answer. Although, without a doubt, being able to move seamlessly between the two worlds is a valuable asset and employees fitting this description will →



“Western managers, by contrast, value a plain-talking straight shooter”

continue to be expensive and highly poachable. Instead, according to some human resources managers in Asia Pacific, MNCs need to address the weaknesses of their current approach to hiring and talent management in the region if increasing diversity and local market knowledge are truly a priority. By and large, the talent development programs of MNCs are designed with the Western executive in mind. Of the 19 MNCs surveyed, only 13 had a formal talent development program in place and only seven had tailored that program to suit the particular needs of Asian employees. Not surprisingly, the same seven were the only companies surveyed that had promoted local Asian talent – meaning Asian employees who had not spent a significant amount of time in the West – to APAC leadership roles.

For one thing, Western-leaning talent development programmes tend to emphasise longer-term overseas rotations as opposed to short-term placements that guarantee the employee's position will still be there when she returns home. The latter are generally more palatable to Asian talent.

In addition, networking and profile-raising are often key to climbing the ranks at an MNC. These are skills that are learned throughout a Western-style education and corporate environment and may not come naturally to someone from a different cultural background.

Contrasting perceptions

One of the multinational technology company executives Odgers Berndtson spoke to contrasted the perception of what is needed for career advancement in the West and in Asia: "Asian employees project a more competency-based model of success while Western employees tend to proactively educate themselves on company structures and take on responsibilities beyond their functional titles." Companies that are seeking to increase diversity in their top echelon of managers would be wise to recognise that this difference in approach is cultural as opposed to viewing it as a deficiency on the part of Asian employees.

As a human resources leader at a multinational chemicals company observed: "One can not simply apply Western talent development models to Asian employees and expect that to work." Another executive at a global telecommunications company advised: "Companies should change their [career development] systems to cater to Asian talent. This would internationalise their talent pools, which are quite headquarters-centric."

It may be inescapable that "relocating gives candidates peripheral vision and learning agility" that is difficult to acquire if an employee never leaves his home market. But companies should consider whether a three-week overseas assignment might achieve the same development goals as a longer placement. Likewise, managers should question whether over-emphasising the ability to network across the organisation could cause them to overlook well-qualified candidates for regional roles. As long as talent development programmes are designed to recognise only people that fit the typical Western profile of a 'high potential' employee, valuable talent resources will be missed. The bottom line is that failure to remove the glass ceiling for Asian talent will cost companies money – either in terms of costly expat placements that fail to yield sustainable results or missed growth opportunities in the region. ■

Arwen Joyce is a business journalist based in Singapore

THE D WORD

Organisations that fail to embrace diversity-promoting policies could be underperforming and hampering future talent pipelines as a result. So why are boardrooms still falling short when it comes to the 'D' word?

SANDRA KESSELL investigates →

ILLUSTRATION BY FRAZER HUDSON

Besides ethical and social implications, the creation of greater diversity in the boardroom has a proven financial imperative. Diversity in the C-suite challenges 'group-think' and according to research encourages an organisation to consider many alternatives and angles before decisions are made.

Beyond the balance sheet, organisations that embrace diversity are helping to future-proof their human capital; gender parity, mixed ethnicity and policies that are friendly towards lesbian, gay, bisexual and transgender (LGBT) candidates will find their principles also gain favour when it comes to recruiting – and retaining – the best graduates and most able and ambitious staff. Such companies are drawing from the whole pool of talent, not restricting their search to the same few arenas.

Ernst & Young's Managing Partner of Talent, UK & Ireland, Liz Bingham, was awarded an Order of the British Empire (OBE) in 2015 for her work as a diversity ambassador. "I think the whole diversity and inclusion debate has moved from being a necessary 'HR' thing that is all about being nice to people to, actually, an understanding. In my view it was the global financial crisis that really accelerated the thinking about it," she says.

Bingham, who worked as an insolvency practitioner for 30 years and was EY's Head of Restructuring before taking up her current appointment, also puts forward the argument that wider-ranging thoughts and ideas, and to attitudes to risk, could have put the brakes on the kind of practices that led to the financial crash, stunting economic growth.

Encouraging diverse role models

"I think that economic debate is a much broader debate and is starting to be much better understood," adds Bingham. EY isn't new to the idea that diverse role models at the top of a company set the scene for up and coming business leaders. Arthur Young, the professional service firm's founder, originally trained as a lawyer, but found his deafness and low vision made it difficult to pursue his chosen career. He switched to accountancy, set up his own practice and ever after felt driven to innovation and entrepreneurship, which helped him develop the firm towards the successful international practice it is today.

True to that original ethos, Bingham is regularly called to speak on the subject of diversity and to be a role model for other aspiring executives not just within the firm, but worldwide. Listed as an

> There are no figures to show how many UK board directors have some form of disability

influential 'out' executive, in 2013 Bingham was named by the BBC as one of the most powerful women in the UK.

"I think it is hugely important at exec level, otherwise there's a risk of it just being seen as rhetoric… and that just undermines the entire message. I think those role models are really important to encourage the next generation to look up in an organisation and say 'Wow! There's somebody that looks like me – I could go all the way here'," says Bingham, who cites an inclination to "fish in the same old ponds" along with laziness as practices that keep women, ethnic minorities, LGBT and disabled executives off shortlists and out of the boardroom.

Despite Arthur Young's pioneering approach to disability it remains a little discussed aspect of diversity, whichever country a disabled person lives in. Despite Britain playing host to the Paralympics in 2012, there are no figures to show how many UK board directors have some form of disability. In a survey published in 2014 on behalf of the charity Scope, experts interviewed during the research said they were particularly keen to see more disabled people as role models and in the kind of leadership positions that are responsible for championing change.

Writing in Diversity MBA magazine, president of US-based Springboard Consulting Nadine Vogel, who is considered a global expert on disability in the workforce, points out that people with disabilities are sidelined – an untapped source of talent, revenue generation and innovation since they number more than one billion people – 15 per cent of the world's population. It's a problem that is even worse among people who struggle with mental health incapacity, according to Poppy Jaman, CEO of Mental Health First Aid (MHFA).

The issue of quotas

Setting, and even achieving, quotas won't help an organisation if it doesn't also change its culture, says Frank Douglas, who has his own consulting firm, Caerus Executive, which he established by drawing on his experience as an international HR director. Born in Mississippi, he worked in New York City and Holland (for Royal Dutch Shell) →

before basing himself in the UK. His international background has encouraged his passion for developing leaders and organisations in emerging markets, with a particular focus on Africa.

Because of his experience he has grown to realise that the word diversity means different things, depending on the country. "If you say diversity in the US it's an all-encompassing term covering men, women, Latinos, people who are over-45… that's called ageism, not diversity, in the UK. In Africa, in the oil business, a board may be made up of 10 black men – what does diversity mean to them? You have to define ethnicity, for example, in each country," he says.

In his consultancy role one of the ways he challenges company executives to consider their firm's culture beyond gender diversity is by pointing out that while every white man knows a white woman, not every white male knows an ethnic minority person, or a disabled person, or someone who is gay or a transgender person.

Cognitive diversity is an important factor in making changes towards greater inclusivity, says Douglas. He urges those companies consulting him to recognise that their own improvement programmes have to be hungry and open to encourage the diversity they say they are seeking. Any under-representation within a company speaks of a fissure in its own talent programme processes, he believes.

"If you're not getting the best out of your system you should do something about it," he says.

Douglas also feels it is time for companies to expect their suppliers to have a cohort of diverse individuals on their own boards.

Walking the talk

"The US is more mature in this approach, which is: 'When you're tendering for my business I want to know what your diversity statistics are within your business'; I'm going to work with companies that walk the talk. So you start to bring pressure on to the supply chain and professional service providers from that point of view. In US companies that effort is a lot more progressed because there's been a lot more focus on the supply chain in the tendering process." It's up to the biggest companies to set the scene, he feels.

"If you just extrapolate it – if I'm a recruitment firm and I'm going to a top company tendering for business and I know that part of the tendering process is the demographic of my own workforce then first of all, I have to make it a business issue for me, before I'm tendering for the business. Secondly, if I have an LGBT or ethnic minority sales consultant then my chance of them plugging into those diverse pools is probably also increased. Therefore the quality of the pools, through those candidates, is increased. It has a multiplier effect if companies start focusing on their supply chain, not just in recruitment, but all aspects," he says.

In Finland, which has a relatively good track record on gender parity in upper management levels, getting women to take on roles leading to board appointments isn't quite so straightforward. According to Sami Erviö, a partner at Odgers Berndtson, Finland, generous maternity allowances that allow women to stay off the career ladder can leave them behind their male colleagues in terms of experience gained. Erviö considers that the language barrier, part of the reason immigration has traditionally stayed low, has a knock-on effect when it comes to the number of non-native speakers recruitment teams have to choose from when they are filling Finnish boardrooms, creating a less diverse executive team.

Turkey is a multicultural environment that has always included large groups of people from ethnically and culturally diverse backgrounds. Professionals who have the necessary skills to perform at board level will find no barrier to appointment, says Ayşe Öztuna, the Managing Partner of Odgers Berndtson's Istanbul office. The country has enjoyed a buoyant economy making it a powerhouse for businesses' growth. Despite its well-educated workforce and young demographic there's a shortage of talent simply because demand outstrips supply. That means no company can afford to overlook anyone with the ability to take up an executive role, regardless of gender and background.

Tracking results

"If they meet a business's requirements – if that person is the one – the right talent gets into the board room or management team," says Öztuna. "That also serves the interests of the population, consumers and clients."

International law firm Clifford Chance, which has won awards for its approach to improving diversity, has bottom up and top down programmes. Laura King, Global People Partner, believes that it should be clear what a firm stands for in its recruitment materials: seeking the widest range of talent signals intention, she says.

"Tracking the result is also important," she says. "What was the range of application and what happened during the process? But getting diversity into the organisation is not enough: organisations need to ensure everyone has development opportunities (challenging work, exposure to clients, →

training about working in a diverse environment) and assessment that recognises outcomes.

Whichever aspect of the diversity issue is being addressed, King believes the operational foundations are the same and she highlights strategies that can ensure fairness across the board.

"Ensure broad communication into the recruitment community, track results (systems readily enable this without requiring candidates to disclose to interviewers or recruiters should they prefer not to do so), ask your incumbent colleagues their views, ensure access to development opportunities, query results and report," she says. King believes every organisation should be seeking means to differentiate and to attract the best talent.

"Role models at the top are an important part of this, but I'm not aware of an organisation which would compromise quality. Fortunately, it is not difficult to do both: achieve quality appointments and broaden the range of role models," she says.

The matter of encouraging disabled candidates to apply for executive roles is an area that does not, currently, receive the same amount of media attention as other areas of diversity.

"There are challenges (visibility, privacy, for example) which may make this a more complex area for organisations to tackle through transparency, reporting and tracking. However, we have seen change and we hope that the pace of this will increase," adds King.

Regular reporting

On quotas as a means to achieve the 'right' balance she says their efficacy may depend on the starting point, the potential talent pool, the current pace of change and the legal framework (this last because in some jurisdictions, quotas are impermissible). But she says every country has the opportunity, particularly at board level, to improve its diversity-led appointment criteria.

"Depending upon the length of time for which there has been equal access to education and employment, the pace of change may be impacted," she says. "Organisations such as the 30 per cent Club have had success with targets rather than quotas. Transparency is behaviour-changing. Reporting regularly can also have a beneficial impact, which leads to change."

King, who was a leading financial lawyer at the firm before taking up her current role, says people of different

> In Germany new laws now lay down ratios of males to females on executive boards

backgrounds, experiences and perspectives enrich debate and this in turn can drive more and better outcomes.

"If everyone is thinking the same thing, then someone's not thinking," she says.

A report published by Grant Thornton in August 2015 drew on interviews with more than 1,800 business leaders across 36 economies, and 82 in-depth discussions with board directors. It went beyond the usual gender debates in urging businesses to incorporate new perspectives on to their boards. However, there is a school of thought that more women should be involved in a company's decision-making until there's 50-50 parity.

In Japan, which bumps along the bottom of developed economies' international statistics when it comes to women making executive boards, there's a movement – Womenomics – a strategy Prime Minister Shinzo Abe has designated as a key element for the country's economic growth. Japan is not alone. In Germany new laws now lay down ratios of males to females on executive boards. It has come about because, despite Chancellor Angela Merkel's status as one of Europe's most powerful and well-respected leaders, the nation struggles to make enough headway when it comes to gender parity in the boardroom of its top businesses.

Only seven per cent of Dax-listed companies have even one woman on the executive board, a figure that rises to 25 per cent if non-executive directors are taken into account. Quotas have been effective in raising female talent to board level at Europe's largest airline, Lufthansa, and to creating a good number of women working in first and second tier management.

CEO of a £50bn investment fund, Helena Morrissey helped found the 30 per cent Club, with the specific aim of creating gender parity through targets rather than quotas. Morrissey, who has nine children, also chairs the corporate board of the Royal Academy of Arts, proving that it's not motherhood that gets in the way of career progress. ■

Sandra Kessell is a business journalist

AFRICA'S DILEMMA

Without a powerfully growing middle class – and the business leadership and investment that requires – Africa may fail to live up to global expectations. GARY MEAD reports

By 2050 – a generation from now – the world will have close to 10 billion people. A quarter of those (according to the UN) will be living in Africa. Nigeria's citizenry will be bigger than that of the US. The pressures this population explosion will place on Africa's economy are massive: infrastructure, health care, employment, education, energy – all need to expand and develop rapidly if Africa is going to be able to cope.

Meanwhile Africa moves in contradictory directions, and even the biggest stumble. After an ambitious expansion plan in which it invested $4 billion between 2011-13, Nestlé in June 2015 announced it was cutting 15 per cent of its workforce in 21 African countries. "We thought this would be the next Asia, but we have realised the middle class here in the region is extremely small and it is not really growing," Cornel Krummenacher, Chief Executive for Nestlé's equatorial Africa region, told the *Financial Times*. Without a powerfully growing middle class – and the business leadership and investment that requires – Africa may continue to drag its feet.

On a continent where volatility is a way of life, South Africa, Africa's leading economic powerhouse, could once be relied on to provide expat expertise but, according to Louise Cooke, CEO of Parmalat SA [a global player in the production and distribution of foods that are essential for everyday wellness], "the old model of South Africans going into the continent to run things doesn't work – and it's been shown time and time again." And it is becoming trickier to tempt people from beyond the continent to relocate to Africa; the sheer expense of doing so is a key factor. According to a recent White Paper by Guy Lundy, a Partner in the Cape Town office of Odgers Berndtson, "anecdotes abound of having to pay $250,000 for two years of rent up-front for a modest semi-detached house in Angola, or having to budget three times more for food in Nigeria than in South Africa." Yet locally educated and trained senior executives are a scarce resource. For Steve Felder, East Africa Managing Director of Maersk Kenya Ltd, there is a "dearth of local executives with sufficient leadership experience, particularly in Francophone and Lusophone (or Portuguese-speaking) markets".

The bigger challenge

According to Lundy, "in many cases African executives make better expats in other African countries, because they are more accustomed to the hardships that Westerners struggle with". There is still a lingering suspicion that business education at African establishments may not be up to international standards; yet as Lundy puts it, "a bigger challenge than the education gap is an experiential gap… Bridging this gap requires significant investment in training, which many African governments will happily support through mechanisms like tax breaks because they see the value of training locals." →

> The old model of South Africans going into the continent to run things doesn't work

ABOVE Louise Cooke, CEO of Parmalat SA

RIGHT Noah Samara, Chairman and CEO of Yazmi – a US-based digital learning company – delivers a keynote speech at the opening of the 10th eLearning Africa Conference held in Addis Ababa, Ethiopia in May 2015

ABOVE The Nestlé factory in Babelegi, outside Hammanskraal in Pretoria, South Africa

RIGHT Old and new buildings make up Angola's capital city, Luanda

BELOW Pharmaceutical laboratory in Nigeria

PHOTOS: ALAMY

It's undoubtedly the case that companies need to adopt a long-term perspective when it comes to Africa, and in this respect they need to groom future leaders for their own businesses. Maersk, for example, has an 'African Leadership Development Programme' in partnership with the University of Stellenbosch in South Africa, from which 110 African managers have graduated. For Lundy, "the regional executives that are usually most effective at driving African expansion are those who have solid experience in challenging emerging markets like India and elsewhere in Asia, or ideally who have previously successfully led another company across Africa". Parmalat's Cooke says that the specific challenges Africa poses "takes a certain type of individual with tenacity and adaptability but also the willingness to get their hands dirty".

ABOVE Nkosana Moyo of the Mandela Institute for Development Studies talking at the Africa-India partnership day, part of the African Development Bank 50th anniversary forum in Abidjan, Ivory Coast, May 2015

"Companies need to adopt a long-term perspective"

LEFT Guy Lundy, partner in the Odgers Berndtson South Africa office

BELOW A Maersk container truck arriving at the Port of Cape Town

PHOTOS: ALAMY

Modernisation or Westernisation?

Understanding that Africa is not homogenous – that there are critically important national and regional differences – is vital for expat executives, from wherever they come. In the view of Nkosana Moyo, founder and executive chairman of the Mandela Institute for Development Studies, companies need to be open to a wide range of leadership models and approaches: "We have confused modernisation for Westernisation. Our continent's struggle with development is partly to do with trying to mimic other people and not being ourselves." If there are lessons to be drawn from the experience of multinational companies that have dug into Africa, it's that tenacity and taking a long-term perspective are vital, together with adapting to local differences while adhering to international standards of governance. Without this, neither the company nor Africa will progress. ■

Gary Mead is a business journalist and former commodities editor of the *Financial Times*

Follow the leader

How secure is the future of your organisation? The chances are, not as secure as you might think...

It is generally agreed that succession planning is the number one challenge facing businesses worldwide. Here Odgers Berndtson's Kit Bingham answers the fundamental questions that all boards should be asking.

Do we promote internally or externally?
In a perfect world, a chief executive hands the reins to a knowledgeable, experienced and trusted lieutenant who has been developed for the role. But life is seldom perfect. The chances are that you won't have a board of ready-and-waiting candidates who can seamlessly fill vacant positions.

The most important question, therefore, is whether to promote internally or to search outside the business. Whichever you choose, it is vital to determine what the organisation needs from its next chief executive. Consider the company's strategy and the skills needed to deliver it, challenges to face over the short and medium term, and whether the experience exists in the leadership team to meet and overcome those challenges.

Much is determined by the state of the business. A well-performing organisation in a 'steady state' market may be better placed to appoint from within, but if change is a priority then appointing a chief executive from outside can reassure staff, shareholders and stakeholders and send a clear signal that a shake-up is coming.

How can we establish external availability without commissioning a full search?
Odgers Berndtson provides clients with a 'mapping project' that gives a broad overview of potential candidates' track record, notable achievements, informal references and willingness to move.

We conduct this without approaching potential candidates or revealing client details to reduce the risk of leaks or unhelpful chatter. A mapping project is great way of gaining an early insight into who is available in the market and the skills and experience that they can bring to your business. It should exist as an ongoing 'living' document that is maintained and updated as

part of an overall long-term succession plan.

Do we involve the chief executive?
A confident Chief Executive should recognise that succession planning is one of their key responsibilities, and one that requires their engagement and input. Conversely, more insecure types may fear that talk of succession undermines their position or will hasten their own departure.

Our advice? Make it a continuous conversation within the business so that discussions can take place openly and without any heat. Chairmen should engage in robust and frank discussion with chief executives about their strengths and weaknesses, what the company may require in the future, strategic direction and pace of expected change and the skills needed at the head of the company.

How do we ensure we have a strong internal contender?
Allow any potential candidates the necessary development opportunities to prepare them for the top job. An invitation on to the board as an executive chairman, for example, can prove beneficial in giving access to all aspects of the business and the realities of working with and through a board.

Other ways in which to stretch the horizons and abilities of your future chief executives include regular exposure to the board, formalised one-to-one mentoring with an existing non-executive director or being given a project outside their current executive responsibilities such as leading the integration of an acquisition or overseeing an IT overhaul. Familiarisation is vital in maximising the chances of a new chief executive being succesful in the role.

Can we retain internal candidates if they are not appointed?
While it may not be possible to retain an unsuccessful candidate, a well-planned and executed succession helps maximise the chances of retaining valued talent. Most of us respond well to being treated fairly and employees are far more likely to stay in an organisation where they have had the opportunities for development, every chance to succeed and where any final judgement has been made based on thorough analysis. Remember, by maintaining regular communication between the board and internal candidates your succession plan will be more effective.

What happens if a succession plan falls apart?
An unexpected dip in performance, a takeover bid, an accounting oversight or a decision by a chief executive to accept another appointment elsewhere - any of these can derail even the most seamless and perfectly planned succession plan.

Any good plan involves regularly asking the question: if we need a new chief executive tomorrow what would we do? The requirement to respond to the unexpected underscores the need to have a permanently 'live' succession plan involving internal and external candidates. At any point the board should have a clear view of candidate strength and their stage of development - this is where Odgers Berndtson's mapping project can be used to illustrate how internal candidates compare to those available externally. The bottom line: expect the unexpected. A combination of good contingency planning and good succession planning maximises your chances of success.

What role should the nominations committee play?
Put simply, succession planning for the Chief Executive is a full board decision. A nominations committee should take the lead in establishing a detailed and thorough process of benchmarking, mapping, assessment and development. By leading the development of a succession plan, keeping it live and reporting back to the full board the nominations committee is central to success.

What now?
Your succession planning should start now. A thought-through plan may evolve over several years but it should ideally begin on the first day of a new chief executive's tenure. Odgers Berndtson can help. Our succession planning model integrates an upfront analysis of the business and leadership challenges an organisation will face over the longer term, an objective assessment of each internal succession candidate that gives direction on how they can develop their leadership potential, and a transparent and fair process with clear and concise communication. Having the right leaders in place is the cornerstone of every organisation's success. Let that process start today. ■

Kit Bingham is Partner and Head of the Chair & Non-Executive Director Practice at **Odgers Berndtson**

KENZO TRIBOUILLARD/GETTY

LEFT The nearly shirtless HR Director of Air France's long-haul flights, Pierre Plissonnier (centre), escapes activist employees

BELOW Indian women voice their disdain for the way in which they have been sexually harassed in the workplace

OPPOSITE Employees teamed up with customers to express their concern at Walmart's pay structure

Up in arms

The rise of the activist employee is accelerating with incidences of major – and often disruptive – activism cropping up across the globe.

NICK KOCHAN reports

When 100 workers stormed a senior board meeting at the Paris headquarters of the airline Air France last October to protest about a redundancy programme, managers were forced to flee the building. One climbed over a wire fence and lost his shirt, another security worker was knocked unconscious. The pictures taken of the managers as they fled the scene were deeply humiliating for the company, yet Xavier Broseta, the airline's vice president for human resources, said that the violent action was "the price to pay for democracy". While appearing to take a tolerant view of this exhibition of employee activism, he also asserted that the action was "not acceptable".

Companies are being stormed in different ways all over the world by employees who regard company directors, their assets and their business relationships as a new vulnerability. The employee activists range from those with a personal grievance, to union protesters over pay and conditions, environmentalists attacking company practice and anarchists bearing a wider grudge against capitalism itself.

Many protesters elicit widespread sympathy. Take for example the Indian employees engaged in activism against company managers who had ignored their complaints about sexual harassment and the treatment of women in the workplace. They occupied their factories, in part in response to wider instances of women being harassed on Indian public transport. Tony Khindria, the senior partner of Lexindia, a law firm, in Delhi, says that the Indian government responded to widespread anger. "They have required companies to create committees to hear the complaints and experiences of employees facing sexual

harassment. In this case, their activism has certainly had a very productive result."

Corporate vulnerability

Employee campaigns tend to work from inside the company and many employees – such as those in France mentioned above – know the logistics of the company, such as the entry points to a meeting. This makes them peculiarly irritating and even effective.

US employees were clearly conscious of a corporate vulnerability when they harnessed customers at Walmart stores to their pay campaign. Customers were invited to load up their trolleys and appear to be going about their normal shopping. But after they passed the supermarket checkout they refused to pay and the store was required to return all the goods to the shelves. This threw the company's billing systems into disarray. Management was instantly put on the alert.

Some British employees sneaked into the Annual General Meeting of an oil company that employed them. Worse still, a number came dressed as black rats to catch the attention of the media and horrify executives. The use of a disguise ensured that the employees were not recognised. The following day, the same group of workers, coordinated by social media, unexpectedly locked the company's gates, bringing a halt to the day's work. Workers dressed as rats even besieged some directors' houses.

EUROPEAN PRESSPHOTO AGENCY B.V./ALAMY

This sort of destructive action is likely to grow as many governments in the West tighten up their law to make industrial action by organised groups more difficult. Ed Goodwyn, a partner of UK law firm Pinsent Masons says: "We expect there to be an increase in wildcat action where disgruntled workers, without the union, go off and lock the gates, or have a protest. That is unlawful but it is very difficult for the employer to take action. If the activists are a trade union, the company can sue or take out an injunction. But when it is a bunch of unknown people, who do you take to court?"

In fact employees are getting greater protection from the law as courts have decided that employers cannot take disciplinary action against an employee just because he has a deep-seated belief in something that is worth respecting in a democratic society. That belief must also be compatible with human dignity. Lawyers assess that judgements of this sort are likely to be adopted elsewhere.

Powerful advocates

The efforts of activists can be countered by on-line advocacy of powerful corporate values, says Leslie Gaines-Ross of Shandwick Webber, the US-based PR group. "Employees know more about the company than everybody else, so if they are advocating its values, they are more likely to be persuasive."

ROSAIRENEBETANCOURT 7/ALAMY

Tread carefully

The corporate is bound to respond to these assaults on its business and reputation. But it must do so very judiciously says Naeema Choudry, a partner at global law firm Eversheds. She advises employers to treat activists very carefully when they pursue their cases in a court. "The employee can make the workplace very awkward if your fellow employees are bringing evidence against him. The line manager is having to manage someone who is bringing a claim. He is bound to worry what he does in case it could be misconstrued as victimisation."

The website glassdoor.com, the comparison website for employees seeking to obtain information about possible employers, is a place where activists seek to damage a company's reputation. She adds: "These employee activists can communicate their enthusiasm for their company on glassdoor.com to counter the hostility." ■

Nick Kochan writes for the *Economist*, the *Financial Times* and the *Banker*

The pursuit of happiness

GARY MEAD takes a light-hearted look at what motivates top executives around the world and finds that in the end it's all about happiness

There's a lot of pseudo-science out there about motivation, and the higher you climb the corporate ladder, the more waffle there is. Having waded through this quicksand, it's tempting to think that in the end it all boils down to sticks and carrots.

But what sticks? And which carrots? And are the sticks different in the US than Finland, or are the carrots more orangey-coloured in Shanghai versus Timbuktu? Humans across the world are pretty much the same – and national 'characteristics' bear less weight than traits that can be found everywhere. Far be it from me to mention the vulgar 'M' word but, according to one of the most comprehensive studies around, more money doesn't necessarily lead to greater job satisfaction, wherever you are. The bottom line of this research, published in 2010, concludes that "increases in pay may be more satisfying to those at the low end of the pay scale." So I'm hoping for a raise, PDQ.

But at the upper end of the pay scale, beyond survival-scrabbling, all this business of compensation, incentives, performance-related pay, bonuses and whatnot is inextricably muddled up with fuzzy topics like 'satisfaction' and – the greatest indefinable of all – 'happiness'. Academics endlessly debate 'does money buy happiness?' and 'does more money buy more happiness?'

Does the model work?

But let's not give up the chase too easily. In an attempt to slice and dice the carrots more stylishly (no sticks here), a PwC survey delved into the thorny topic of executive pay and incentives, interviewing more than 1,000 executives from 43 countries. PwC drew some fascinating conclusions, not the least of which is that "the theme of the last decade has been global convergence – of pay levels and structures – for an internationally mobile group of senior executives." The more globalised the world becomes, the more blurred the lines between national stereotypes.

There has been one big change, post-2008, says PwC: "Put at its simplest, executive pay has risen dramatically over a period when, in hindsight, the Western economic model has not been at its most successful. Surely something must be wrong? If executive pay were genuinely motivating executives towards higher levels of performance, with benefits for all, there would surely be less controversy about the subject. But is it? Does the current model really work for the individuals it is meant to be motivating?" Companies everywhere, thinking about negative PR, have responded to the public backlash against perceived excessive pay at the top by introducing long-term incentive plans of one sort or another. But interestingly enough these schemes have diminishing returns, according to PwC. On the basis of its survey it says that "risk aversion increases with the amount at stake… people will tend to choose more certain but less generous amounts over less certain but more generous outcomes." In only one region of the world did participants "gamble over the certain amount" – South America. The most risk-averse region was Africa, "with 61 per cent choosing the certain sum." Other telling titbits were that "women are more risk-averse than men" and that "executives over the age of 60 were the most likely to take a gamble, while those aged 40-60 were least likely to risk the smaller, certain amount for the chance of a bigger win." Executives in the UK and Australia, for example, are much less likely to prefer a long-term incentive 'gamble' than in more rapidly growing countries, such as Brazil and China. Moreover, "executives across the globe" don't like waiting for their long-term incentive packages to come to fruition. Says PwC: "When there is uncertainty about whether a payment will be received, executives across the globe apply discount rates to deferred payments that are massively in excess of economic discount rates… this is the economics of 'eat, drink and be merry, for tomorrow we die'."

Money isn't everything, sure – but it sure helps. Beyond that concrete absolute, we can all think of CEOs and C-suite executives who say they (and no doubt many genuinely do) get a real kick out of their job. PwC tested that, too, by asking how much of a pay cut the survey's respondents would be prepared to take to get their 'dream' job. Top of the pile was the US, where 25 per cent of them said they would do their ideal job for half their current pay. PwC said: "Investment in making people's jobs more interesting and fulfilling means you can pay them significantly less."

Some of us, however, manage to do their dream jobs already: happiness is doing what you want, and feeling good about it, whether it means peanuts or peaches at the end of the month. ■

Gary Mead is a business journalist and former commodities editor of the *Financial Times*

ILLUSTRATION: ©IKON IMAGES

Lord Rose, chairman of the Britain Stronger in Europe campaign and former CEO of Marks & Spencer, tells *Observe* why he took on this challenging new role

WHY I TOOK THE JOB

Why did you take on the role heading up the 'Britain Stronger in Europe' campaign?
Because this is a once in a generation decision for our country and it is important that we get it right. I believe we are hugely strengthened by being within the European community.

What do you think will be the most challenging aspects of the job?
The most challenging aspect of the job is getting started. We have made great progress to date. We have put a great team in place. We now have to deliver the results.

What elements of the Stronger in Europe campaign do you think will draw on the M&S turnaround experience?
In my experience people are very wise particularly when it comes to the big decisions. What they need are facts which will allow them to make the right decision. Britain Stronger in Europe's job is to make sure that we present the case accurately and fairly.

Will you use some of the techniques that you used to make M&S so successful?
At M&S during and post the bid of 2004 our mantra was open, clear and regular communication. We aim for clarity in our campaign.

As a peer you will be familiar with the world of politics but how do you think you will deal with a major political task as distinct from a business task?
I see my role merely as a management role pulling together all those who support our views on the European question and making sure that we present the case cogently and effectively.

Will you bring in specific political advisors?
My role is that of Chairman of the Board. The executive team is very ably led by Will Straw and we have already built up a strong team, all of whom have the relevant experience. Some come from a political background.

BRITAIN STRONGER IN EUROPE

Will you draw on anything from the Scottish referendum?
My main take on the Scottish referendum is to make sure that we beat the drum early and regularly to inform on all the issues before the referendum.

Do you even contemplate failure?
Failure is not a word anyone likes to be associated with. I am confident that we will have the right outcome.

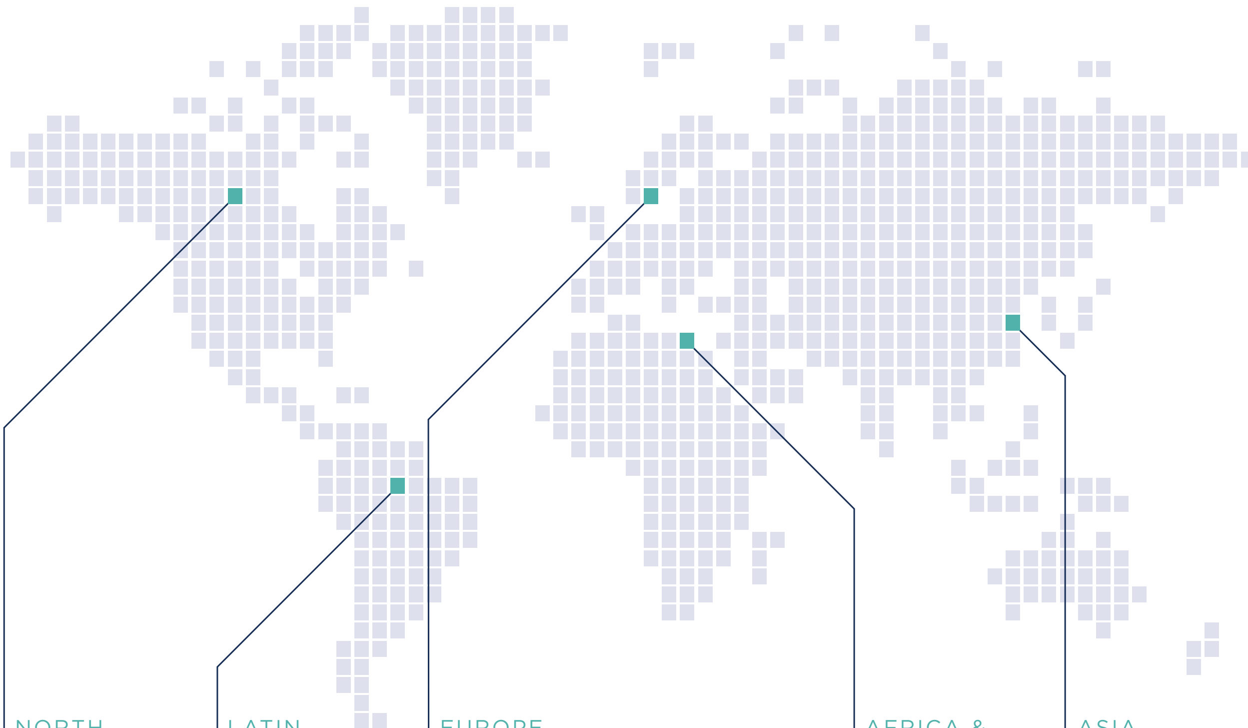
What really drives you? You've had so much success, why take on something so big?
I took on this role because I believe that big is better, that this is a hugely important event in our country's history and that if I can make a small difference it will be worth the effort.

What type of 'talent' do you look for when recruiting senior level executives or team members?
All successful teams need motivated and self-starting individuals. Will Straw has put a very effective team together and they are hungry to succeed.

How do you describe your own management style?
I like clear planning, good organisation, and people who deliver results. My style has always been to build teams that make for successful outcomes.

What three things best sum up the Stuart Rose business philosophy?
Focus, drive, passion. ■

In the run up to the UK General Election in 2015 Odgers Berndtson conducted a poll of 296 board directors of FTSE350 companies. Of these, 72 per cent said the UK should remain a part of the EU but with greater devolution of powers.



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dialogue

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