2018 State of the Industry Report:

MORE INSIDE!
How to Source Talent With AI!

Finding Transformational Talent In the Workplace of Tomorrow

Hunt Scanlon | Media
Leadership Intelligence

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TABLE OF CONTENTS

About Hunt Scanlon Media 4
Index of Sponsors 5
Index of Advertisers 6
Preface 8
Executive Summary 17
Industry Viewpoints 57

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INDUSTRY VIEWPOINTS

Attracting Top Talent in the Age of AI
David Chan, CEO
Bo Le Associates
(RGF Executive Search Great China) 59

Diversity, Done Better
Judith M. von Seldeneck, Founder & Chairman and
Dale E. Jones, President and CEO
Diversified Search 61

Current State of the Media,
Technology & Digital Industries
Carrie Pryor, Managing Partner and
Ted Pryor, Managing Director
Greenwich Harbor Partners 64

The C-Suite Crisis Companies Need to Consider
Mike Magsig, Managing Partner
DHR International. 67

Building Up Defenses against Talent Raids
Mark Oppenheimer, CEO of the Americas
Marlin Hawk 71

(Continued on next page)

INDUSTRY VIEWPOINT CONTENTS

(Continued from previous page)

EQ in the Workplace: A Driver of Success
Christine K. Sobhani, Managing Director
Allegis Partners 74

Transforming an Organization – Tales from the Front Lines
Jim Zaniello, President
Vetted Solutions 77

How to Win the War for Talent
Larry Hartmann, CEO
ZRG Partners 81

Collaborative Leadership and Diversity of Thought: Driving Business Innovation
Stephen Dallamore, Global Chairman
AltoPartners 85

The Future of Higher Education Recruiting
Emily Parker Myers, CEO
Myers McRae Executive Search. 88

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Hunt Scanlon Media has been defining and informing the senior talent management sector for over 30 years. Our global staffing intelligence data comes in many forms: daily newswires, annual leadership and state of the industry reports, market intelligence sector briefings, industry rankings and our flagship newsletter Executive Search Review. Our exclusive news briefings, interviews, industry trends reports and rankings, forecasts and expert commentary offer unique insight and market intelligence as we track global talent management developments. Since our inception, talent management professionals worldwide have turned to Hunt Scanlon Media.

Hunt Scanlon Media's global news network is the most comprehensive in the talent management field, and all of our lead stories, rankings tables, news alerts, and thought leadership articles provide the latest thinking in a sector that is highly evolving and in transition. Our editorial team covers news nationally and globally, originating exclusive news briefings each day that provide up-to-the-minute coverage of the entire talent management and leadership solutions sector. Today, Hunt Scanlon Media interfaces annually with more than 20 million human capital professionals in over 191 countries — from CHROs, chief talent officers, talent acquisition specialists, company directors, and top decision-makers in finance, IT, sales, and marketing, to the global executive search consultants who service them.

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INDEX OF SPONSORS

Bo Le Associates
(RGF Executive Search Great China) 59
Diversified Search 61
Greenwich Harbor Partners 64
DHR International 67
Marlin Hawk 71
Allegis Partners 74
Vetted Solutions 77
ZRG Partners 81
AltoPartners 85
Myers McRae Executive Search 88

INDEX OF ADVERTISERS

Caldwell Partners 1
OverNorth. 2
Greenwich Harbor Partners 3
Koya Leadership Partners 5
Alexander Hughes 6
Atlantic Group 7
Cejka Executive Search 10
Polachi 12
Odgers Berndtson 13
McDermott & Bull. 14
PhillipsDiPisa 20
Kingsley Gate Partners 23
Alder Koten. 25
Alto Partners. 26
JM Search 28
Reffett Associates 29

(Continued on next page)

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INDEX OF ADVERTISERS

(Continued from previous page)

Came|Sweeney 32
Academic Search. 33
Buffkin/Baker 35
Strawn Arnold & Associates 37
IRC Global Executive Search Partners 39
Kensington International 41
Vetted Solutions 42
The Tolan Group 44
Myers McRae Executive Search 45
Jobplex. 47
Rosenzweig & Company 49
JGA Partners 50
Cornerstone International. 52
Witt/Kieffer 53
TillmanCarlson 55

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PREFACE

PREFACE

Amid Time of Growth, Executive Recruiters Turn to AI

The executive search industry continues to grow, with the largest 50 recruitment providers in the Americas now topping $3 billion in revenue. For some of the newer and boutique firms, double digit growth, as high as 43 percent, has been reported in just the past year.

A driving force for further growth will be AI. Early adopters of the technology – that can source and digest volumes of data more quickly and efficiently than an army of recruiters – could give search consultants and talent acquisition leaders a competitive advantage. The top firms, like **Korn Ferry** and **Spencer Stuart**, are actively seeking experts to help them implement AI into their assessment, background checking, leadership, and recruiting platforms. Some of their boutique rivals are already implementing the technology into their service offerings.

Adoption of AI may be in its early stages in the industry, but most recruiting sector leaders predict it, as well as other technologies, are poised to reshape the way they do business. The capacity to more quickly source and evaluate talent is driving recruitment firms to turn to technology like never before. It makes the dot com era look like a droplet on the pond in comparison. Let's go inside the latest Hunt Scanlon findings.

This year's study bears out recently reported industry optimism that shows 75 percent of recruiting firms expect growth in the coming year, despite automation. In fact, automation is likely to have an inverse impact on the recruiting sector. Automation promises to improve reach and it is already fueling change in the way executive recruiters and talent acquisition leaders source and hire top talent. A sea change is coming once again to the executive recruiting and leadership development space. The question no longer is if or when, but how will it define us.

The executive search industry's leading 50 players in the Americas once again surpassed $3 billion in revenues last year. The group collectively jumped by near double digits, continuing a spectacular run for an industry that just a decade ago was left reeling from the Great Recession.

Since then, of course, a host of gravitational forces has tugged at the search sector. Back in 2008 it was **LinkedIn** making its presence felt; now it seems to be all about AI. While the top-end recruitment sector has been in transition for several years, it is about to enter a new phase of evolution. Adapting to the ubiquitous presence of AI and automated technologies will produce clear, and a few unexpected, winners.

Looking for Answers

Driving the latest changes will be big developments in AI – and how the new technology will alter, and advance, how search firms and their talent acquisition partners track and search for people. Korn Ferry has called in AI experts and Spencer Stuart is looking for an AI partner. For both firms, AI could provide a state-of-the-art competitive advantage. But rival boutiques that have been all the rage since the recession are also looking closely at what AI means for their businesses. They will, no doubt, be early adopters of AI technology as it comes forward.

Adoption of AI is at a very early stage, according to recruiters participating in this year's survey. But AI and other assorted automated technologies, they said, are about to drastically alter the recruiting landscape and transform the search for talent. "We see big changes coming in how recruiters operate within this new ecosystem," said Joseph Hanna, founder and CEO of **ENGAGE Talent** in Mount Pleasant, SC, which helps companies source passive talent.

Behind it all, he noted, is how best to correlate, or match, candidates with jobs. According to a just-released report from his firm, 'A Guide to AI-Powered Recruiting,' in the area of HR and talent acquisition, "AI and machine learning are helping organizations drive value, gain prior unconceivable data-driven insights and pinpointing what matters across sourcing, hiring, managing, developing and retaining employees."

Precision and Speed

Survey data collected by Hunt Scanlon over the past year indicates that demand is rising quickly for greater evaluative and predictive accuracy in hunting down and then selecting global talent, along with speed. Both precision and pace, everyone seems to agree, is at the core of a dawning new search industry. These have always been the two most critical components of every recruitment lifecycle, noted a number of recruiters, but AI is a potential new mechanism in helping them pull it all together.

To be sure, what AI presents is limitless in how the search sector will come to reimagine how it organizes, communicates with, recruits, develops, manages, engages with and retains talent for clients. And there have been two schools of thought around AI. One is that AI will eliminate the need for human recruiters in the search process – which will instead rely on bots and robots to search for and recruit talent. The other is that AI will simply empower the recruiting sector, giving it new tools to bolster its arsenal of capabilities and services. Recruiters seems to overwhelmingly believe that school of thought. AI, ultimately, will affect each and every recruiter in how they source talent

Hunt Scanlon Top 10 Recruiters

	Firm Name	Revenue ($ millions)	Percent Change	No. of Consultants	No. of Offices	Primary Contact	Phone Number
1.	Korn Ferry[a]	910.0	+ 4.5	515	38	Gary D. Burnison	(310) 226-2613
2.	Spencer Stuart[b]	438.1	+ 3.9	210	16	Kevin Connelly	(312) 822-0080
3.	Heidrick & Struggles	339.8	+ 6.4	377	51	Krishnan Rajagopalan	(202) 331-4900
4.	Russell Reynolds Associates	297.6	+12.2	140	19	Clarke Murphy	(212) 351-2000
5.	Egon Zehnder[c]	282.0	+ 5.0	143	20	Karl Alleman	(312) 260-8846
6.	DHR International	186.0	- 1.5	139	31	Geoff Hoffmann	(312) 782-1581
7.	Caldwell[d]	68.3	+ 2.9	54	20	John Wallace	(416) 920-7702
8.	Witt / Kieffer[e]	61.5	––	96	16	Andrew P. Chastain	(630) 990-1370
9.	Kaye/Bassman - Sanford Rose	52.1	+18.0	148	81	Jeffrey T. Kaye	(972) 931-5242
10.	Diversified Search	51.7	+16.0	65	10	Dale Jones	(202) 296-2122

a) As of 2/1/17-1/31/18 b) As of 9/30/17 c) As of 10/31/17 d) As of 8/31/17 e) As of 6/30/17

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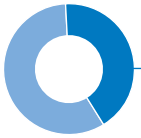
– but it is a fundamentally positive change for the recruiting sector.

Clarke Murphy, chief executive of **Russell Reynolds Associates**, concurred. "It is undeniable that machine learning and algorithms have amazing power in any industry," he said. "However, automated tasks need to be balanced with a human understanding of how executives fit an organizational culture, and how their behavioral track records might equip an organization for a changing world. Our clients want our data and our judgment, not just one or the other."

BY THE NUMBERS

True Search: Fastest Growing Search Firm



43% Growth Rate in Revenues

Not surprisingly, it all comes down to Big Data management. "Digital transformation has been – and continues to be – a hot topic," said Rick DeRose, co-founder and managing partner of executive search firm **Acertitude**. "It presents one of the biggest opportunities for businesses to reimagine how they organize, recruit, develop, manage, engage and retain talent." And this is, he said, especially true for executive search firms.

"Leveraging Big Data to compute descriptive, predictive or prescriptive analytics helps leaders better understand their companies and make competitive moves," Mr. DeRose said. "We're seeing an explosion of recruitment technology capabilities built on these algorithms, from identifying people based on specific requirements to determining how open someone is to a career change to using video to analyze honesty and character." But at Acertitude – and at its recruitment rivals – there continues to be the

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need to balance a hands-on, 'human' approach with these data-driven tools and assessments.

Americas Region Fuels Growth

By most measures, it was an exceptional year of expansion for executive recruiters plying their trade across the C-suite – not only in the Americas, but around the world. A number of search firms and global recruiting consortiums enjoyed double digit growth in the latest rankings, while others seemed to take a slight breather from that sort of surge in business enjoyed over the past several years.

A quick glance down the percent change column of this year's top 50 rankings table shows, for the most part, an extraordinary story of growth. While growth rates among the top 10 search firms increased by just 5.2 percent – about half the rate over the previous year – the real action took place among the boutiques. Among this group, 19 reported double digit growth rates (versus 17 firms in last year's rankings), and of those, seven enjoyed growth rates of 30 percent or more. These include: **True Search** (+43%); **Marlin Hawk** (+38 percent); **Koya Leadership Partners** (+35%); **CarterBaldwin** (+33.9%); **ZRG Partners** (+31.7%); **TalentRise** (+31.2%); and **Howard Fischer Associates** (+30.9%). Overall, the top 50 were up nearly eight percent.

BY THE NUMBERS

Double Digit Growth Rates at the Top 50

19 search firms
reported **double digit** growth rates...

...with **7** disclosing **30%** growth or more

Joe Riggione, co-CEO of True Search – awarded the distinction as 'fastest growing' search firm of the year, attributed just 14 percent of his firm's spectacular growth to new partner headcount compared to the

prior year. The other roughly 30 percent remaining growth, he said, represented higher revenue per partner which, in the consulting sector, means higher productivity. This increased efficiency was due to new client acquisitions, particularly in private equity and among public entities which are less fee sensitive, and deeper penetration in some of the firm's established clients.

Global Performance

An analysis of global revenue performance among the industry's Big Five showed, collectively, 5.4 percent growth, with revenues gaining by some $218 million to $4.24 billion. The pecking order among this group remained unchanged, though Russell Reynolds Associates showed the biggest gains at 8.6 percent. This was followed by Korn Ferry, **Heidrick & Struggles**, **Egon Zehnder** and Spencer Stuart.

"It was a strong year for the industry overall and we were the beneficiaries of a stronger-than-expected European performance," said Mr. Murphy, the Russell Reynolds' CEO. "Our success also reflects the fact that our clients are increasingly asking for our involvement in their boardrooms, with succession planning and other leadership challenges they face." About 55 percent of Russell Reynolds' business stemmed from the Americas in 2017, and that was enough to edge out its nearest rival, Egon Zehnder, for fourth place on the Americas ranking table.

For its part, Korn Ferry is settling into a new rhythm now, post its Hay Group acquisition. Compared to its nearest Big Five rivals, Korn Ferry has moved to compete much more broadly in organizational consulting, backed by an army of 7,000 global colleagues. "We help companies design their organization," said CEO Gary Burnison, and that includes the structure, the roles and responsibilities, as well as how these companies compensate, develop and motivate people," he said.

Hunt Scanlon Top 50 Recruiters

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10.	Diversified Search	51.7	+16.0	65	10	Dale Jones	(202) 296-2122
11.	Odgers Berndtson	51.0	+21.0	107	21	Steve Potter	(646) 553-4758
12.	True Search	41.1	+43.0	31	4	Joe Riggione/Brad Stadler	(646) 434-0319
13.	Major, Lindsey & Africa	35.0	+ 1.0	52	19	John Cashman	(312) 456-5601
14.	Isaacson Miller	32.1	+ 2.6	30	4	Vivian Brocard	(617) 262-6500
15.	Klein Hersh	29.6	+13.9	31	1	Jason Hersh/Jesse Klein/Josh Albert	(215) 830-7371
16.	ZRG Partners	24.5	+31.7	49	13	Larry Hartmann	(201) 560-9900
17.	SPMB	23.3	- 5.6	55	3	Kevin Barry	(415) 924-7200
18.	RSR Partners	23.0	--	23	6	Barrett J. Stephens	(203) 618-7022
19.	Herbert Mines Associates	22.5	0.0	8	1	Brenda Malloy	(212) 355-0909
20.	JM Search	21.5	+ 7.5	40	5	John C. Marshall	(610) 964-0200
21.	Riviera Partners	21.0	+16.7	30	5	Will Hunsinger	(877) 748-4372
22.	Westwood Partners	20.0	- 10.0	16	1	Michael J. Flood	(212) 672-3360
23.	ON Partners	19.0	+ 9.8	19	9	Tim Conti	(440) 945-4123
24.	Crist/Kolder Associates	18.9	0.0	4	1	Peter Crist	(630) 321-1118
25.	Catalyst Advisors	15.0	+22.0	8	2	John Archer	(212) 775-0800
26.	Marlin Hawk	14.5	+38.0	20	2	Mark Oppenheimer	(347) 363-0253
27.	McDermott & Bull	12.8	+ 4.1	15	7	Rodney McDermott	(949) 753-1700
28.	Chartwell Partners	12.5	+13.6	10	5	R. Stuart Bush	(214) 269-1907
29.	Charles Aris, Inc.	12.3	+ 8.9	12	1	Chad Oakley	(336) 378-1818
30.	Quest Groups	12.1	+ 0.8	36	1	Joe Kosakowski	(650) 328-4100
31.	Govig Associates	11.5	--	55	1	Todd Govig	(480) 718-6200
32.	Koya Leadership Partners	10.8	+35.0	44	4	Katie Bouton/Molly Brennan	(978) 465-7500
33.	StevenDouglas	10.3	+24.0	30	9	Steve Sadaka	(954) 385-8595
34.	Morgan Samuels	10.1	- 5.6	19	5	Bert Hensley	(310) 205-2208
35.	Beecher Reagan Advisors	10.0	+19.1	11	4	Clark Beecher	(713) 800-7497
36.	NGS Global	9.6	--	9	5	David Nosal	(415) 369-2200
37.	Howard Fischer Associates	8.9	+30.9	12	3	Howard Fischer	(215) 568-8363
38.	CarterBaldwin	8.7	+33.9	6	2	David Clapp	(678) 448-0009
38.	Parker Executive Search	8.7	+16.0	15	1	Dan Parker/Laurie Wilder	(770) 804-1996
39.	Allen Austin	8.2	0.0	24	8	Rob Andrews	(713) 489-9724
40.	The Stevenson Group	8.1	- 10.0	5	1	Adam Bloom	(201) 302-0866
41.	TalentRISE	8.0	+31.2	7	1	J. James O'Malley	(312) 878-4104
42.	Leathwaite	7.8	0.0	11	1	Martin Phillips	(646) 461-9100
43.	Sheffield Haworth	7.0	- 11.4	9	2	Julian Bell	(212) 593-7119
43.	Strawn Arnold Associates	7.0	- 10.3	10	4	John Groover	(512) 263-1131
43.	Greenwood/Asher & Associates	7.0	0.0	35	11	Jan Greenwood/Betty Asher	(850) 337-1483
44.	Kensington International	6.7	- 6.9	6	2	Brian Clarke	(630) 571-3139
44.	Battalia Winston	6.7	+ 4.7	10	5	Dale Winston	(212) 308-8080
44.	Toft Group Executive Search	6.7	+ 3.1	12	3	Robin Toft	(760) 788-6010
44.	Hanold Associates	6.7	+ 1.5	4	1	Jason Hanold	(847) 332-1333
45.	Academic Search	6.4	+10.4	26	1	L. Jay Lemons	(202) 332-4049
46.	Slone Partners	6.0	0	8	1	Leslie Loveless	(812) 298-9298
47.	Preng & Associates	5.7	--	5	1	David Preng	(713) 266-2600
48.	TritonExec	5.5	--	6	2	Jonathan Morris	(404) 692-5557
49.	McCormick Group	4.9	- 10.9	24	1	William McCormick	(540) 786-9777
50.	The Pi Group	4.1	--	13	2	Steve Morrissey	(203) 202-7634

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Korn Ferry today works with 93 companies among the Fortune 100. About 100,000 professionals are developed in its leadership programs each month. It maintains rewards data on some 20 million workers, management data pours in from 110 countries and it has engagement data on six million professionals. Roughly 53.5 percent of its global business now emanates from the Americas region.

The other publicly-held Big Five search firm, Heidrick & Struggles, posted global revenues of $621.4 million in 2017, a 6.7 percent increase from revenues of $582.4 million the year before. But the Chicago-headquartered recruiter – the fourth largest globally – reported a loss of nearly $50 million on the year. Krishnan Rajagopalan, president and CEO, said the firm has made significant strides in lowering the run rate of its general and administrative & business support expenses – actions, he noted, that would allow it to shift the focus of its capital to investments that support growth while helping it achieve improved operating margins on a more sustainable basis in 2018. About 55 percent of its global business now comes from the Americas region.

At privately-held Spencer Stuart, the firm retained its status as the No. 2 ranked search firm in both the Americas region and globally – edging out Egon Zehnder on one list and Heidrick on another. It reported positive gains on both rankings this year, after posting negative growth on each the previous reporting period. “Expect revenue growth,” the firm said, “due to broad based strength across all regions and most major industry practices and leadership assessment services.” About 62 percent of its global business now comes from the Americas region.

Egon Zehnder, the No. 3 ranked global search firm and also privately-held, said it continued to broaden its leadership solutions offerings in 2017, resulting in double-digit growth in leadership advisory revenues. That consulting segment is a business that remains clearly in the crosshairs of all of the firm’s top rivals in 2018. In addition to executive search and board advisory consulting, Zehnder’s service portfolio now encompasses executive assessment, leadership development, team effectiveness, and cultural and organizational transformation. About 42 percent of its global business flows from the Americas region.

But as in past years, the biggest growth and expansion taking place is happening among the boutique search firms. That has been the most consistent trend to develop since the Great Recession 10 years ago.

Hunt Scanlon

BIG FIVE
GLOBAL SEARCH FIRMS

Firm Name	2017 Revenue ($ millions)	Percent Change	2016 Revenue ($ millions)
1. Korn Ferry[a]	1,698.0	+ 8.3	1,568.0
2. Spencer Stuart[b]	707.8	+ 2.9	688.1
3. Egon Zehnder[c]	669.8	+ 4.5	––
4. Heidrick & Struggles	621.4	+ 6.7	582.4
5. Russell Reynolds Associates[d]	540.3	+ 8.6	497.5

a) As of 2/1/17 – 1/31/18 b) As of 9/30/17
c) As of 10/31/17 (Hunt Scanlon Media estimate) d) Unaudited results, per RRA

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Big Advances, and Opportunities, On the Way

Technology is changing our lives. Nowhere is this more apparent than in the world of recruiting, where powerful innovations like analytics, artificial intelligence, robotics, machine learning and automation are turbocharging how we assess talent, how we match candidates to jobs and how we retain people once they're hired – all in ways once unimaginable. These same resources are also pushing talent productivity to new heights – and for companies that recognize and fully acknowledge the advantage that people can make in their value chain – this means higher profits, lower costs, greater market share and a formidable competitive edge.

For the recruiting and talent acquisition sector, this new era – filled with promise and potential – is just getting started, with more advances, and opportunities, on the way.

Those who make their living by finding talent and/or managing workforces have seen tremendous growth in the use of people analytics. This has opened new vistas for dedicated leadership, specifically in HR metrics. Many businesses and their executive search partners are using workforce insights to narrow the data capability gap, which is changing how companies manage human resources and hire people. Among other benefits, workforce analytics translates into better hires, more efficient training & performance evaluation, and improved retention. Analytics can also provide once unknowable insights into how any given company is functioning, from its productivity to workplace culture. Just imagine the possibilities – and the potential – in the coming decades.

Executive recruiters and their HR and talent acquisition partners are in the early stages of employing artificial intelligence, machine learning and bots in their talent acquisition strategies. Some of the more routine, time-consuming tasks of recruitment are already being assigned to technology, and that will only become more commonplace. Many administrative duties are expected to go the same way. Perhaps even the interview process, or at least the early stages of it, will be handed over to machines, which lack the inherent biases and the potentially faulty subjectivity of human beings.

Tapping Passive Candidates

For candidates in this unfolding future, skills will matter more and formal education will matter less. (That's already a reality at the internet search giant **Google**, which has extensively studied what makes for the best employees.) AI will also give recruiters better ability to tap passive candidates through hyper-personalization. All this points to better, more diverse, slates of candidates and ultimately, hires.

Technology's impact is coming into better focus every day. Fifteen percent of more than 1,000 HR leaders from more than 40 countries surveyed for a report by U.K. global recruitment firm **Harvey Nash** said that artificial intelligence and analytics were already affecting their business plans. Forty percent more said they expect such impact to occur within five years.

Sixty percent of the Harvey Nash respondents, meanwhile, said that the importance of technology-enabled HR had increased in the past year. "It probably comes as no surprise that technology is seeping into the human resources department, but what is particularly striking is quite how many HR leaders believe that AI and automation are affecting their plans already," said Lisa Wormald, director of the Harvey Nash Group. "The good news is that HR is not only embracing this innovation, but is a key part of it."

Sourcing Talent

AI Emerges to Lure, and Validate, Candidates

ENGAGE

With unemployment down and skilled workers hard to find, artificial intelligence is proving itself an invaluable ally to hiring managers and recruiters. A new report by AI recruitment software company, ENGAGE Talent, reveals how AI dives deeper into the talent pool.

These are challenging days to find well-qualified talent for top roles. **ENGAGE Talent**, for its part, has developed tools that allow businesses to connect the right candidate with the right opportunity at the right time with the right message. Its proprietary scoring algorithms are able to identify the candidates that are twice as likely to respond to a recruiter as well as 63 percent more likely to change jobs within the next three months.

As we all know, these insights can provide a competitive advantage by allowing businesses to get to the talent they need faster and more efficiently. ENGAGE describes itself as the world's first AI-powered platform to combine talent mapping, competitive intelligence, passive candidate sourcing, and outbound recruiting in one candidate identification and engagement engine.

"While businesses of all sizes have increasing amounts and diversity of data they can leverage to try to identify the best fit for each position, the recruiting process is still stuck in the past with inefficient processes and based on standardized resumes and biased interviewers' opinions, and companies are suffering because of that," said CEO Joe Hanna.

Importantly, AI-powered recruiting seems to be able to help not only source but validate applicants. In fact, studies have shown that human recruiters along with predictive analytics and AI can outperform just manual recruiting processes alone. What's more, AI can help provide data-driven insights that humans cannot uncover by themselves. Just think of the possibilities and where AI is likely to lead the recruiting business in the next decade.

Recently, a global **Korn Ferry** survey found that almost two-thirds (63 percent) of the nearly 800 talent acquisition professionals the firm surveyed said that AI has changed the way recruiting is done in their

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organization, with 69 percent saying using AI as a sourcing tool garners higher-quality candidates. When asked to compare the quality of candidates today to five years ago, when AI was still in its infancy, 59 percent said candidates are more qualified today, and 51 percent said roles are filled in a more timely manner.

According to the Korn Ferry survey, talent acquisition professionals are welcoming AI as a tool. Nearly half (48 percent) said big data/AI is making their roles easier; 40 percent said it mainly helps is by providing valuable insights; 27 percent said it has freed up their time; and 21 percent said that their teams can focus more on the human aspect of the business.

"AI helps us dramatically enhance outcomes by finding patterns and relationships to better understand what a successful person looks in a particular position," said Jacob Zabkowicz, Korn Ferry vice president and general manager, RPO, North America. "For example, in a search for a global automotive maker, we discovered that in one country there was a significant movement of executives from the luxury goods sector to the automotive sector – a relationship that wouldn't have been obvious without AI."

Franz Gilbert, Korn Ferry vice president of product innovation, explained that data for data's sake was of little use, but that recruiters must refine their skill-sets and work with the right kind of AI tools to suss out critical information such as compensation analysis and supply/demand reports on particular job categories in specific regions. "We use AI to provide hiring managers with tangible insights, not simply industry rules of thumb or anecdotal stories about similar searches," he said.

Reimagining the Recruitment Lifecycle

Korn Ferry asked corporate recruiters if big data and AI has impacted their work and 38 percent said it has made their job somewhat easier, 25 percent said they

don't use big data/AI, 20 percent said that it has had no impact and 12 percent responded that it has made their jobs more difficult.

Talent professionals were also questioned about whether they believed that using big data and AI to source candidates garner more qualified candidates, to which 51 said yes, to some while another 18 percent said it does so to a great extent.

"Digital transformation has been – and continues to be – a hot topic," said Rick DeRose, co-founder and managing partner of executive search firm **Acertitude**. "It presents one of the biggest opportunities for businesses to reimagine how they organize, recruit, develop, manage, engage and retain talent."

Leveraging big data to compute descriptive, predictive or prescriptive analytics helps leaders better understand their companies and make competitive moves, said Mr. DeRose. "We're seeing an explosion of recruitment technology capabilities built on these algorithms, from identifying people based on specific requirements to determining how open someone is to a career change to using video to analyze honesty and character."

All this resonates with other recruiters around the country, who are seeing many of the same signals. Without question, technology is much on the minds of their clients, and the minds of their clients' employees.

AI Talent in Short Supply

Josh Withers, founder and managing director, North America, of True Search in Haddonfield, NJ, said venture capital firms are asking about AI and machine learning in every deal they consider. "We are also seeing increased demand, particularly among companies looking to automate clerical duties and routine paperwork," he said. "These companies are major global players and there is significant customer interest."

Many companies, however, worry that that AI talent is in short supply everywhere except perhaps for businesses like Google and **Facebook**, which pay big premiums for such talent.

Only a limited number of people – in the vicinity of 22,000 worldwide – have the background necessary to conduct a high level of artificial intelligence research, according to recruiters focused on the space. That shortage of talent combined with an ever-growing demand for AI talent by organizations of all kinds has sent compensation soaring. Top talent can pull in salary, stock and other benefits totaling millions of dollars. Those with minimal experience can collect between $300,000 and $500,000, with salary and stock – and that's just for starters. That presents challenges not only of recruiting and paying AI talent but of keeping those people engaged and on board.

"Over time, however, we think supply will better align with demand as universities offer more programs that gain traction," said Mr. Withers, of **True Search**. "In fact, more than ever students and up-and-coming software engineers are utilizing AI early and often. We expect a bigger wave of products and talent coming soon."

New C-Suite Roles Surfacing

As technological innovation continues to disrupt and reshape markets around the world, new roles are constantly being developed. On one hand, standalone positions like chief artificial intelligence officer will become more prevalent, said Mr. DeRose. But businesses will also come to depend on a mix of human capabilities and artificial intelligence. As analytics and AI evolve, new titles are already coming into the C-suite. These include: chief analytics officer, chief data officer, chief digital officer, and head of business intelligence, with support teams of data engineers, data analysts, data scientists, and advanced analytics leaders.

"Some companies add these capabilities in new roles, while others carve these growing responsibilities out of existing C-suite roles, such as the chief marketing officer, chief information officer or chief technology officer," said Mr. DeRose. "Companies that can quickly incorporate analytics and AI to empower their people, shape their culture, and fulfill their purpose will no doubt create a competitive edge – and be the drivers of exciting change in the world. Workforce analytics and AI are providing a platform and road map to help companies accelerate this process."

Hiring Decisively and Efficiently

Rahul Kapur, managing director at **ZRG Partners**, said that across industries his firm's clients are in large part embracing automation in all of its forms. There is a proactive mindset at work, he said, that was lacking 20 years ago when the Internet was emerging. "In some industries, such as manufacturing, the impact on the workforce is seen as more profound and direct; robotics and AI will impact existing jobs through automation," Mr. Kapur said.

"In other industries, however, our clients are actually embracing robotics faster than they previously did with the internet in the mid to late 90s and mobility in the past decade," he noted. "Most leaders we work with aren't falling into the same trap that left some behind in those eras; instead, they are seeking ways to get their company and their workforce ahead of the innovation curve."

The efficiencies that are already coming about are heartening. This spring, **Jobvite's** latest "Recruiting Benchmark Report," showed what happens when artificial intelligence and machine learning take over the more mundane, operational aspects of a recruiter's job and allow consultants to focus on relationship building and nurturing passive candidates. Jobvite found that companies have been conducting fewer job interviews, but continue to see higher percentages of offers to candidates as well as hires. The percentage of interviews that resulted in offers grew from roughly 20 percent in 2016 to 28 in 2017. Offers-to-hires, meanwhile, went from 83 percent in 2016 to 90 percent last year.

"When looking at the nine percent increase in overall interviews-to-offers conversion rates, it's clear to me that companies are becoming more efficient by leveraging data, AI and automated workflows to focus on candidates who are a better fit," said one of the authors of the study, Ronen Shetelboim, director of demand generation and marketing operations for Jobvite. "This allows them to conduct fewer interviews

Q&A

Finding Leaders in the Disruptive Age

With 20 years in the executive search industry, Rohan Carr combines his previous senior experience within the chartered accounting, corporate advisory and stockbroking industries to deliver executive search solutions. He is a president of the board of IRC Global Executive Search Partners and also heads the firm's education practice globally. In the following interview, he discusses how to find leaders in the disruptive age.

What are the biggest challenges in finding leaders today?

The finding of leaders is actually easier today than it was 10 or 20 years ago – of course, technology has helped with this. It is actually finding great leaders who can fit the organization, particularly from a cultural perspective, and then attracting them. That is today's challenge!

With so much data available on candidates, how has finding leaders changed?

While it is sometimes challenging to wade through all the noise that vast amounts of data creates, sourcing conversations have actually become more important to actually find the hidden gems.

How might this differ a decade from now?

There will be an increasing focus on speed. The challenge will be on maintaining high quality and increasing search delivery velocity.

to get to the right hire. This improved efficiency is impacting several stages of the recruiting funnel."

The jump in offers-to-hires further suggested that companies were hiring more decisively and efficiently. "This is a sign that the market is competitive and companies aren't messing around," said Jobvite. "They're giving out the best offer possible, and quickly – often before the candidate even leaves the office. At a rate of 90 percent, the benchmark shows that offers are being accepted at an almost 1-1 ratio."

Time to Hire is Dropping

Applicants-to-interviews dropped from 15 percent in 2016 to 12 percent in 2017. But that's not necessarily bad news, said Jobvite. The next-step percentage increase in interviews-to-offers means that recruiters are conducting fewer interviews to get to an offer.

A major factor in the change is that more tools, data and AI are becoming available to help recruiters identify the right people and screen candidates more quickly, said the report. And since recruiters are better equipped to weed out unqualified candidates earlier in the process, candidates who reach the interview stage are more qualified.

Another positive sign from the report was that the average time to hire continued to drop. In 2015, it took an average of 41 days to complete a hire. In 2016, it was 39 days. Last year, it dipped to 38 days. "While one day may not seem like a dramatic improvement, it's another signal of increased efficiency," said Jobvite. "It's one more day of productivity by a new employee, and one more day of recruiting resources devoted to hiring other employees." Bottom line: It represents time and cost savings.

"Leveraging AI gives you crucial time in your day back," said Nachi Junankar, founder and CEO of **Aviro AI**, an artificial intelligence talent platform based in Boston. "Keeping up with the competition

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Q&A

Transcending Human Biases in Recruiting

John J. Keller

Hugo Fueglein

In this interview, Diversified Search recruiters John J. Keller and Hugo Fueglein examine how AI and automated technologies are transcending human biases in recruiting. Mr. Keller leads Diversified Search's innovation and transformation search practice, where he serves as a managing director and advisor to CEOs, board directors, and C-suite leaders. Mr. Fueglein serves as a managing director and core member of the firm's global CIO practice, a role that has allowed him to place technology executives in key positions cross industry.

It's been said that AI will help to circumvent human bias in recruiting. How so?

JK: You can't hold back technology's march, including AI and its myriad opportunities to improve everything from data handling to medicine. But it would be a mistake to downplay the critical role that humans play in what is ultimately an emotional, gut-call decision by leadership. Ideally, AI would be harnessed to assist a partially data-driven decision about an individual's performance, and combine this with a person's understanding of nuance, cultural suitability, and personality fit to take on a challenging leadership role.

HF: So, while artificial intelligence will clearly be an aid to recruiters in the near future, it will only be as good as the data it taps into. We have not yet seen AI tools that can effectively gather all the requirements and information from stakeholders/hiring managers used to identify required core competencies and assessment criteria for particular positions within a particular company or culture. Effective and appropriate front-end criterion is, and will continue to be, heavily dependent on human interaction and interviewing.

Is there a potential pitfall in relying too heavily on Big Data when matching candidates to jobs?

HF: The simple answer is yes. AI and Big Data analytics tools are valuable pieces in the overall candidate assessment process. Data-driven assessments are only as good as the data being included in the assessment.

JK: When used smartly, AI can aid the use of computers and data handling to research quickly and aid selection – reducing by weeks the research, ID, and selection of individuals to fill a role. However, in finding and recruiting gifted individuals to *lead*, AI is outgunned. AI didn't produce, and would never have identified, Irving Berlin, a Russian immigrant who couldn't read a note and never made it past the eighth grade, or Ella Fitzgerald or Jackson Pollock. In the same vein, AI didn't recruit Louis V. Gerstner to save IBM or Michael Capellas to save MCI Worldcom from bankruptcy following the largest corporate fraud in U.S. history. And it is naïve to believe that, if engaged, it would have.

How can the role of recruiters increase as AI takes hold?

JK: There is a great opportunity for recruiters and AI to coexist. AI can help recruiters search databases and identify candidates using very specific criteria, and then compare and contrast these individuals and qualify the best one to assume the leadership role.

HF: In the near term, AI's biggest contribution to the recruiting world may be in reducing the cycle times of research and targeted candidate identification. These tools will allow consultants to devote more time to value-added deliverables associated with candidate assessment, interviewing, search process improvements, and client management.

is easier when artificial intelligence takes over tedious processes, enabling you to make those vital connections with candidates."

Of course, recruiting is about more than filling seats and making placements. The candidate experience is a top priority, and it improves immeasurably when you no longer own cumbersome and mundane tasks, said Aviro. Understanding a candidate's skills and background on paper is one thing, but meeting candidates in person and having a genuine conversation is the best way to make recommendations that guarantee a successful placement.

Additionally, the more time one has to focus on candidates and clients, the more proactive a recruiter can be. "You can reach out to candidates before they contact you, asking for an update," said Mr. Junankar.

The best recruiters make their candidates feel like their job search isn't an afterthought, said Mr.

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Junankar. When AI handles the tedious tasks and identifies the best people, recruiters have more time to nurture their candidates, making them feel valued, which can turn them into advocates for recruiters and their firms.

Revolutionizing Hiring

"Artificial intelligence is presenting recruiters with an opportunity to revolutionize the way we hire," said Mr. Junankar. "Automating processes boosts efficiency, allowing your organization scale without incurring extra expenses and keep up with the competition. Most importantly, adopting AI gets you back to the reason you became a recruiter: finding candidates for not only a job, but a fulfilling career."

Along with speed, AI provides cognitive insight into a candidate's ability to perform a job at a high level. "This will ensure that recruiters are matching the right candidate to the right job, every time," said Mr. Junankar. "In addition to analyzing and matching, AI will be able to increase candidate engagement, allowing recruiters to spend more time nurturing potential candidates. Overall, AI is going to allow recruiters to become more strategic and effective."

In short, technology is on the road to changing how people work, their cognitive load and the tasks they work on. "If a recruiter has 50 cognitive tasks they do in an average day and AI can now complete half of those tasks, the recruiter is going to have to find another 25 tasks to work on," said Mr. Junankar. "This allows recruiters along with other workers to think more strategically and find the tasks that technology cannot replace such as building and fostering relationships with a candidate."

Clearly, big data is changing the world and there is no end in sight for the ways it makes business life easier and more productive," said Larry Hartmann, CEO of ZRG Partners. "For executive search firms

and the clients we serve, the real trick is figuring out how to effectively use the amazing insights and data we gain throughout our processes to drive better hires and quicker fill times. But turning this valuable information into actionable insights without making it overwhelming or cumbersome is the hard part."

Integrated and Seamless Approach

A number of progressive organizations have embraced enterprise HR and business analytics platforms working in tandem to find top talent more quickly, but that is still just a small percentage of companies. "While some of the Big Five search firms are addressing this through adding new business lines, clients seem to be asking for one integrated approach that is simple and business friendly," said Mr. Hartmann. "Having three different business units work on a search or talent project is not a seamless or cost-effective answer. The trick is making the client experience effortless and robust with great insights to drive better results."

For recruiters, that ability to harness information through technology, understand it and apply it to serve their clients can be the difference between the successful firms and the also-rans in this rapidly changing environment. "While the core strengths of today's executive search firms that can effectively access, sell and influence top talent to consider new opportunities are still quite relevant, the winds of change are at work in talent management and executive search," said Mr. Hartmann. "Embracing the best technology solutions, assessment solutions and problem solving approaches are clear differentiators of growing retained search firms that are taking market share. We believe this is the future of executive search and for some, it has already arrived."

Data, analytics and technology are changing how top companies hire at the senior level in a number of ways, said Mr. Hartmann. Transparency, for

example, is systemically replacing the "mysterious black box process of executive search," he said. Finding candidates is important, of course, but so is the process that produces information and insight to understand the best hiring options.

Revisionist Thinking

"Executive search is no longer just about finding the right CEO, CFO or head of marketing, but about the market intelligence, insights and feedback a client can gain throughout the search process," said Mr. Hartmann. "Helping a CEO or board to better understand the competitive talent landscape through talent mapping work is often requested as part of a search and can precede a full-fledged retained process. Clients who take a deeper look at the type of talent that competitors might have in similar roles often revise their thinking about how to fill an open role or how they might solve a broader business problem with fresh perspective and thinking."

In many ways, data is creating a more inclusive, agile and fair workplace. One of the key points made in a recent report, the "Global Leadership Forecast 2018" by DDI, the Conference Board and EY, was that diversity plays a major role in building a successful workplace, which includes embracing gender diversity, leveraging diverse mindsets, and understanding the relationship between Millennials, Generation X and Baby Boomer leaders, not to mention up-and-coming Generation Z.

Challenges remain. AI programs, after all, are designed by human beings, and unhelpful outlooks can inadvertently creep in. One of the biggest concerns HR executives should have is whether data is reinforcing biases, according to a recent report by **Spencer Stuart**. Ross Pollack, executive vice president and chief human resources officer of the entertainment company **Lionsgate**, told the search firm that organizations must be vigilant in this regard. "If a company has been successful to date and its executive team is composed of middle-aged white men, the data will show that the company should continue to hire this group of people," he said.

Transcending Human Biases

HR leaders should partner with HR information systems as well as diversity/inclusion and talent acquisition teams to review the data and ensure the right questions are being asked in order to create paths for diverse individuals to rise through the ranks, said Mr. Pollack.

When used watchfully, however, data can transcend human biases and put the focus where it belongs – on results. "Successful organizations continue to rely more heavily on Big Data to inform their business strategies, and their people strategies are no exception," said the study. "By tying people analytics to business results, organizations are seeing how greater diversity in leadership positively affects the bottom line, and how diverse leadership capabilities better prepare organizations to handle disruption."

Compensation is another area from which valuable data can be mined. "A good search process that captures market data will also enlighten the compensation discussion and provide true clarity around how a company should invest in top talent," said Mr. Hartmann. "While compensation consulting firms can hypothecate about compensation from the 100,000-foot level for a role, the reality is that the market speaks from the ground up."

When a client describes a model candidate with 10 specific skills and experiences from 20 specific competitors, for example, the results of that search provide real compensation data for the role, which can be quite useful. Mr. Hartmann said that his firm has converted embedded, search-wide compensation

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data into graphical compensation analytics that can be broken down in any number of ways.

Candidate Knowledge Deepening

"As clients assess a slate of candidates, just looking at skills and experiences is not enough," he said. "Factoring in cost versus benefit with actual compensation data clearly helps to keep projects on point and filled in quicker timeframes. As we at ZRG like to say to our clients, the denominator of ROE is time and anything we can do to expedite a client's internal processes to complete a critical hire is part of our focus."

Obtaining broader knowledge about candidates is perhaps the most dramatic change affecting hiring in recent years. Information is available through many approaches. "In the old days, it was the executive search firm's 10-page candidate report and opinions," said Mr. Hartmann. "Today, this is replaced by more precise skills and competency charts and graphs that highlight strengths and concerns without having to wade through a 'War and Peace' novel about a candidate. Companies want bottom lines, not dissertations about a candidate."

Savvy search firms are also providing Ph.D.-validated assessment options to help clients get to know candidates better. This helps confirm hiring decisions and better assess culture matches. "The science of assessment has become mainstream for most companies today and adds value to the candidate discussions. It also leads to customized onboarding strategies," said Mr. Hartmann.

Then there is culture fit, which Mr. Hartmann describes as "the hottest topic we hear from our clients today." Companies are spending millions of dollars to better understand and define culture and core values, yet science offers little to help them confirm a new hire will fit these precise cultures. ZRG, for one, responded by

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developing a new learning algorithm within the firm's proprietary "Z Score process," which aggregates key data points into metrics and scores that help drive better decision-making.

"Being able to understand a candidate, and how they would fit in a culture is quantifiable and measurable, and should not be overlooked," said Mr. Hartmann.

The area of reference checking is also moving ahead. While reference checks have long been at the core of executive search value, reference input is increasingly being converted into meaningful data that can be quite useful in making the choice of who to hire. New tools exist that are excellent in addressing this need, that are often part of an integrated technology driven search process, said Mr. Hartmann.

Rating and Evaluating Candidates

Overdue for advancement, meanwhile, is the traditional interviewing process. Organizations generally do well by having five to seven people interview candidates. But capturing the interview feedback and turning it into measurable data and ultimately wisdom is rare. "Panel interview processes require significant time and expense for a company but rarely capture the value of the time and money spent," said Mr. Hartmann. "Great insights are lost through the lack of process to capture and analyze the feedback over time."

These days, technology can allow interviewers to rate and evaluate candidates, then provide scored feedback and have the results pooled together in a simple yet enlightening dashboard. "Given the critical importance of client interviewing in the final vetting process, converting the interview team's wisdom and views into actionable data has been a groundbreaking step in the hiring process for progressive organizations passionate about hiring great talent and learning who in their organizations truly get it," said Mr. Hartmann.

Q&A

The Revolution in Hiring

The expanding role of artificial intelligence in hiring is presenting the biggest opportunity yet for businesses to reimagine how they organize, recruit, manage and retain people.

In the following Q&A, Steven B. Potter – CEO of Odgers Berndtson US – examines how AI is revolutionizing the way search firms seek out, assess and recruit talent. He discusses the role AI is playing in matching candidates to jobs and how it can help companies retain top performers once they're on board. He then looks at the unsuspecting role that AI will play in the future of hiring.

How is artificial intelligence revolutionizing the way search firms go after talent?

AI is remaking the executive search profession in a number of ways. LinkedIn's powerful databanks and algorithms have already forever altered the old conceptions of a database or rolodex. In the future we can imagine the invention of digital assistants –perhaps named 'Google Hire'? – capable of providing quantitative answers to generally qualitative questions like, 'Who are the best members of Google's board of directors?' Because algorithms deal with probabilities and not certainties, they also have the potential to add a quantified basis of candidate success predictions. It's also important that executive search professionals understand how the algorithms they are using were developed and by whom.

What role can AI play in assessing and matching candidates to jobs?

AI plays a wider role today in executive search than most companies are really aware of. It's not just about the search process. AI also can provide an assessment of a candidate's psychological profile and then compare them to an organization's culture to make sure they're a good fit. It can also analyze a candidate's background and rank them algorithmically, which can provide a glimpse of the candidate's qualifications that reaches beyond their interview skills. That said, it remains difficult for algorithms to identify such things as integrity, tact, or likeability. For that reason, we see AI as a tool for, not a replacement of, experienced human resource and executive search professionals.

What role can AI play in helping companies retain their talent?

As AI and other sophisticated analytics systems are implemented, they make it easier for HR professionals to identify top talent at all levels of a large organization. Once this identification is made, they can ensure that top performers are engaged, challenged, and feel like the company is investing in their development. For these reasons we expect succession planning to become far more efficient because companies will be able to identify, groom, and retain their leaders of the future. One caveat here: a company's ability to compete for talent will be increasingly contingent upon it having data analytics imbedded in the HR function and processes.

What unsuspecting role will artificial intelligence play in the future of hiring?

Executive search and HR professionals in the future will have digital assistants that can listen in on interviews and then update candidate profiles based upon the conversations. AI will also be used to detect biases – in both candidates and HR personnel – based on subtle variations in word choice. It may even probably play a surveillance role within companies, tracking internet usage, keyboard strokes, and performance to detect those individuals planning to leave the company before they actually do so. The element that will be missing – and it's important for hiring professionals to keep this in mind – is the role that human judgment and experience will continue to play in assessing and developing exceptional talent for the organization.

"I find that executives react well to hard data," said Ian Ide, managing director and partner at **WinterWyman**. "It's tangible and sets the stage for a much better conversation. The data provides evidence and allows the client to draw logical conclusions. If parameters of the search need to be changed, the data arms the stakeholders for conversations they may need to have throughout their organization."

Some of the search parameters that may change include compensation level and reporting structure, said Mr. Ide. "In other cases, mapping the candidate pool and gaining an understanding of the availability of local talent at the outset of the search helps us decide whether we conduct the search nationally or locally, as well as understand what industries might be particularly viable."

Establishing Baselines

Mr. Ide oversees operations and delivery activities for the Waltham, MA-based executive search firm, ensuring that its offerings are effectively meeting client needs. He also works directly with clients in regard to their executive hiring needs.

One area that's clearly of interest to clients is being able to quantify and analyze positive or negative reactions toward their particular search. To cull such information from the data, said Mr. Ide, it's important to establish a baseline norm and proceed from there. "We track how candidates are reacting to a search and how that compares to other searches with similar parameters, companies, etc.," he explained. "Once we have had enough conversations to have a viable data set, we can provide feedback on a company's reputation, reaction to the opportunity, target salary and reporting structure, along with common questions that have arisen. By providing clients with this information early in the search process, it allows for adjustments to be made when necessary and possible."

Data Requires Interpretation

Data also gives clients a better understanding of the efforts and actions that search firms are taking in conducting the search assignment. Without data, the client would have no context with which to react to perspective candidates. "There are considerable amounts of research, outreach and assessment that happens before presenting candidates," said Mr. Ide. "By providing transparency the client understands the work that's being done on their behalf, along with context with the candidates who are ultimately presented. It also allows for corrections if a search is going down the wrong path. The data and feedback allows the search to stay on track – positively affecting the timeliness and effectiveness of the search."

In these scenarios, data can lead to greater efficiency in the search process, including a higher completion rate. "It also allows for communication to ensure we are on point and on track with our efforts," said Mr. Ide. "Time is always a factor and data will allow us to get the right person on board sooner."

What must always be remembered is that data is all but useless in itself. It's a tool and it requires experienced people to break it down and interpret it. "Data can easily become overwhelming if you are not curating it," said Mr. Ide. "Our job is to help make sense of that data and allow our clients to make informed decisions with it. It's important as a search firm to be able to say, 'What is the analysis, what are the trends we are seeing, and what are the points that we are trying to make based on what we are looking at.' At that point, we can help use the data to help drive that narrative, versus just throwing data at a client without a reference point."

Looking ahead five to 10 years, Mr. Ide expects that data analytics will only become more vital to the search process. The industry is just at the beginning of what it might be able to do with data: "I think it will become more of a differentiator between executive search firms, especially those that have built a body of work and an expertise in a particular area or field," he said. "These recruiters will have a data set that can be leveraged in conjunction with their network and successes."

For all the promise that analytics, AI and other forms of technology offer the workplace, many people have legitimate concerns, especially in regard to its effect on jobs. According to the report produced by powerhouse consultant **PwC**, 38 percent of U.S. jobs (nearly four in 10) will be replaced by robots and artificial intelligence by the early 2030s. For many in the financial services sector, that means trouble. PwC reports that 61 percent of jobs the sector could be flat out eliminated and replaced by machines.

Impact of Automation

"A key driver of our industry-level estimates is the fact that manual and routine tasks are more susceptible to automation, while social skills are relatively less automatable," said John Hawksworth, chief economist at PwC. That said, no industry is entirely immune from future advances in robotics and AI.

Automating more manual and repetitive tasks will eliminate some existing jobs, but this could lead to some workers focusing on higher value, more rewarding and creative work," Mr. Hawksworth noted. "By boosting productivity and so generating wealth, advances in robotics and AI should also create additional jobs in less automatable parts of the economy as this extra wealth is spent or invested." A potential silver lining, and just in time.

By 2030, according to research from Korn Ferry, demand for skilled workers will outstrip supply – resulting in a global talent shortage of 85.2 million people. A recent study outlined the potential consequences for the many industries struggling to find talent.

The eye-opening figures are the latest in Korn Ferry's multiyear 'Future of Work' series, which describes a looming and unexpected talent shortage across industries and continents. This most recent report, 'Future of Work: The Global Talent Crunch,' examined talent supply and demand in 20 economies across the world in three broad industries: finance/ business services, technology/ media/ telecommunications, and manufacturing. Projections were based on forecasts from international labor organizations and government statistics and then analyzed by outside economists.

The report found signs already emerging that within two years there will be too little talent to go around. In countries with low unemployment and booming

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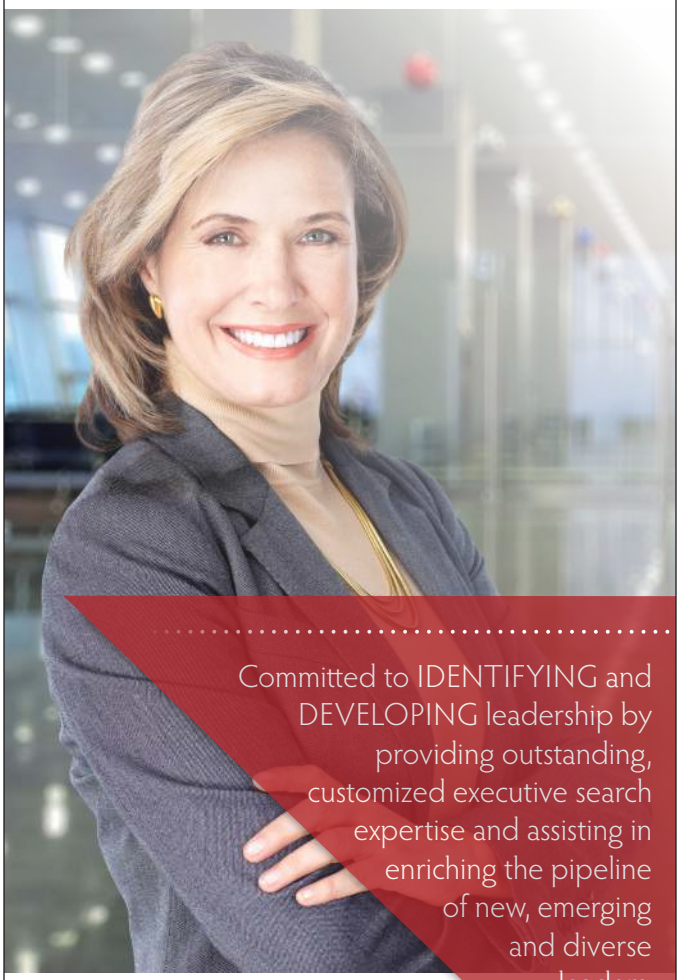

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manufacturing production, including the Czech Republic, Poland, Hungary and Slovakia, a labor shortage has already accelerated automation and increased use of robotics – not to replace people, but because there aren't enough of them to fill the factories.

The U.S. alone could miss out on $1.7 trillion in revenue because of labor shortages, or roughly six percent of its entire economy. While leaders are betting heavily on technology for future growth, 67 percent of CEOs believe "technology will be their chief value generator in the future of work – they cannot discount the value of human capital," said the study.

Even companies that are using more robotics foresee a growing need for human talent with advanced skills. One example would be the redeployment of people from the factory floor, where robots can perform repetitive work, to the research laboratory. The problem, however, is the mismatch between technological advances, including automation, artificial intelligence, and machine learning, and the skills and experience workers need to leverage these advanced tools. Technology cannot deliver the promised productivity gains if there are too few human workers with the right skills. This has set the scene for a global talent crunch.

"The talent squeeze is a result of two phenomena," said Umesh Ramakrishnan, who sits in the office of the CEO at **Kingsley Gate Partners**: "nascent technologies and an ever-changing landscape fueled by the Agile revolution." People who master both, he contended, are few and far in between. "Companies need to exponentially increase their investments in training and continuous improvement methodologies to battle this crunch."

John Marshall, CEO of search firm **JM Search**, said that as a recruiter he's in the unrivaled position of interviewing workers at different levels. "I have seen an increased skill set in all areas based on

Q&A

Finding Leaders in the Disruptive Age

From his vantage point, Rod McDermott sees the talent shortage as a true supply and demand problem – and one that's been festering for years. But it is a problem that could, he said, result in less demand for permanent workers. As a result of the shortage, companies are building their own talent pipelines, he said, and they are embracing technology like never before to reshape their workforces for the future.

Rod serves as CEO and co-founder of search firm McDermott & Bull, the largest retained executive search firm headquartered in Orange County, and one of the largest in the West. Rod has worked with leading companies in financial services, healthcare, aviation & aerospace, and technology.

A massive talent shortage is expected by 2030. How will this impact the search for talent?

I would argue that any talent shortage we experience could result in less demand for permanent talent and an increase in demand for interim executives. We see the 'gig economy' expanding into the executive suite much like it has in the less skilled sectors where gigs with companies like Uber, Lyft, and Door Dash are very common. Today we're seeing skilled functions such as web development and graphic design being crowd sourced and in many cases these former in-house roles are being filled by outside gig workers. It would not surprise us to see C-suite and other executive roles follow a similar path. In fact, we could make the argument that it is happening now, as our interim executives business is a preferred solution for private equity firms who seek top-level turnaround talent for two-year stints.

Are you seeing companies building their own talent pipelines beginning at the entry level?

Absolutely. We're seeing a trend in the aviation space where organizations have been managing a talent shortage around skilled positions for quite some time. They are literally making a bet on their futures by hiring young, unskilled, college graduates and integrating them into their organizations long before they can be real contributors. Tech companies are doing the same thing by locking up young engineering talent while they are still in college. They'll bring juniors and seniors into their organizations, task them with specific projects while they are still in school, and then extend full-time offers before they graduate. These trends are reminiscent of the 60's, 70's and 80's where there was a greater likelihood that people would work for the same company their entire career. Young, motivated graduates who are just entering the workforce are looking for companies that will invest in their development and in return, they are pledging their loyalty to the organizations they believe are contributing to their long-term career growth. We have yet to see if this trend towards the old ways of doing things will work, but great companies that are leaders in the tech world – Apple, Amazon, and Google for instance – are seeing higher retention rates as they invest heavily in their employees through development, as well as through lifestyle perks.

How are organizations embracing technology to reshape their workforces of the future?

Technology is being embraced on so many different levels. From communications, to training and development, to talent acquisition, technology is reshaping the way we all do business. In fact, our business uses videoconferencing as an important interviewing tool. In the past it might have taken a week to interview five C-level candidates from around the country. Today, it can all be done in one day. This has helped us streamline our process and dramatically reduce the amount of time it takes for us to submit quality candidates to our clients. We're also leveraging and seeing other organizations use social media to deepen relationships that may have been initiated offline at mixers, meetings and special events. We built our Executive Network ("EN") offline via face-to-face gatherings, and are now optimizing those connections using social media to make it easier for executives to foster relationships with their peers down the street and across the globe from their desktop and mobile devices.

advancements in technology, increased focused in specialization functions, and significant improvements in the development of talent."

Jacob Navon, a partner with **Westwood Partners**, said that in the end it all comes down to talent shortages just about everywhere. "In professional fields, industries across the board are crying out for qualified data scientists and others with information science, management and technology skills." Ditto, he added, for anything to do with AI and machine learning. "Not nearly enough new graduates are being produced in either role," he said.

Financial Services

Financial and business services, one of the world's most important sectors in terms of contribution to GDP, are the industries most threatened by severe talent shortages. The Korn Ferry study forecast a deficit of 10.7 million workers by 2030, equivalent to more than 45 times the global workforce of HSBC Bank.

The American financial services sector is projected to suffer the most. The $435 billion shortfall forecast not only accounts for a third of the global sector total in the research's findings, but also is equal to 1.5 percent of the entire U.S. economy.

"Global financial services players are already experiencing skilled talent shortages and are set to face the greatest talent gap of any industry sector in the next decade," said Michael Franzino, president – global financial services at Korn Ferry. "Financial services leaders need to act now or they will forfeit substantial growth opportunity."

"While I agree there will be a massive talent shortage over the next decade, I believe that the related shortage will be more in the manufacturing and industrial sectors of the economy where robotics are more in play," said John Ricco, founding partner at **Atlantic Group** in New York City. This does not mean there will not be a talent crunch in financial services over the next decade as well, he said. "In fact, there is a talent crunch going on right now within our financial service clientele. But most financial service organizations expect to hire the best talent on the street and with the robust economy we're currently experiencing there are not enough strong candidates to supply the demand."

Paula Park, managing partner at **Ormsby Park**, said she has been fortunate to have robust conversations with a number of Bay area CFOs about their long-term plans. "What we have learned is that the public

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company CFO space in tech will be largely affected by a talent shortage in the coming few years," she said. This is due to the stock market being at an all-time high, allowing for earlier retirements. "Many of these CFOs have been in the role for longer than five-plus years and have been critical in steering their respective companies towards financial success since the downturn of 2008," she noted.

"What this means is we will soon be lacking a pool of talent that have the necessary experience and requirements to become the next public company CFO. We believe that succession planning and getting people the right experience to check the box is critical. Otherwise, viable candidates are likely to come from outside the area and even from a different industry entirely," she added.

Technology

David McCormack, founder and CEO at **DMC Partners**, said that if you believe everything written about AI, "then these studies are incorrect." Since early 2013 we've seen over 150 equity research analysts move around the U.S. market. Outside of research, we've also seen a lot of hiring this year in high touch sales trading, high touch trading, and electronic & equity derivatives. Over 30 equity sales traders and general traders moved from bank to bank this year and we haven't seen that shuffle in years." No bank, he said, is adding net headcount – "so this is attributed to upgrades and certain banks and broker dealers wanting to take further market share from those that are still distressed from the financial crisis."

Technology underpins all other sectors of the global economy, but its advancement could be stalled by serious talent problems. Such deficits are already evident, and Korn Ferry research forecast that by 2030 the labor-skills shortage will reach 4.3 million workers. This is equivalent to 59 times the number of employees of Alphabet, Google's parent company.

While the digital revolution often seems unstoppable, it could be about to hit a wall.

Currently the world's leading technology market, the U.S. can expect to lose out on $162 billion by 2030 because of sector skills shortages. "These talent deficits may imperil America's status as the global tech center," the Korn Ferry report said.

"The United States is so far failing to equip the next generation with the new skills that are needed to fill large numbers of high-tech roles," said Werner Penk, president, global technology market, at Korn Ferry. "As with many economies, the onus falls on companies to train workers, and also to encourage governments to rethink education programs to generate the talent pipelines the industry will require."

"The talent gap is worse than most people are seeing," said Jose Ruiz, CEO and managing partners of search firm **Alder Koten**. "When we discuss tech roles, most people think of Silicon Valley, Google, and Apple. But traditional industries now have tech embedded into them," he noted. "The current trend of automation and data exchange in manufacturing technologies is going to pick-up speed." The pattern, he said, includes cyber-physical systems, the Internet of things, cloud computing and cognitive computing as integral parts of industry and manufacturing.

"It's referred to as Industry 4.0 – the fourth industrial revolution. Manufacturing jobs will likely never be what most people remember, and tech talent will drive a nation's manufacturing and economic power," he added. Companies simply training workers might not be enough to fill the gap, he said. "And that begs the question: Can we teach and train fast enough to outpace other emerging economies?"

As it relates to preparing the workforce of the future, said Matt Shore, president of recruiting firm **Steven Douglas**, "the entire onus should be placed on

companies. With the incredibly expensive cost for the government to educate our children in this country and for parents to send their kids to college, the educational system needs to be more focused on the skills building that will get this next generation prepared and hired." Once they're hired, he added, companies need to step up and invest in this talent to help advance them to the next level."

Generally speaking, said Adam Bloom, president of **The Stevenson Group**, the question he thinks about is whether the next generation is taking full advantage of what's out there at the moment. "The skills needed in today's environment will look different five, 10, 20 years from now, and I believe it's the responsibility of our schools and parents to prepare our children for the changing landscape." With that said, the current workforce also needs to be trained and companies have a responsibility to provide tools and resources to ensure their current employees can deliver on their business objectives. "A harmonious balance needs to be struck and employees can't sit back and wait; rather, they must communicate with their management and ask for the training they need and want."

Manufacturing

A solid manufacturing industry is needed to meet domestic product demand, generate export revenue, and provide the equipment and instruments that other sectors need to flourish.

Yet manufacturing is headed toward a crisis, the Korn Ferry report found. By 2030, the sector faces a global labor shortage of 7.9 million workers, the equivalent of 39 times the number of Ford employees worldwide.

"Automation may promise great gains for manufacturing; indeed, technology may replace some of the labor at levels B and C," said Yannick Binvel, president global industrial market, at Korn Ferry. "But the demand for people who can innovate, create,

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manage, and apply new developments – typically those at level A – will skyrocket, partly in response."

"Jobs won't disappear but they'll evolve," he added. "That's why the talent crunch is a political problem too: Equal opportunities to learn and develop need to be offered to everyone. Whether individuals choose to take them will be a critical personal choice."

In the era of digital transformation with AI, robots, autonomous vehicles and iOT, said Mike Adler, senior managing partners at search firm **AC Lion**, technology will simply change the nature of work. "As a large portion of the jobs that we know today automate and absorb the routine aspects of work, the jobs evolution will be centered around 'human intelligence tasks' that computers are unable to do." Among these roles, he said: salespeople, client services writers, coaches, healthcare professionals, personal services, and executive strategists, among countless others.

Jason Hersh, managing partner at **Klein Hersh International**, said that in the life sciences industry (as with most) there is a convergence of technology meeting engineering (bio-engineering). "As with most service businesses," he said, "one of the most important components is data efficiency and speed. With advances in AI, Big Data, and machine learning there is and will continue to be a shift in our workforce. Many areas will become automated and new disciplines will become opportunities for growth."

"I think the emphasis will be on higher level problem solving and analytical skills," said Katie Bouton, founder and CEO of **Koya Leadership Partners**. Since there will continue to be components of jobs that will be automated by technology and jobs that shift due to technological advances, skills such as critical thinking and problem solving, collaboration across networks, leading by influence and flexibility will be increasingly valued in the new world of work."

Ms. Bouton noted that in the world of recruiting, AI will become a bigger component of how recruiters identify candidates. "As we shift to a model where AI is being used to generate the names of potential applicants, the emphasis of the recruiting role will be on all the consultative skills that make a recruiter good with candidates and clients."

Global Outlook

Much of the shortage is based on simple demography, said the Korn Ferry report. Japan and many European nations, for instance, have had low birth rates for decades. In the U.S., the majority of Baby Boomers will have left the workforce by 2030, but younger generations will not have had the time or training to take many of the high-skilled jobs left behind.

The talent shortage may be difficult to envision now, with daily headlines about how robots and artificial intelligence are making their way into a growing number of industries. And the study shows how, at least in 2020, there might even be a surplus of talent in Russia and China.

But by 2030, Russia could have a shortage of up to six million people, and China could be facing a shortage twice as large. The U.S. could also be facing a deficit of more than six million workers, and it is worse in Japan, Indonesia and Brazil, each of which could have shortages of up to 18 million skilled workers.

"In this fast-changing environment, workforce planning and a comprehensive understanding of the talent supply chain are critical," said Korn Ferry. "Leaders need a deep understanding of talent marketplace economics to put the right planning and core proposition in place to ensure they have the skills their workplace needs."

While technology will reshape the future of work, organizations will be unable to leverage it without the right talent, the report concluded. "It is only through

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the partnership of people and technology that the full potential of both can be realized. To secure their future, companies must look to address the talent crunch now," said Korn Ferry.

Impact of Automation

So what exactly will we humans have to offer employers if smart machines can perform all or most of our essential tasks better in the future? While American jobs are most at risk, overseas the situation is not much better. Up to around one third, or 35 percent, of existing jobs in Germany could face automation over the next 15 years. The PwC report estimates that the U.K. has a slightly lower proportion of existing jobs at potential high risk of automation (30 percent) followed by Japan with 21 percent. It should be noted, however, that Japan is already on the front lines of automation and has been grappling with a jobs problem for some time now because of it.

PwC's analysis finds the likely impact of automation varies significantly across industry sectors: transportation and storage (56 percent), manufacturing (46 percent) and wholesale and retail trade (44 percent) have the highest proportion of jobs facing potential high risks of automation among the larger sectors. Education, health and social work are estimated to face the lowest risks of automation given the relatively high proportion of tasks that are hard to automate.

"Automation and other fourth industrial revolution trends are driving a re-imagination of life, work, and community," said Jay Lemons, president of **Academic Search**. "The academy and higher education leaders must continue to question what these changes mean for society, as well as for our role in preparing citizens and tomorrow's leaders for the possibilities and pitfalls that lay ahead."

Background Check

AI Reduces Hiring Risk

Hiring a senior executive or employee with access to sensitive data can be a risky proposition. Despite impressing in an interview, unknowns regarding the candidate's legal, financial, and reputational history often leave an employer vulnerable to repeat problematic behavior – something that could have been identified prior to closing the hire.

Nadav Ellinson, co-founder and VP Product of Intelligo Group, walks us through some brand new methods of mitigating risk and ensuring successful key hires.

What was best practice in comprehensive senior background checks prior to AI?

Employers typically lacked viable options for effectively investigating the background of important candidates. On the one hand, they could have ordered a standard background check for $100 that would cover criminal records and employment verification, but this didn't give any true insight into the kind of reputational and risk-related data that was most important for key hires. On the other hand, they could have paid obscene amounts of money for an analyst to manually spend 10 business days searching the internet and databases and writing up a 30-page report. Since neither option was attractive, many employers chose to simply run the same basic criminal check on key staff that they run on everybody else.

What is now possible with AI?

A comprehensive check can now be turned around within minutes, sold at a reasonable price point, and is consistently more accurate at finding many patterns of behavior than a human analyst. It can cover a candidate's entire history including litigation, news, social media, regulatory actions, professional background, assets and much more. Additionally, reports are no longer out-of-date the moment the client receives them. AI allows for ongoing monitoring and a live alerts system for those employers wishing to monitor either until the hire is closed, or even post-hiring.

How does AI achieve this?

The best artificial intelligence systems today can quickly and cost effectively gather huge amounts of data, effectively filter out false positives, conduct analysis on the data and produce an interactive online report. Intelligo Clarity is the first platform to succeed in applying these capabilities to the messy world of human behavior, producing a report that accounts for common names, aliases, frequent relocations, name changes, candidates who are frequently mentioned in public sources and much more.

Can AI make a mistake?

Certainly, AI and machine learning is not yet 100 percent accurate. At Intelligo we believe that when humans work together with AI we achieve the best results for our clients. AI allows for processing massive amounts of data and reaching conclusions that many analysts would miss. It also makes many less 'human' mistakes such as misspellings, biases, and forgetfulness. When we use AI to do most of the work and the output is reviewing by a human, we achieve the best of both worlds and produce highly accurate reports.

What's around the corner for AI and background checks?

The speed of AI will soon allow an in-depth background check to be conducted on candidates earlier in the recruitment pipeline, providing valuable information for the interviewing process and saving a huge amount of wasted time and effort interviewing candidates with problematic backgrounds.

As he sees it, the practice of search has been improved through automation and other developments, including AI. Who we source to, how we source, follow up responses, due diligence and other technical aspects are all greatly improved, he noted. "However, the art of search in higher education still rests with understanding the needs of our institutional partners, observing and helping navigate political realities, and providing decades of experience as resources to help our institutions thrive with strong leadership." He, therefore, said it remains "hard for me to fathom that AI will ever fully replace the essential human dimension in the identification of leaders and helping them reach their full potential."

Nevertheless, automation gives search firms a large-scale birds-eye-view of the talent marketplace, said Len Perna, president and CEO of **Turnkey Sports & Entertainment**, "while that same automation in the hands of the client doesn't deliver the same efficiencies. Technology isn't a threat to

the search firm business model, he said, but rather "it's a value amplifier."

Automation and AI will continue to help recruiters streamline their recruiting process in the future, said Chad Rettig, managing principal at **Rettig & Associates**. But, he said: "We must realize the perfect candidate is a mix of technical skills and cultural fit. It has been my experience that live conversations can identify the cultural fit 100 percent of the time. As technology continues to advance, we plan on keeping the human interaction at the forefront as we identify the leaders of tomorrow."

The potential impact of job automation also varies according to the characteristics of individual workers. On average, PwC estimates that a higher proportion of male jobs (35 percent), particularly those of men with lower levels of education, are at higher potential risk of automation than female jobs (26 percent). This reflects the fact that relatively highly automatable sectors such as transportation, storage and manufacturing tend to have high proportions of men working in them.

In contrast, female workers are more concentrated in occupations requiring higher levels of social skills – and often higher average education levels – such as health and education. What this means for working women of the future demands further exploration. Still, it seems likely that automation will continue to advance women's gains in the workforce.

Automation a Great Equalizer

"The fundamental concept of skilled labor is rapidly changing with science and technology," said Tomilee Tilly Gill, founder and president of **Executives Unlimited**. "Automation and artificial intelligence are irreversibly impacting men and women in the workforce." Wages, she noted, will be impacted and jobs will be lost. "The workers that experience

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professional gains will be those who are able to translate to more creative and strategic roles."

Mary Newell, vice president of operations at search firm **Phillips DiPisa**, said she doesn't necessarily agree that automation will advance only women's gains in the workplace. "I believe automation will advance men's and women's gains in the workplace. Automation, by its very nature, helps streamline day to day processes allowing employees (both men and women) to focus on more strategic and visionary initiatives to help advance an organization's goals and mission," she said.

"Automation is inherently a great equalizer and affects all people where the automation technology is being applied," said Carrie Pryor, managing partners of **Greenwich Harbor Partners**. "Historically, women were encouraged to be in support roles such as research and administrative positions. But these roles have and will continue to undergo major automation from AI in candidate identification and development to voice recognition and enhanced video."

Everyone's role – from the CEO to the most junior team member – will be massively impacted by automation, she added. For recruiters, she noted, "repetitive, simple tasks are now done in seconds," and that leaves more time for deeper candidate evaluations. "In our field, general data analytics has morphed into predictive analytics – with recruiters being more able to chart probable outcomes," she said. But the key word here, say recruiters, is 'probable' and senior recruiters, said Ms. Pryor, need to advise their clients that individual candidates may differ from the norm or desired profile but that their very differences, in fact, might make them more ideal placements. "Automation frees up time and allows for more sophisticated decision-making," she concluded.

Knowledge as Commodity

While automation related to AI and robotics should boost productivity and not necessarily reduce total employment in the long run, its effects could widen income inequality. The reason: a greater proportion of the economic pie will go to those with the knowledge and skills needed to thrive in an ever more digital economy. This would put a premium not only on education levels when entering the workforce, but also on one's ability to adapt over time and re-skill throughout working life in the face of an accelerating pace of technological change.

"There's no doubt that AI and robotics will rebalance what jobs look like in the future, and that some are more susceptible than others," said Jon Andrews, head of technology and investments at PwC. "What's important is making sure that the potential gains from automation are shared more widely across society and no one gets left behind. Responsible employers need to ensure they encourage flexibility and adaptability in their people so we are all ready for the change." In the future, he said, knowledge will be our main commodity so we need to shift our thinking on how we skill and upskill future generations. "Creative and critical thinking will be highly valued, as will emotional intelligence."

Competency Trumps All Else

In many ways, said Mike Myatt, chairman of **N2Growth**, technical skill sets and functional competencies are little more than table stakes as C-level candidates generally all have pedigree and gravitas. "But what they don't all possess is agility and resiliency to operationalize change at scale," he said. Leaders who can't demonstrate the ability to reinvent at scale won't get many second looks these days, he noted.

"Put simply, the most important competency for senior executives is competency. The domain expertise our candidates trade-in, and our clients want, tends to be less technical and more human centered – strong leadership acumen, crisp creative thinking and problem solving, the

New Insight & Data

How AI in Recruiting Can Improve Cost-Per-Hire

Because AI requires data, data, and more data to work, one place talent acquisition leaders and recruiters are likely to see the most immediate benefit with adoption of AI-enabled recruiting solutions is in key performance indicators (KPI) like cost per hire and time to hire. These areas are where talent leaders seem to feel the most pressure.

"Not only can AI help improve day-day operations which will have direct impact on these indicators," said Terry Baker, president of **PandoLogic**, "but it can also provide new insights and data that will help improve overall strategy." In time, he said, AI might even help to identify better indicators to measure against.

PandoLogic should know. The company enables employers to source quality applicants faster and more efficiently through the use of Big Data, artificial intelligence, and proprietary campaign algorithms that fully-automate and optimize the job advertising process – from job classification and targeted distribution to budget allocation and dynamic bidding across diverse job categories.

AI-enabled recruitment technologies like pandoIQ, a programmatic job advertising platform, are now using predictive analytics to work smarter and deliver better results that lower cost-per-hire. Why is that so important to job advertising? It happens to be one of the biggest expenses in the cost-per-hire equation.

In fact, according to a recent **LinkedIn** study, the average company spends 30 percent of their recruitment budgets on advertising on job sites. Unfortunately, it's also an area full of haphazard spending due to a lack of transparent data. "With access to the Big Data, AI-enabled algorithms can predict performance in advance and answer tough questions like, "How much spend does each job ad really need?" said Mr. Baker. "With predictive data at hand, these algorithms can determine the best way to allocate your job advertising budget across all of your jobs, allotting more dollars to those hard-to-fill positions that will require more spend."

In the end, he said, you end up with the best performance possible from your budget without having to spend more. That is definitely good news for your cost per hire KPI.

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ability to communicate effectively across diverse constituencies, and the sophistication and emotional intelligence to unlock hidden value in their teams."

The best executives, he added, "understand their job is not to put people in boxes, but to free them from boxes. They recognize their job is not to leverage people, but to create leverage for their people. The most in-demand executives, both now and into the future, are those who understand the need for unlearning is just as valuable as the need for learning. These are the executives who create a culture that values 'what's' right as being more important than 'who's' right," he said. These types of leaders, he noted, "are those willing to scrap a best practices mentality and instead willing to go in search of next practices."

As standard skills become more automated and commoditized and the pace of change in companies increase, said Clark Beecher, managing partner and co-founder of **Beecher Reagan Advisors**, "capability, depth and unstructured problem-solving skills will be in short supply and at a premium."

In a world where entire industries are being displaced because of competitors like Amazon that combine scale and agility, companies of all shapes and sizes are on high alert, added Geoff Hoffman, CEO of Chicago-based search firm **DHR International**. "Today, organizations need leaders who can think on their feet, cut through complexity, and offer creative and practical solutions. Rather than rely on stellar resumes or LinkedIn profiles (what they've done in the past), the best search firms use sophisticated assessment techniques to zero in on forward looking leadership competencies and cultural fit."

Promises and Realities

Given the rapid rate of change in technology and the ever-increasing insight gained through the analytics of data, "leaders have to be more adept at thinking

critically as they are forced to be more creative in solving problems," said Craig Buffkin, Managing Partner of **Buffkin / Baker**. "The velocity of 'business' change will only increase as time passes, so we as leaders have to evolve to keep up with the pace. If we do not continually evolve and continually improve the way we serve our customers, we will go by the wayside." As leaders, he asked, "Do we want to be Blockbuster or Netflix? Do we want to be in railroads or transportation?"

While the bulk of PwC's analysis focused on the technical feasibility of automation, it also recognized the economic, legal and regulatory constraints that might restrict the pace and extent of future increases in automation in practice.

"Just because it is technically feasible to replace a human worker with a robot, it doesn't mean it's economically attractive to do so," said Mr. Hawksworth. "Levels of automation will depend on the relative cost and productivity of robots compared to human workers in carrying out different types of tasks. We expect this balance to shift in favor of robots over time, but there should still be many areas where humans retain a comparative advantage."

He also said that legal and regulatory hurdles, organizational inertia and legacy systems will slow down the shift towards AI and robotics even where this becomes technically and economically feasible. "And this may not be a bad thing if it gives existing workers and businesses more time to adapt to this brave new world," he added.

One study by **Allegis Group**, "AI and the World of Work: Embracing the Promises and Realities," revealed that hiring managers are showing a combination of excitement and angst surrounding AI. Twenty-one percent of the HR professionals surveyed by the Hanover, MD staffing and recruitment services firm said they were excited by AI and its impact on the

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Interpreting Patterns of Behavior

The Coming Impact of AI on Culture

Artificial intelligence is, at its core, intelligence displayed by machines. The term is applied when a machine mimics cognitive functions that humans associate with other human minds – such as learning and problem-solving. AI encompasses many things, but at the moment it has a strong emphasis on using algorithms to do very smart things.

According to Jerome Parisse-Brassens, Amsterdam-based executive director at culture transformation experts, **Walking the Talk**, that is all about to change – drastically. "We are clearly moving towards a world where machines will talk to machines – and beyond simply talking to humans," and this, he said, "brings myth, fiction and philosophy to the mind."

"Artificial intelligence is poised to become one of the most important business disruptors of our times," added Humberto Franco, who serves as the firm's executive director in Sao Paulo. "But as we move from digitalization to the full digital era, we believe that it is critical to change mindsets and move away from a focus on threats to a focus on opportunities offered by AI and cognitive technologies." Beyond the fear of the killer robot and the loss of jobs, he added, "AI appeals to our humanity as it uses data to analyze patterns, and in particular, patterns of behaviors."

That is where culture enters the picture. AI interprets these patterns and uses them to our advantage, said Mr. Parisse-Brassens. "If we define culture as the patterns of behavior that are encouraged, discouraged, and tolerated by people and systems over time, then it is easy to see how central culture is to AI."

Clearly, there is a long road ahead before we realize the full cultural impact of AI. But the journey has started and the changes will be significant.

future of work. But 17 percent said they see AI as both disrupting and enabling. And though 20 percent feel machines will replace only tasks, as opposed to jobs, another nine percent said it will displace most jobs within the next decade.

Perhaps not to be taken lightly, considering the warning by physicist Stephen Hawking before his death about the potential dangers of computers performing tasks that typically require human intelligence, eight percent of the respondents agreed that "AI will dominate and obliterate mankind."

"We're still in the early stages of understanding how AI will displace old jobs and create new ones," said Andy Hilger, president of Allegis Group. "Without question, though, it will have a major impact on how companies compete for talent and get work done."

"Innovations in AI will become more and more integral to business success, impacting strategic priorities, technology adoption, and, maybe most important, the overall evolution of the workforce," he said. "Our industry, as well as the clients and talent with whom we partner, needs to understand the implications and have a plan to capitalize on what will be a disruptive force."

For the study, Allegis Group surveyed more than 300 human resources professionals, senior level and above. When asked to identify areas of talent management that will benefit from AI, top responses from those surveyed included training talent (26 percent), screening talent (24 percent) and workforce planning (22 percent).

Regarding the skill types most susceptible to automation, HR professionals pointed to data collection/processing (36 percent), predictable/physical work (27 percent), analytical/quantitative skills (23 percent) and customer services/administration (22 percent).

Painted Out

The top obstacles to companies adopting AI, according to the report, include budgets needed to upgrade or maintain AI (32 percent), a lack of people to build or manage AI (26 percent) and training AI workers (24 percent).

CEOs' distorted perceptions demonstrate the extent to which people are being painted out of the future of work – and the risk to organizations that do not

recognize the potential of people to generate value. A full 44 percent of leaders in large global businesses told Korn Ferry that they believe the prevalence of robotics, automation, and artificial intelligence (AI) will make people "largely irrelevant" in the future of work.

Perhaps. But according to Blaine Nelson, president and CEO of **BLNelson Group**, many more meaningful and rewarding jobs are being created in the engineering, development, production and sales of robotics than are jobs being lost by people being replaced by robotics. "That is why the demand right now for engineers and other types of positions are greater than the supply of available talent to fill them. I know that for people being displaced by robotics, it's painful. But for the many more who are employed because of robotics, the opportunities are plentiful."

The situation is similar to when the telegraph was finally finished across America and the pony express instantly went out of business, he said. "Pony Express riders became unemployed, while those employed to man the telegraph offices and maintain the telegraph lines skyrocketed." Economies always grow, and scale, he said, rather than shrink with advancements in technologies."

Chris Conti, a partner at search firm **Lancor**, said that while he's sure that robotics, or (more accurately) artificial intelligence programs will impact the recruiting industry, "the improvements that we'll get because of it will have more to do with the speed at which a search is executed, than the threat it would pose to disintermediating the sector itself."

The internet, he said, was the first hyperjump in terms of bringing speed and efficiency to the recruiting world. "Frankly, without the internet, many firms like Lancor would not even exist," he admitted. "It flattened the playing field for boutiques to compete at the highest levels." As it relates to focusing a search process on the most relevant set of candidates, he

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added, "a smart AI application will do in seconds what it took weeks to complete just five years ago."

Still, Korn Ferry's economic analysis found that human capital is the greatest value creator available to organizations: For every $1 invested in human capital, $11.39 is added to GDP. That return on human capital – value versus cost – should give a clear signal to CEOs and everyone else: Investing in people can generate value for every organization over time that significantly exceeds initial financial outlay.

"Although organizations often put technology in the spotlight in the future of work, it is human capital that holds the greatest value for organizations now and in the future," said Jean-Marc Laouchez, global solutions managing director for **Korn Ferry Hay Group**. "When an innovation strikes gold, the

Q&A

Embarking on a Digital Journey

Figuring out how to build winning teams and deciding which skills are in the highest demand is something every recruiter worth his or her salt focuses on the moment they walk into a client meeting. Seasoned professional services consultant, business executive and former CIO, Jose Martinez, serves as a managing director charged with strengthening and growing the information technology and digital recruitment services business at TalentRise.

Here, he discusses how he helps companies build A-teams, which skill sets are most in demand, which digital skills matter most and what we can all expect to see in the next five years.

Companies are approaching building their A-teams in different ways. How has this complicated the recruiting process?

When it comes to building the A-team for a digital transformation, often the profile required consists of hybrid talent that combines technical and creative skills sets. To find the right team members, one must look for those who are trained and experienced in contemporary technologies, typically engineers more versed in black and white thinking. At the same time, these engineers must also be creative thinkers, comfortable with dealing with ambiguity and various shades of gray. Generally, one is either a left or a right brain thinker. Members of the A-team will need to be both. Additionally, these hybrid folks must have a startup mindset or entrepreneurial tendencies given that they need to function outside of corporate norms even within a corporate setting.

What can you tell us about the skill sets most in demand today?

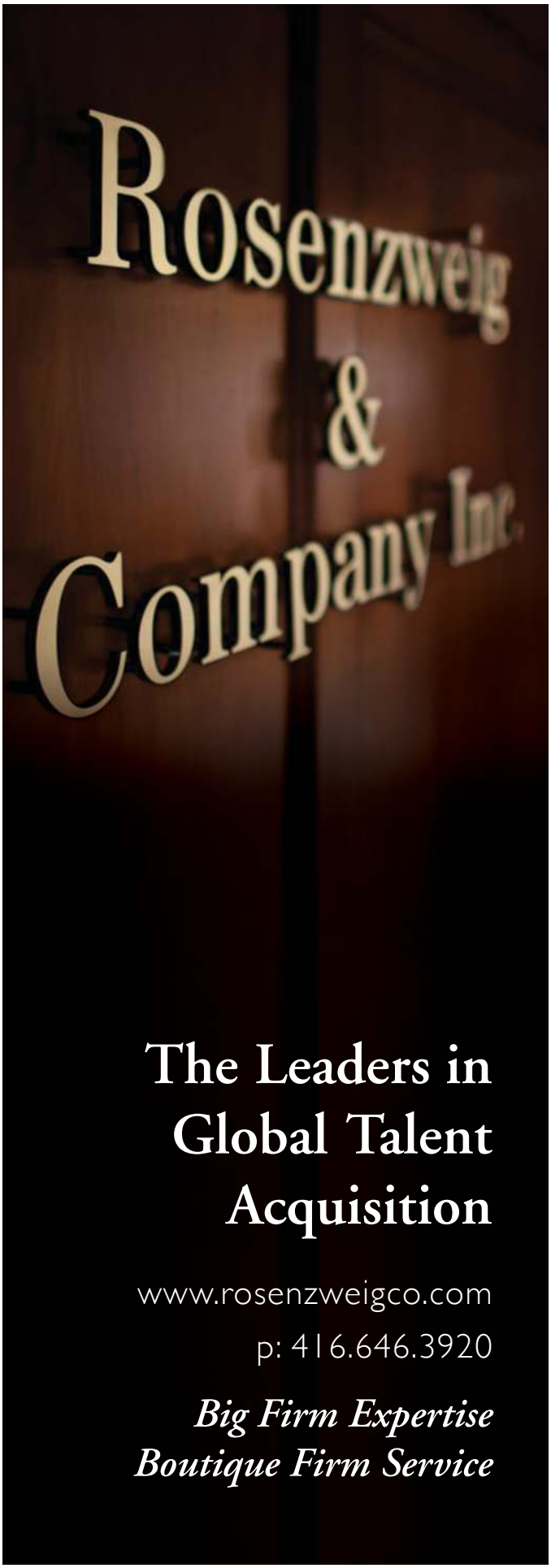
There is tremendous demand for utility players who can wear multiple hats and can think outside the box. With regard to functional disciplines, anyone with data or business intelligence, electronic commerce, or customer experience expertise are very much in demand today. Those who can predict consumer/customer behavior and develop products that will address future or anticipated needs are the ones who will win. Companies are competing for mind share, not just wallet share. The more relevant your communication, your products or your offerings are to the prospective consumer or customer, the higher the probability your products or services will be attractive to your target customers.

Is it true that digital skills are trumping most other candidate skillsets today?

For the most part, that is an accurate statement. The question is, 'What is digital skill?' As previously mentioned, being 'digital' requires 'hybrid' thinking. If you are a technologist who can be creative with a startup or entrepreneurial tendencies, then you are digital. Conversely, if you are a creative who understands technology and not necessarily a 'coder' with a startup or entrepreneurial tendencies, then you too are digital. Today, these professionals are difficult to find because of the need to find both skills sets in one individual.

In the next five years, which skills will be most in demand?

As companies mature and digital transformation progresses, 'digital' capabilities will be embedded within every aspect of the business versus today where you may only find these capabilities in a 'digital organization' isolated from the rest of the organization. The needs for digital skills will continue to be in demand but they will be found in traditional disciplines or roles. Digital will just be another component of one's competency. As far as specific skills that will be in demand, they will be anything to do with data, cyber security and yes even electronic commerce.



connection between the value that's created and the team behind the technology is often lost," he noted. Leaders therefore must recognize and capture the value of all their resources to succeed.

"The economic reality of human capital value magnifies the importance of attracting and retaining the right people now and in the future. Technology alone cannot deliver the uplift in productivity and value every organization needs," said Jeanne MacDonald, global operating executive and president, talent acquisition solutions, for **Korn Ferry Futurestep**.

One recent report by the **World Economic Forum** and the **Boston Consulting Group**, "Towards a Reskilling Revolution: A Future of Jobs for All," said that the global economy faces a reskilling crisis with 1.4 million jobs in the U.S. vulnerable to disruption from technology and other factors by 2026.

Reskilling Revolution

The report analyzed nearly 1,000 job types across the U.S. economy, encompassing 96 percent of employment in the country. Its aim was to assess the scale of the reskilling required to protect workforces from the expected wave of automation brought on by what some are calling the "Fourth Industrial Revolution."

Drawing on data for the U.S. economy, the report found that 57 percent of the jobs expected to be disrupted belong to women. If called on today to move to another job with skills that match their own, 16 percent of workers would have no opportunities to transition and another 25 percent would have only one to three matches.

At the other end of the spectrum, two percent of workers would have more than 50 options. On average, all workers would have 10 transition options today.

On the positive side, the report found that reskilling holds great potential to lift wages and increase

social mobility. With reskilling, the average worker in the American economy would have 48 viable job transitions – nearly as much as the two percent who would have the most options today. Among those transitions, 24 jobs would lead to higher wages.

Coordinated reskilling that aims to maintain or grow wages has very high returns for workers at risk of displacement, and for businesses and the economy, said the report. At-risk workers who retrain for an average of two years could receive an average annual salary increase of $15,000, and business would be able to find talent for jobs that might otherwise remain unfilled. With this approach, up to 95 percent of at-risk workers would find new work in new, higher-income jobs. Without such coordinated upskilling efforts, the report said, one in four at-risk workers would on average lose $8,600 of their annual income even if they successfully move to a new job.

Bridge to New Jobs

This reskilling revolution, however, requires that 70 percent of affected workers retrain in a new job "family" or career. This highlights the need for retraining initiatives that combine reskilling programs with income support and job-matching schemes to fully support those undergoing this transition, said the report.

"The only limiting factor on a world of opportunities for people is the willingness of leaders to make investments in reskilling that will bridge workers onto new jobs," said Klaus Schwab, founder and executive chairman of World Economic Forum. "This report shows that this investment has very high returns for businesses as well as economies – and ensures that workers find a purpose in their lives.

For all the fear that artificial intelligence will displace workers, another recent report, "Humans vs. Robots," by Adecco, showed that high numbers of employees

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Q&A

A View from Europe

In this interview, Krista Walochik, founding partner of Talengo, discusses current trends she sees from her vantage point in Europe. These trends include how AI is impacting the search for people, the role of leadership consultancy services and how executive search firms can ensure diversity in the C-suite.

Krista joined Talengo as CEO in the firm's early days in Spain. In 2004, she was appointed its chief operating officer, and one year later became the firm's international CEO. She is now the firm's president in Spain and Latin America.

How will digitalization and artificial intelligence impact the executive search profession?

Technologies now available on the market allow candidates and companies to trawl the web for potential matches between each other. But we're seeing lots of new developments. The use of facial recognition is now facilitating part of the selection process at some large corporations, while online testing is providing psychometric profiling 24-7. This is not the future: this is the present. More than ever, the role of executive search professionals is essential to making a senior hire. Search began as a branch of management consultancy and remains a high-level advisory service. Prior to starting a search, understanding why the vacancy exists, what the underlying business drivers are, what key deliverables the successful executive will provide, what values drive performance in the organization, and where this skill set and personal profile can be identified across a broad range of sectors, job titles, and organizations are fundamental to success.

Will it ever replace recruiters?

The independent perspective that a search consultant brings to the assessment process alone tells me there is no substitute for the human element in understanding a successful executive's motivations, drivers, abilities and potential culture fit. A sensitive, experienced consultant facilitating a negotiation between the preferred candidate and the hiring company is both science and art and when done well it ensures seamless on-boarding and integration. Part of the traditional search process will be digitalized, of course. But to me it is equally clear that aligning successful executives with demanding new roles requires interventions that only an experienced consultant – a human – can provide.

What place will leadership consulting occupy in the profession in the short and medium term?

Hiring a senior executive is one of the transformational actions that companies take to realign their futures. The success of these key hires in large part is attributed to understanding organizational dynamics, such as succession planning, identifying strategic competencies for future success, and assessing the match between the current leadership team and desired future state. Helping boards and companies identify talent for the future both internally and externally is an area where search professionals are uniquely positioned and qualified. The advisory work around leadership issues is already a fundamental part of what search consultants do, and will become a growing portion of our business services.

What is the role of executive search in ensuring diversity in the C-suite?

Executive search consultants have exceptional access to a very broad pool of executives and, in presenting shortlists, they 'define talent' for clients. For this reason, we have a great responsibility and a key role to play when it comes to proposing and encouraging diverse talent and inclusive leadership for C-suite positions. Organizations need a wide range of people and backgrounds to face new business challenges. But too often the tendency is to look for people with similar backgrounds, without carrying out an in-depth analysis of the talent gaps that exist. This is the real impact of talent diversity, complementing and enriching teams to create higher wealth and sustainability. By expanding the initial brief to consider transferable skills, alternative sectors, and a range of unique experiences and backgrounds, we build a context for diversity and offer clients privileged access to the broadest possible talent base. Asking about the mix of the team the new executive will join encourages conversations around the benefits of diversity. In our own teams, purposefully seeking out diverse consultants, increases the richness of thought and creativity, as well as access to diverse profiles on the market. Assisting clients with structured questionnaires helps reduce unconscious bias during the interviewing process. Finally, understanding the challenges of the hiring company's business environment is a constant reminder of the business case for diversity in leadership. That's the view from Europe – but frankly it is likely the view from everywhere else in the world!

believe it will actually help rather than hurt their future prospects. Forty eight percent of U.K. business leaders surveyed for the study said that AI is likely to benefit them by bringing more flexibility to their work.

Among other findings, two thirds (65 percent) of the leaders said that technology has generally delivered more jobs than it has taken away. From a broader perspective, the report also said that more than half of

those surveyed (54 percent) think that worldwide over the next 10 years technology is going to produce even more opportunities than it jettisons.

Enhancing Careers

"Far from the widespread fear that automation will make employees redundant, our research shows that the workplace could create opportunities for more flexible and fulfilling work," said Alex Fleming, managing director for **Adecco U.K. and Ireland**. "Many organizations and employees are buying into the idea of flexible working, but struggling to implement the reality. Our research suggests that robots could be a significant part of the solution."

Carl Benedikt Frey, co-director of the 'Oxford Martin Programme on Technology and Employment,' concurred, describing a future in which intelligent machines heighten human capabilities. "In many ways, robots could enhance careers rather than destroy them," he said. "The introduction of automation in the workplace will usher in a time where our jobs will become more creative and involve more social interaction. Although robots will render some occupations obsolete, as technology has in the past, humans and robots will also complement each other in many tasks, creating new types of jobs."

Gartner, the information technology research firm, says that on one hand, AI will cause millions of jobs to fall by the wayside, especially low-to-mid-level positions. By 2020, however, AI will produce more jobs than it eliminates, with a net gain of two million new jobs in 2025. "Many significant innovations in the past have been associated with a transition period of temporary job loss, followed by recovery, then business transformation and AI will likely follow his route," said Svetlana Sicular, research vice president for Gartner.

AI is expected to improve the productivity of many jobs, eliminating millions of middle- and low-level

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positions, but also creating millions more new positions of high skilled, management and even the entry-level and low-skilled variety.

Other studies point in the same direction. **ManpowerGroup**'s recent report, "Robots Need Not Apply: Human Solutions in the Skills Revolution," report surveyed 20,000 employers across 42 countries on the impact of automation on headcount, the functions most impacted, and the soft skills that are both of greatest value and hardest to find. As companies go digital, the study found, in the near-term most will need more people, not fewer.

Creating Clear Pathways

"We are in the midst of a skills revolution," said Jonas Prising, ManpowerGroup's chairman and CEO. "Technology is transforming organizations, skills needs are changing rapidly and we know companies cannot find the talent they need. People with in-demand skills who can continually learn and adapt can call the shots. Those with ubiquitous skills see wages stagnating and insecurity ahead, playing out in politics, protectionism and populism."

Digitization is occurring at an unprecedented pace and every industry and function will be impacted, said Mr. Prising. "This is good news for people – providing they have the right skills mix to augment rather than compete with technology," he said. "As employers, we need to identify skills adjacencies that create clear career paths for people, from this job to that job, and we must develop faster reskilling programs with shorter bursts of on-the-job, experiential training."

Eighty-six percent of employers globally said their headcount will remain the same or increase in the next two to three years as a result of automation. And, as skills needs are changing faster, employers do not always know which skills they will need even 18 months from now. Most employers say digitization

will be a net gain for employment in the near-term. Only 10 percent expect to reduce their workforce as a result of automation.

Varying Impact

Although most employers expect overall headcount to increase as a result of digitization, impact varies by function, said the ManpowerGroup report. IT comes out on top as organizations invest in digital skills, with frontline and customer-facing functions close behind. In contrast, administrative and office functions expect the greatest decreases in headcount as a result of automation. The rise in consumerism and the value companies now place on customer service and last-mile delivery are increasingly evident in a digital world. Roles that are routine or add less value to customers are under greatest threat of automation.

In the skills revolution, for organizations and individuals alike, the best blend of high-tech and high-touch will be the combination of human strengths with technical and digital know-how, said the

Q&A

The Effect of Globalization on the Recruiting Sector

Globalization has had a massive impact on recruiting talent. And that means big changes have taken place within the executive recruitment sector. According to Richard Moore, EVP at search firm Mercuri Urval, lots more change is on the way.

In this interview, Richard explains the effect that globalization is having on the recruiting sector – and, more importantly, what is to come in the next 10 years. In his current role, the team he leads works to build the capabilities and performance of consultants and leaders within Mercuri Urval. Additionally, Richard develops and implements executive search, professional recruitment and talent advisory solutions for clients worldwide.

What impact has globalization had on recruiting talent?

Well, for us, as a business the impact of globalization has been very positive. Having operations worldwide is a huge attraction to our new executive search and talent advisory consultants. More generally the impact is rather simple. Our clients expect us to work wherever they need us, and that means to search for executives or assess or coach leaders in several countries simultaneously. Our people want to work globally, our clients have global needs and increasingly our executive candidates tell us they are open to roles in multiple countries. As I see it, borders between countries simply exist in one's mind. Borders are not reality any longer. Globalization has leveled everything.

How has globalization impacted search firms and companies looking to attract top talent?

Basically, the main impact comes through the use technology – from remote cognitive testing, to predictive media sourcing, to global candidate networks and to video based delivery. It is now faster to solve our clients' global needs and match internationally available candidates to the right executive role. What has not changed is the vital value in having true global reach, expert consultants and executive researchers 'on the ground' around the world – people who bring that necessary knowledge needed to get the right result. So now, technology enabled international teams handling a global assignment is just as straightforward as handling a local one. The big change for search firms is that they need to stand ready, wherever and whenever their client calls them to action.

Looking 10 years ahead what changes might we see in the hunt for global talent?

Whenever I consider questions of the future it brings to mind Nassim Taleb's book, 'The Black Swan: The Impact of the Highly Improbable'! As he wrote: "What is surprising is not the magnitude of our forecast errors, but our absence of awareness of it." Predicting the future carries the almost certain risk of being wrong! What I would say, however, is that what is happening now, and what is changing now, may give some indication of the future. Job stability is very low – roles, tasks, and strategies are changing faster than ever. The drivers of this are likely to continue. One important meaning is that even if people stay in a job with the same title, their job still changes. This means companies, headhunters like us, and employees need to be flexible. Identifying the most suitable talent and matching them to a role will get even more demanding as the framework these decisions operate within, the future workplace, is in flux. Add to this the global dimension, and we would expect to see more talent moving internationally, with less barriers to working in other countries. And in a digital world, moving work may mean to stay where you live and simply work remotely with colleagues worldwide. So, we can expect a more global workplace, a more digital workplace – and the same unpredictable changes that have formed the world of work over the last decades. My personal bet is that in this fast changing and exciting workplace of tomorrow, top talent will be at an even higher premium than today.

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ManpowerGroup report. More than half of companies said communication skills, written and verbal, are their most valued soft skill followed by collaboration and problem-solving. Finding talent with the right skills mix is a challenge: Employers say problem solving, communication, organization and collaboration are also the hardest skills to find in candidates.

The report found that communication skills are especially important in IT functions where people are increasingly working across teams leading digitization. IT is no longer a siloed, stand-alone department; today it's a cross-functional, core element of business transformation. In turn, organizations value front-line workers who can communicate, problem-solve and understand new technology and systems that provide better client service and add value where customers want it most.

"We also know that digitization and automation is happening at different speeds impacting regions, sectors and organizations at different times in different ways. In the past, transformation took decades, even centuries," said Mr. Prising. "Today, it is happening at an unprecedented pace, yet the outcome is not predetermined. Human ingenuity and preference will be the linchpin for how we leverage technology in our lives and businesses. And in all future scenarios, helping people to upskill in this fast-changing world of work will be what ensures their employability and it must also happen at speed and at scale."

People Remain Essential

Talent professionals, meanwhile, are unlikely to find themselves out of work because of artificial intelligence, according to the Allegis Group's "AI and the World of Work" report. Instead, it will change the nature of what they need to do to succeed. "When you speak with a person, you trust that she is listening to you, learning from you, and sharing with you out of some level of genuine interest," said Tanya

Axenson, global head of human resources for Allegis Group. "But will you fully trust a machine designed to calculate everything you say toward making a decision? Probably not. That's why people will remain essential to the high-trust aspects of HR – closing deals, solving tough employee issues, building relationships and creating the organizational strategy."

Allegis Group said that while AI is taking on many skills formerly attributed to humans, new jobs will emerge. Likely candidates include AI ethicists to manage the risks and liabilities associated with AI, as well as transparency requirements. Needs will also emerge for AI trainers, and individuals to support data science, the Internet of Things (IoT), as well as capabilities related to modeling, computational intelligence, machine learning, mathematics, psychology, linguistics and neuroscience.

In other words, human beings are unlikely to be left out of the equation anytime soon, especially when it comes to the recruitment function. If anything, technology will only enhance the role that recruiters bring to their work of finding the best and brightest leaders.

Mr. DeRose, Acertitude's managing partner, in many ways reflects the viewpoint of many across HR and the search industry, saying that his firm will continue to balance a hands-on, human approach with data-driven tools and assessments. "We use technology to empower our team to advise companies on their unique business and cultural aspects and better assess candidates for competency and cultural fit," he said. "However, they will never replace the trusted, personal connections that are at the heart of our business."

INDUSTRY VIEWPOINTS

VIEWPOINTS

Hunt Scanlon keeps tabs on an ever-expanding executive search and talent management sector that far exceeds where the industry was just a decade ago. Today, Hunt Scanlon tracks some 16,000 executive search consultants at more than 3,600 recruiting firms in North America and another 3,950 overseas, spanning Europe, Asia, Africa and the Middle East, and everywhere else in between.

To round out our study this year, we invited 10 leadership advisory specialists to bring us their market insights. As they will be the first to admit, search consultants face a host of challenges on their way to finding the right talent for their clients. Their 'Viewpoints' examine a multitude of topics this year, including: attracting top talent in the age of AI; diversity; talent needs in the digital sector; the C-suite talent crisis; talent raids and how to defend against them; emotional intelligence; organization transformation; how to win the war for talent; the future of higher education recruiting; and driving business transformation through people.

So, if you're interested in hearing from the industry's most trusted and respected leadership advisory professionals, we encourage you to take the time to read this outstanding section of this year's report.

ATTRACTING TOP TALENT IN THE AGE OF AI

David Chan, CEO of Bo Le Associates (RGF Executive Search Great China), Discusses how to Find and Retain Talent in the Workplace of Tomorrow

Artificial intelligence is quickly emerging as a game-changer for recruiting – enabling organizations to more readily identify and hire candidates. In this interview, David Chan – CEO of Bo Le Associates – discusses his views on recruiting in the era of AI and its long term impact on finding and managing talent. But as he outlines below, attracting and finding talent is one thing; retaining people remains the holy grail of recruiting. David offers his unique insight on what search firms can do with AI to get there.

David Chan is the chief executive officer of Bo Le Associates (RGF Executive Search Great China). His leadership responsibilities include strengthening the firm's industry expertise and driving growth and innovation for the business. Based in Shanghai, David provides advice on effective leadership, performance culture and strategic succession planning to clients all over Greater China. As China's talent scene is rapidly changing due to Chinese companies' internationalization as well as foreign companies entering the market, David's own global experience is utmost valuable to his firm's clients.

What is critical to attracting and retaining great talent today?

One key development that we see as critical to attracting and retaining talent are employer branding initiatives. Strong brands attract strong people. But of course the impact of innovation is equally important in luring top talent to organizations today. Traditional companies in old line industry sectors are suffering the most. Innovative companies attract innovative talent. So as we see it, businesses with strong employer brands and innovative cultures are the ones most likely to supersede the global talent shortage.

What are some key ways to retain top talent?

In a word: engagement. Engaged employees are proven to last the test of time. And employee engagement is something that begins the day the employee joins the organization and it is something that is continually nurtured over time.

What does 2018 look like from a hiring perspective?

What we've seen so far in 2018 is strong hiring. Our markets here remain healthy and buoyant and much like we see in the U.S. market areas such as IT, high tech, and healthcare booming. All of these sectors need talent. I just returned from Tokyo two weeks ago and as you know the summer Olympics in Japan will be held in 2020 and we're seeing an immense amount of hiring as Japan prepares for that international event. Once again we see demand outstripping supply when it comes to talent.

Companies continue to struggle to fill job vacancies. How are firms like yours helping?

We are helping in two ways. We are using our networks like never before and we are embracing technology to find and assess and recruit talent faster. Speed is the name of the game today. Companies need people for competitive advantage and so our job as recruiters is to help them land that talent with lightning speed. Within the next few years, we will all be speeding up the process by way of AI and machine learning tools. It is no longer a matter of it, but when. AI is probably the most important and exciting development to ever occur within the recruiting sector. We all need to prepare ourselves for what is to come, however. And we need to prepare ourselves to fully embrace it.

Will recruiting become easier or more challenging?

More challenging! What we're seeing is an industry that is shifting and transforming. I come from the financial services sector and I witnessed in massive change in that field. That's what's coming to the recruiting and talent business, but times 10! Technology, of course, is the predominant driver. But so is just our way of thinking. So much is changing today. Things like block chain and cashless transactions – we are in the midst of a revolutionary change along so many fronts today – but we are fortunate to have so much as our fingertips like never before. The key thing is we must embrace it all. There can be no holding back. And that means the types of people

we need to recruit must be different than those we have recruited in the past. Skills sets are different. Sensitivity to new cultures is different. We need vastly different people to work in the workplace of tomorrow.

Do you think the use of talent analytics and artificial intelligence will help?

It is essential. Technology, data analytics, AI, machine learning, robotics – all of those will help. Again, it all comes down to speed. If these new platforms help us find and assess people faster, then yes, we need every new technology available. Filtering candidates is where we are headed. That has been the essential missing ingredient – proper filtering. Technology is unquestionably about to fix this problem. And of course all of this allows us to predict with much greater accuracy how well people will succeed in their jobs. Each technological advance will allow us to fine tune the search process.

Where do you see AI leading search firms to in the next couple of years?

It's a very big topic. And to be honest I don't think even the people who are developing these technologies have the answer for this quite yet! It's evolving too quickly. As part of the Recruit Group, we have significant investment in technology, AI, HR tech and all that. No doubt all of this will continue to evolve significantly. Early on clearly candidate identification and candidate sourcing will be the first areas to be impacted. Then I think areas like culture matching and training & development will be impacted. The list, eventually, will go on and on. As I see it, the entire recruiting lifecycle will be impacted by AI. AI will touch it all.

DIVERSITY, DONE BETTER

Judith M. von Seldeneck, Founder & Chairman and Dale E. Jones, President and CEO of Diversified Search, Discuss the Value of Diversity

Judith M. von Seldeneck

Dale E. Jones

A massive industry has cropped up around the ideals of corporate diversity. In fact, a new wave of research around diversity shows that it is a clear-cut catalyst for improving profit margins.

Although there's a financial incentive to boost diversity, and a willingness to invest in it, there's still room for all, both in the search industry and in the C-suites of their clients, to do better — a lot better.

Judith M. von Seldeneck is the founder and chairman of Diversified Search, headquartered in Philadelphia. A pioneer in the search industry, she has been identifying and placing senior-level executive talent around the country for more than four decades. In 2013, when she welcomed Dale Jones as the firm's new president and CEO. His responsibilities include oversight and management of the firm and its global CEO advisory services.

Ten years ago, a title such as "Diversity and Inclusion Officer" didn't really exist. Today, executives whose mission is to make sure their work forces and C-suites reflect the nation's diversity writ large are legion.

Never has this proven more true than in the board space. It's practically de rigueur these days to find boardrooms pouring resources into diversity. But they—and we, as search executives—have work still to do. A large share of the public remains skeptical of the sincerity and efficacy of these initiatives. When the banking sector was beset by lawsuits in the 1990s and early 2000s on account of racial and sex discrimination — which resulted in hundreds of millions of dollars in settlements — there was a wave of pro-diversity rhetoric. There remains a persistent feeling that corporate America has voiced its commitment to diversity before, and yet it seems as if every other week there is a report in the Wall Street Journal or some other publication lamenting the lack of real progress nationwide.

In 1980, African-Americans held just three percent of all management-level jobs at American companies with 100 employees or more. By 2014, that number had risen —to 3.3 percent. After an immediate uptick in the percentage of white women in management, since Y2K that ratio, too, has stagnated.

Despite this, a massive industry has cropped up around the ideals of corporate diversity. The search industry specifically focused on minority recruitment is estimated to be more than a billion-dollar industry. Fortune 500 companies spend $2.5 million on average each year recruiting these candidates. The financial commitment reflects the populism of the moment — where issues of race, gender, and equity fly into our newsfeeds each day. But there is something bigger at work here, a winning argument to be made. It's the same one we've been making for years, but its relevancy has never been more urgent. A new wave of research around diversity shows that it a clear-cut catalyst for improving profit margins.

A Disconnect Remains

A 2018 McKinsey report titled "Why Diversity Matters" showed empirically that companies that are more diverse noticeably outperform their peers (and the inverse correlation also holds: the less diverse a firm, the higher likelihood of underperforming the competition). "For every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes rise 0.8 percent," the McKinsey authors noted. What's more, these companies are setting themselves up for the future. Research shows that once a corporate team diversifies, it steadily becomes easier to recruit and retain top-tier minority talent. And we all know the importance of the talent pipeline. By 2040, America will be a majority-minority nation.

Still, there remains a disconnect between corporations' self-interests around diversity and outcomes. There's a financial incentive to boost diversity, and a willingness to invest in it, but there remains room for all of us, both in the search industry and in the C-Suites of our clients, to do better — a lot better.

To get there requires a bit of introspection, which may also mean that companies will need to be honest about cutting some fat. Alexandra Kalev, a professor of sociology at Tel Aviv University, and her colleague Frank Dobbin of Harvard University have spent years analyzing what works and what doesn't in the world of corporate diversity. They've tracked decades' worth of progress at more than 800 large companies and interviewed employees ranging from HR to heads of executive boards. In an influential 2016 article in Harvard Business Review titled "Why Diversity Programs Fail," they posited that some of the most ubiquitous interventions often deliver surprisingly lackluster results.

"Firms have long relied on diversity training to reduce bias on the job, hiring tests and performance ratings to limit it in recruitment and promotions, and grievance systems to give employees a way to challenge managers," Kalev and Dobbin write. "Despite a few new bells and whistles, courtesy of big data, companies are basically doubling down on the same approaches they've used since the 1960s—which often make things worse, not better."

Deterring Discrimination

Bias trainings are certainly in vogue, but these oftentimes compulsory programs — such as the one Starbucks conducted this May, which involved shutting down 8,000 stores nationwide for an "implicit bias" training, following a controversial incident in which two black men were arrested for waiting inside a Philadelphia location — are viewed skeptically by most social scientists. "When we spoke with HR managers about diversity trainings, they overall agreed with us that they weren't effective, because they know that people don't want to go to them," Kalev told us. "[Employees] think it's like traffic school."

Here's the surprising thing: Kalev's numbers support an idea that voluntarily trainings actually have a better track record of success, largely because they cultivate an atmosphere of self-motivated improvement. At firms with mandatory diversity trainings, the percentage of black men in managerial positions actually drops on average by more than 10 percent. Meanwhile, voluntary programs pushed the proportion of African-Americans, Hispanics, and Asians in positions of management — in each category — higher by roughly 10 percent.

"[Trainings] are very tempting from a managerial standpoint, because there's a tangible beginning and an end," Kalev says. "If you're thinking in terms of a 'problem' and a 'solution,' then it's much easier to buy a product" like a bias training, Kalev explains.

Another system designed to deter discrimination, which might be doing more harm than good, are grievance systems set up inside organizations to field complaints from employees. No one would dispute that every business needs to outline clear standards of professionalism and conduct, and to establish clear procedures for legitimate grievance. To not do so would be tantamount to a dereliction of duty. But even if employees believe in the necessity of these procedures, the way they are sometimes actualized can lead to a workplace where diversity is perceived as being coercive rather than educational or grounding. A culture of "do's and don'ts" tends to spread, instead of one that organically shows the benefits of diversity as its woven into the corporate culture.

Those benefits are increasingly apparent to researchers. It is up to us, as search professionals, to help our clients see them, too. "There's less groupthink perhaps, and more diverse teams get more creative results — and faster," says finance professor Richard Warr of North Carolina State University, who earlier this year published the findings of his research supporting this idea. The reason for the positive correlation, Warr believes, may not be so obvious: A diversity of genders, ethnicities, and backgrounds tends to bring about a richer conversation, whether that conversation is about whether to undertake a multi-million-dollar acquisition, or where to have the company summer picnic. "There's a more fundamental reason why diverse teams do better," Warr says, drawing upon social science studies he's tracked closely. "When you walk into a room and there's a bunch of middle-aged white guys who look and sound like me," says Warr — a self-identifying middle-aged white guy — "then I'm going to assume they know the same as I know. I make the assumption that we are all on the same page, even though we may not be — so then you don't offer up alternative suggestions, alternatives, theories."

So if not the boilerplate strategies often used to educate both employees and the executives who lead their companies about the real, tangible benefits of diversity, then what is? According to Kalev's research, approaches that are less coercive, such as the creation of diversity task forces, the hiring of diversity and inclusion managers and organizational ombudsmen, and the establishment of mentorship programs, often demonstrate exceedingly better results. These interventions tend to focus on broad structures that impede organizational diversity, rather than trying to change the behavior of a few grousing bad apples.

"The companies that do diversity really well are the ones that have embedded it into their systems. Their senior executive team or management group have accountability, so that on any given day, they know what their demographics look like, what their turnover looks like, and where the gaps are," says Kelley Cornish, the U.S. head of Diversity and Inclusion at TD Bank.

Cornish would know: She's the first executive to ever have such a title at TD. Prior to her arrival, the banking giant underwent a thorough diagnostic of how it was performing on diversity among its 26,000 employees at 1,300 locations up and down the East Coast. Cornish and others engaged with a variety of panels and research groups to generate nuanced feedback where the company was both doing well and falling short in regards to cultural competency.

Now Cornish, who was brought on last year, has been tasked with implementing a plan of action — not just a one-time training, but a long-term vision. "It's a monthly conversation," she says. "We've really gone from zero to 100 in the past year getting the executives on board. For example, we've streamlined our D&I infrastructure and governance model to ensure greater accountability by our management committee for increasing representation in all sub-populations by 2020; this includes women, minorities, veterans, LGBTA, and individuals with diverse abilities. The board fully understands what this means for not only the future of TD — the workforce that's coming in — but also the workforce that's here right now."

That plan will likely include a mix of interventions, including bias trainings, but the most important aspect, according to Cornish, is a constant stoking of the fire. Not everyone at the workplace has the vocabulary — or confidence — to speak up and engage on matters of diversity. A one-day training won't fix that. Having omnipresent conversations occurring at every echelon of the organization is key. The only way to ensure that strides on diversity are more than ephemeral is to make sure that the priorities of fostering a multicultural workplace are baked into everything a firm does.

The Value Proposition

Luckily, more and more companies are willing to make that commitment. "I've been working in this space for over 20 years, and the conversation has been elevated like never before in the past two or three years" Cornish says. "Customers now want to know your values. The external environment is demanding and boardrooms have been forced to react to this external environment — and they've been responding. I see so many roles out there for diversity and inclusion managers. Those positions didn't exist five years ago."

As search executives—one of us a woman, one of us an African-American male—we know the value of diversity because we live it each and every day, both in our firm and in the clients we serve. We're hardly alone in this regard. One of the rewarding things we see in the search industry today is this growing awareness of the bottom-line benefits of a diverse workforce, starting at the top. As an industry, we in search must remain on the front lines, constantly asking ourselves how we can do our work better and smarter as it pertains to diversity, as we educate our clients and reinforce their values and commitment to leadership for the 21st Century.

CURRENT STATE OF THE MEDIA, TECHNOLOGY & DIGITAL INDUSTRIES

Carrie Pryor, Managing Partner and Ted Pryor, Managing Director at Greenwich Harbor Partners, Discuss the Challenges of Finding 'High Impact' Candidates

Carrie Pryor

Ted Pryor

Every day we see examples of how the media, technology and digital industries are changing the way we live and work. Whether it is cloud storage for our photos, play lists for our music, friends who are "cutting the cord," or retail chains going out of business, the world is changing rapidly.

The implications for recruiting senior executives are clear, but not necessarily easy to fulfill: companies must find innovative, agile, entrepreneurial executives who are technically savvy, can envision new ways of doing business, drive execution and build at scale. A tall order in any given moment of time.

Carrie Pryor is managing partner of Greenwich Harbor Partners and has over 20 years of senior executive search experience. She brings a seasoned presence in digital media, entertainment and private equity along with a pioneering spirit having worked in the internet space since the early 90's. Carrie's experience acts as a bridge between technology, telecom and media clients. Ted Pryor is a managing director with Greenwich Harbor Partners and focuses on senior level assignments in technology and business services. In executive recruiting, Ted has focused on customer facing positions that can drive growth including marketing, sales and customer service.

Fewer people are reading newspapers, watching linear TV or listening to the radio and the advertising dollars are following. We have seen considerable M&A activity as companies seek increase in their market presence and improve their clout with consumers and advertisers.

- Disney and Comcast are competing to buy 21st Century Fox TV and studio assets.
- Discovery Communications bought Scripps Networks Interactive.
- Viacom is proposing to merge with CBS.
- Meredith Corporation acquired Time Inc.
- Charter bought Time Warner Cable.
- AT&T is trying to buy Time Warner Inc.

All of these transactions reflect the pressure to get bigger and improve access to increased subscribers or viewers and to acquire unique content. The end goal is to be more attractive to consumers, better compete against the likes of Buzz Media, YouTube and Amazon Prime Video, and build more leverage with advertisers.

For recruiters, turmoil means opportunity, but many of these mergers are consolidations where there are duplicate positions and the hiring of senior executives is often 'on hold' until things settle. Second, several of these consolidations reflect changing advertising models with dollars shifting from traditional to digital spending and a related change in required skills. Companies will start by trying to shift existing resources, but are often forced to go outside to find digital ad sales or subscription sales experts, particularly with experience operating at the new post-merger scale.

The Sudden Dominance of the "FAANG" Companies

In just two or three years, the "FAANG" companies (Facebook, Amazon, Apple, Netflix, Google) have gone from 'exciting growth stories' to enormous competitive threats in multiple industries. In media and advertising, these five are successfully pulling viewers away from traditional media to online offerings. Advertising models are being up-ended as enormous amounts of money are being spent targeting subscribers for their tv's, phones or tablets, where one-to-one targeting and customer acquisition is the focus rather than brand awareness. In 2017, global digital advertising dollars surpassed television advertising dollars for the first time, and Google and Facebook represented the lion's share of this revenue with over 63% of digital advertising dollars.

While the FAANG companies are growing quickly, they have huge internal recruiting functions focused in large part on bringing in armies of engineers, product managers, sales, operations and customer service people required

to support the growth, and internal recruiters will often reach up to cover senior executive recruiting needs. Senior executives are also often obtained through acquisitions. For example, industry veterans speculate that Walmart's acquisition of Jet.com was largely based upon its desire to acquire the senior management team. Senior executive recruiting assignments are primarily board-visible positions, specialized industry hires, experts in customer acquisition or subscription marketing and retention, or people with strong client and agency relationships who can open doors for the digital pitch.

Other Disruptive Models are Blossoming

Airbnb is changing the way many people travel and providing overnight accommodations. Uber provides excellent car service covering neighborhoods that never had traditional taxi service. Autonomous cars will become available soon by subscription through Ford, Volvo, Tesla or Google. Elon Musk and Jeff Bezos each have space launch programs that could dramatically lower the cost of delivering satellites into space. Restaurants are scrambling to offer online ordering and pick-up-and-go services. Touch Tunes has turned control of jukeboxes into mobile apps. Royal Caribbean will give cruise passengers a mobile app for everything from making dinner reservations to ordering drinks at the pool. All these efforts are creating new business opportunities no-one ever thought before and is fertile ground for recruiting, once the companies get big enough.

There have been a lot of recruiting assignments with these blossoming disruptive models either to upgrade leadership and to bring in critical functional skills to support growth. Very early stage companies often hire through their networks or through the VCs, but as the company grows, it is imperative to leverage outside recruiters to bring in seasoned people who have experience with scale, deep knowledge of the target industry or a critical network. Large legacy companies have been increasingly successful attracting strong digital leadership to help them compete, but this work must be done by specialized outside recruiters.

The Nature of Entertainment is Changing

A rapidly growing number of people are watching virtually all their video content and reading all their news and entertainment from their laptops, phones and tablets, and big companies are spending billions on fresh, exclusive content to attract these viewers. Companies that were strictly distribution focused, such as Netflix, YouTube, Hulu and Amazon are now creating world class, unique content to attract viewers. They have stimulated a renaissance in independent programming. Their models are split between subscription-based and advertising-based revenue models which pull viewers and ad dollars away from traditional channels. Being able to watch what you want, when you want, without advertising is a very compelling offer and people are leaving advertiser-supported models in droves. HBO and Showtime were early leaders in subscription models and continue to lead the charge in creating high quality, portable, over-the-top content.

Executive recruiters have been busy helping companies find the talent necessary to create compelling content, drive customer acquisition and build new viewing platforms. Any time industries are pivoting and going into areas that are not core competency, it is critical to get outside recruiters who are expert in the functions, can understand the need, and find the right executives.

Growth of the Cloud-Based Subscription Services

The ability to rent software services, rather than buy hardware and software packages, is leading to a remarkable change in sales, service and delivery. As companies and individuals get more comfortable with carrying their data in the Cloud, venders are growing rapidly and large companies are scrambling to adjust. A subscription-based product is very different from something which is sold up-front. Switching costs are lower and providers are forced to develop better and richer post-sale support. Low cost break/fix technical support is not enough. Companies are developing "customer success" models that drive "stickiness" through great service, training, and consulting services to help customers better utilize the products. Success is not necessarily measured by increased revenues or profits, but by customer satisfaction and net promoter scores. No longer is an annual JD Powers score enough. Good companies are measuring satisfaction on a weekly basis through surveys and synthetic satisfaction indicators.

Executive recruiters have been heavily involved in helping companies find the right leaders as the revenue models shift to subscription-based models. Call center-style managers usually don't have the skills required. Required skills include customer acquisition, sales, consulting, data and analytics. Artificial Intelligence is becoming a critical tool. The right talent might have only 60 percent of the needed skills and be coming from a very different industry and specialized outside recruiters are critical to find, assess and filter the talent.

The Holy Grail: Integrated Customer Engagement

Every company is being forced to consider whether their customers have a seamless end-to-end journey. Because companies like Amazon, eBay and Apple provide an excellent end-to-end experience, customers compare that experience to everything else and if company falls fall short, the customer will be disappointed. For example, Amazon's 24 to 48-hour delivery promise sets the standard for retailers and ecommerce companies. The goal is a friction-free experience from first inspiration to the on-line contact and through to the in-store experience. Ideally the customer is recognized and remembered all along the way, their preferences known, and loyalty rewards paid. This high standard is easier for start-up companies who can plan their CRM systems to manage this from the start. It is much harder to large companies with legacy systems, divisions which were acquired and hard silos for marketing, sales and customer service. Overcoming these silos involves a huge investment in technology and support at the highest level of the corporation. But the holy grail is integrated customer engagement across all customer touchpoints and the payoff can be huge in adoption, retention, loyalty, revenues, upselling and profits.

Finding the people who can walk the line between business and engineering and are able to connect the silos has been a big area for executive recruiters. Placements often are engineers who moved to the business side. Others are business people who have stayed close to engineers and learned the vocabulary. These 'bilingual' executives are scarce and it takes a good recruiter to find and assess them.

The Implications for Executive Recruiting

Every company wants the same candidates who are skilled in the above areas, but finding them is not easy. A senior executive going into almost any company today is expected to have diverse skills, including:

- Innovative and agile
- Entrepreneurial
- Large company discipline
- Tech savvy
- Ability to see 'white space'
- Ability to disrupt existing corporate structures
- Customer centric and service oriented
- Able to operate at scale
- Can recruit and motivate a world class team
- Industry expert

These people exist but realistically clients need cast their net wide and consider people from other industries or related functions who may only meet 60 percent of the criteria. Our favorite candidate profile is an individual who has worked in both an entrepreneurial growth environment as well as a large company environment and has skills for both. Finding these 'high impact' candidates is a challenge but may well be critical to a company's survival.

THE C-SUITE CRISIS COMPANIES NEED TO CONSIDER

Mike Magsig, Managing Partner, Global Board & CEO Practice at DHR International, Reveals the Current State of C-Suite Talent

Companies in a number of industries are facing a potential C-suite challenge – an alarming lack of qualified candidates to fill roles that are likely to become vacant, due to retirement and other factors, in the next 10 to 15 years.

To prevent a potentially drastic operations interruption, companies should be making several proactive moves now. Below, Mike Magsig examines what elements are fueling the forecasted increase in C-suite vacancies; what steps organizations can take to safeguard themselves against related issues in the future – and how, if the need arises, they can best prepare new C-suite executives so both the individual and the organization experience success.

Mike leads DHR International's board & CEO recruiting practice, specializing in C-suite executives and board directors. He is a leader in executive search, working with clients to place their transformative C-level executives and board directors. He is also actively involved in succession plan creation. During his career, Mike has placed more than 300 C-level executives at companies including Swiss Re, Broadway Bank, Horace Mann Educators, CNO Financial and NCCI.

At many organizations, boards and C-suite executives spend much of their time focusing on protecting their business model from outside influences. In the process, however, they may be overlooking a greater risk that is emerging from within – the impending shortage of C-suite talent that will be vital to drive value creation in the future.

A number of factors, ranging from demographics to increased market competition, are placing the possibility of filling CEO roles, in particular, that become vacant in the next 10 years at risk.

Even though a considerable number of executives and board directors are beginning to see significant talent gaps emerge in the C-suite, including the CEO's office, many companies haven't realized how much is at stake – and many aren't strategically preparing to address the critical shortfall.

To protect themselves from the potentially damaging productivity and profitability delays and the public image-related investor complications that can arise from leadership uncertainty, companies need to begin taking several steps now.

Issues on the Horizon

C-suite talent will be in high demand in the next decade and potentially beyond, for several reasons.

If recent years are any indication, CEO turnover seems set to rise. In 2015, 17 percent of the 2,500 largest public companies in the world experienced a CEO change – more than in any of the previous 16 years Strategy& has been publishing its CEO Success Study.

Although CEO turnover declined in 2016, which the consultancy service provider attributes to the drop in merger and acquisition activity, planned turnovers continue to be more common; excluding CEOs removed as the result of M&A, the share of planned turnovers was 81 percent in 2016, the third highest rate since 2000.

The planned turnover category includes CEO retirements; and demographic changes certainly appear poised to cause a number of retirement-related C-suite vacancies.

Around the world, population rapidly expanded in the mid-20th century. In the U.S., the baby boom generation – Americans born between approximately the end of World War II and 1964 – is the largest generation in U.S. history, totaling nearly 77 million. Roughly 10,000 baby boomers will be retiring on a daily basis for the next 12 years in the U.S. alone, according to the Pew Research Center.

In Europe, populations also increased around roughly the same time period, according to data from Eurostat, the European Union's statistical office. In the U.K, the Office for National Statistics predicts a significant portion of the generation born around or after 1961 are now in their mid- to late-fifties – indicating they'll also reach the standard retirement age in roughly 10 to 15 years.

In addition, with a few exceptions, the majority of Eastern European countries are expected to see a marked increase in the proportion of persons aged 65 and older within the next two decades, according to Eurostat.

Canada, too, experienced a mid-century baby boom. Statistics Canada predicts the country's senior citizen population could comprise 23 percent of the population by 2031, with a growing amount of workforce members approaching retirement age in the next 16 years.

Due in part to the experience required for the role, C-suite members are typically in at least the second half of their career – and, as a result, may be approaching retirement in the next decade.

With a significant number of C-suite members nearing retirement age in the coming years, leadership at many organizations could undoubtedly be affected by the impending wave of retirements.

Factoring in additional concerns, including the stress and demands involved in the role, extraneous requirements such as regulatory compliance, investor advocacy and some professionals' desire to switch careers to self-actualize, that number could rise even higher.

A Lack of Qualified Candidates

All those vacated C-suite positions will need to be filled quickly, by highly qualified candidates, to ensure operations continue to flow smoothly. Internal candidates, however, may not be the most viable option at all organizations.

In the last 12 to 15 months, boards and C-suites have placed elevated prominence upon strategic growth. Some companies are viewing this as an opportunity; others as a defensive measure.

In either instance, for nearly a decade, many executives have been promoted for their achievements in expense reduction, risk management, compliance or capital management – factors that all feed into mitigating profit loss.

Growing optimism permeates many C-suites for improved economic performance over the next 6-10 quarters. According to a Grant Thornton report, many global economies have experienced five consecutive quarters of increased revenue and profitability expectations.

Yet, it's likely all boats will not rise uniformly with the rising tide – and if growth stalls, CEO successors whose skill set centers on growth-oriented proficiencies like cost reduction and risk management may struggle to address the changing scenario, potentially resulting in inferior performance.

In the past decade, a greater number of companies have appointed an outsider as their new CEO, according to data from PwC's Strategy&. To find candidates who possess the necessary skills to fill their leadership void, many companies may need to turn to external candidates in the future, as well.

Abundant options, however, may not exist. With a large number of C-suite roles that will need to be filled, and a shrinking group of candidates with the appropriate experience – or even 30 or more years in the workforce – the search to secure talent is likely to be a fierce battle.

Some companies will find competitors are aggressively pursuing, and in some cases successfully wooing, their top talent, which could deplete their succession pipeline.

Even if an organization is lucky enough to land a top hire or appoint its desired candidate from within, it may not be able to count on the executive having a long-continued tenure. The retention strategies many companies may have in place could prove insufficient against heightened recruiting pressures from other organizations. Due to the increased competition that's likely to exist for top talent, other companies may actively lure top C-suite executives before their employers have realized the return on their development investment.

To retain their executives, businesses will need to employ ongoing retention strategies – or face what could amount to an almost constant recruitment threat from competitors. These retention strategies could take varied forms that would also aid in a company's developmental practices; for example, serving as independent corporate directors.

Preparing for the C-Suite's New State

Despite indications retirements and other factors could mean more organizations will need new CEO and other C-suite executives in the future, a number of companies don't appear to be adequately prepared to address high-level vacancy issues.

More than half – 58 percent of companies – don't have an emergency succession plan or a long-term succession plan (54 percent) in place, according to data published in a 2016 issue of MIT Sloan Management Review.

More than half of the companies online service XpertHR spoke with for a 2015 survey said they handle replacements as a demand arises; only about a third of respondents said they had designated a potential CEO or top executive successor; 71 percent either hadn't or didn't know if their organization had a succession plan.

The first step toward shielding a corporation from this talent depletion involves making the board and current C-suite executives aware that this mission critical issue must be addressed. Once the severity of the situation is understood, the organization can devise multiple strategies to reduce its risk.

Getting Prepared

Begin by looking internally for possible future candidates for C-suite roles, and securing training and development opportunities to accelerate their readiness for future positions. Deploying fact-based assessment technology – behavioral assessment tools, for example – can help identify high-potential leaders and technical performers within the company who may be contenders for accelerated development.

Internal structural changes can also help an organization prepare. Consider introducing programs that provide enhanced incentive awards for talent development, such as cash bonuses for development performance, and revising talent recruitment and retention practices to build diverse teams that represent customer demographics and broad-based thinking, which can help you identify C-suite candidates who will be able to understand and accurately represent customer, industry and other needs. Talent conforming to a company's foundational framework and culture will transcend traditional gender, ethnicity, age, and geographic boundaries; better strategies can be developed through discussions that involve various perspectives.

Looking in-house for potential future C-suite executives can help you develop and guide talented employees into those roles; relying solely on internal candidates, however, isn't always the most secure option.

Some employees may not be ready when you need a C-suite replacement. HR professionals and non-HR C-suite executives, in fact, expect developing the next generation of leaders will be the No. 1 human capital challenge in the coming decade, according to research from the Society for Human Resource Management.

Cultivating leaders takes time, and you may not, in some instances, have years to do it. It's difficult to know when each and every position will become vacant; C-suite executives may give ample notice if they're retiring, but other scenarios may provide little warning – for example, when United Airlines CEO Oscar Munoz suffered a heart attack roughly a month after being appointed to the role in 2015.

United's Corporate Governance Guidelines state recommendations for CEO successors are to be provided annually, and a committee is responsible for reviewing the succession plan with the board chairman and CEO periodically. Yet due to Munoz's recent appointment, some news outlets, including the Washington Post, speculated the company may not have had a chance to identify a candidate. After a few days, the company's general counsel was tapped to step in to fill the position on a temporary basis.

Establishing a robust talent pipeline – identifying potential external C-suite candidates and attempting to build a relationship with them long before you may actually need to bring that person on board – can help guarantee you have qualified, pre-screened C-suite replacement options, should you need them, if the time comes.

Engaging outside recruiting assistance can establish a thorough, demographically varied talent base – and a window into best-in-class recruiting and retention practices in the external market.

In past decades, companies often established a mentoring relationship early on in an executive's career to guide the individual through any unapparent cultural pitfalls. If your organization doesn't already follow that practice, you may want to consider establishing a formal network of mentors and coaches for the current CEO and several layers beneath the role. A sounding board can be an invaluable asset to

executives who are in the process of assuming higher levels of responsibility. Recently retired leaders who have built high performing teams can make excellent mentors.

Positioning the C-Suite for Success

Companies can take a number of other steps to prepare CEOs for success, based on the organization's individual leadership state.

Companies with new, first-time CEOs – of which there are a growing number – may need to consider a different approach than the way CEOs have traditionally interacted with board members.

The single greatest reason for first-time CEOs' failure is their inability to build an effective relationship with their boards, collectively and individually. A board culture that is attuned to personal development of its C-suite executive can help a first time CEO overcome the insecurities derived from the common misperception that they might be the most knowledgeable person in the boardroom.

Boards and the C-suite leadership team can also benefit from building a clearly defined template for talent evaluation.

The old McKinsey mantra of strategy-drives-structure-drives-staffing still holds true; yet basic foundational recruitment and development efforts can reinforce the organization's leadership culture.

The talent evaluation framework could include a number of elements; for example, being able to build high-performing teams through effective empowerment and delegation, or candidates possessing exceptional EQ/IQ that influences others to reach higher performance levels and make prompt and decisive decisions.

The template could also include other desired qualities, such as an ability to demonstrate leadership agility in which executives learn from their experiences and successfully apply those lessons to new situations, or simply being able to communicate with clarity vision, mission, strategy and execution while actively listening.

Whichever criteria companies choose the act of establishing a recruitment framework – along with other pre-emptive moves, such as earmarking potential C-suite candidates and increasing the organization's emphasis on talent development – can help your organization successfully prepare now for any potential executive-related hiring needs that may arise in the future.

In reality, a company never truly knows when a major vacancy could pop up, leaving it with an immediate need to fill a crucial role. The impact on operations can be profound.

However, even if a vacancy occurs with little to no warning, provided you've worked to increase internal C-suite candidates' skill sets and created a pool of highly qualified talent options, you'll be ready to take action the moment it's needed, making your company – and its bottom line – much less likely to be affected.

BUILDING UP DEFENSES AGAINST TALENT RAIDS

Mark Oppenheimer, CEO of the Americas at Marlin Hawk, Offers Recommendations on How to Effectively Deal With Talent Poaching

According to key findings in a co-branded survey conducted by Hunt Scanlon Media and Marlin Hawk, a full quarter of U.S. businesses have experienced a marked increase in talent raids at the C-suite level. Yet most are woefully unprepared to combat the problem head on.

Specifically, 54 percent of all responding HR experts indicated that their company either has no plan to ward off poachers or, if it does, they're unaware of it. But of those talent acquisition professionals whose companies had a strategy in place, only 39 percent were satisfied with it.

Based in New York, Mark Oppenheimer has been the driving force behind the creation and growth of Marlin Hawk in the Americas. He has become a true ally to many of the biggest companies and best-known brands, acting as a strategic advisory partner as well as completing a host of high profile placements across a diverse range of sectors and functions. His launch of Marlin Hawk's market intelligence function has enabled clients to access timely and exclusive information that has transformed their business.

A recent survey we conducted on talent raiding offered up a number of unsuspecting results, including a disconcerting lack of attentiveness on the part of many businesses to what is a growing problem. No organization would let an intruder stroll in uncontested and walk off with its financial assets or intellectual property. But when it comes to defending talent, the figurative gates seem to be wide open. It's a huge mistake that can have an adverse impact on readiness to compete, growth targets, and share price.

Recent headlines indicate that companies like Goldman Sachs, Netflix, Audi, Fox, and Tesla all have been victimized by a competitor plucking away some of their most talented leaders. Typically, there's an initial approach, followed by an enticing offer, and then a crucial executive is whisked away. It happens everywhere, in all manner of businesses.

Our co-branded Marlin Hawk / Hunt Scanlon talent retention survey — which collected information from companies in sectors that include financial services, technology, retail / consumer goods, healthcare, government, and industrial / manufacturing – indicates that just four percent of all respondents believe talents raids have been on the decline during the past two years. Yet, despite this, only 47 percent of those companies whose human resource professionals responded have a definitive plan in place to identify vulnerable talent.

Talent is clearly among the most valuable resources any organization possesses — and when it's taken away, the loss has serious ramifications. In fact, we assert that talent is now the single greatest enabler of business strategy. Yet, when it comes to keeping track of employees' comings and goings, just 38 percent of respondents indicated they were satisfied with the quality of their company's data on attrition rates.

Who Weighed In

The survey results are particularly significant because of the breadth of our outreach. We gathered input from chief human resource officers (CHROs), human resource VPs and managers, as well as executive search consultants and researchers, so the information we collected has the weight of being from the entire HR and search community, rather than from one segment or corner. That makes the findings even more alarming in that so few barriers exist to deter those who would poach crucial talent.

While the survey's results speak to a very specific problem at many companies, guidance from Marlin Hawk and Hunt Scanlon suggest that it's a resolvable one. The answer, quite simply, is to take appropriate steps, without delay.

Recommendations

At Marlin Hawk, we believe it all starts with identifying top talent – and taking care to look beyond the obvious. From there, we conduct benchmark studies to ensure top people are being appropriately compensated, and tie them in with long-term incentive packages. The key is providing them a tangible stake in the organization's ongoing and future success.

Particularly with Millennials, building a team of like-minded individuals with a strong culture and shared values is key.

Even at the highest levels, people are more inclined to stay when they know their contributions are recognized and appreciated, and they are given an increasing degree of responsibility. It sounds counter-intuitive, but by increasing an executive's employability elsewhere, you can make them more likely to stay and better equipped to add value. Millennials, in particular, thrive in connected communities. Create a corporate home base for them. The primary goal is retaining your very best high-potentials, so make your work environment a place that they'd never want to leave.

Other recommendations we gleaned from the report include identifying dissatisfied executives who may be more susceptible to poaching, and then taking visible, direct steps to alleviate their concerns, while also providing regular forums for them to express concerns and vent frustrations. Of course, from time to time, key talent will leave. At such times, a robust succession plan – even with a listing of potential replacements and a plan for mentoring – can be invaluable.

The Big Opportunity Ahead

Once a key team member departs, particularly as the result of being poached, there are several things to always do. And there are several more never to do.

If someone was a top level talent, you want to let them leave on good terms, and then you want to maintain contact. After all, they may eventually return, and bring with them additional skills they've acquired in the interim. Also, take care to shore up remaining members of the team who are most directly impacted by the departure. Keep them informed, supervised, motivated, and on track – because they are suddenly much more susceptible to poaching.

Marlin Hawk also strongly recommends that a departing employee be encouraged to be transparent about why they decided to leave. The last thing you should do is isolate them or treat them as a pariah – that's a dreadful mistake. Instead, find out their genuine reasons for moving on and then use this vital information as a way to prevent future losses. Occasionally, by showing that you're truly interested and concerned, you can convince them to stay. I've seen it happen.

Despite the growing importance of retaining key executive talent, only 14 percent of respondents utilize an external advisory partner to help devise retention strategies. That's a missed opportunity. There are many innovative advisory firms out there whose expertise in enhancing retention can mitigate the risk of losing top executives to poachers.

Executive recruiters have been moving away from the simple tasks of identifying talent to higher forms of consulting services, which include leadership assessment, psychological testing, benchmarking, onboarding & integration, culture shaping, and career planning right up through to leadership development and succession planning. The talent continuum today is very broad-based and senior level recruiters with an eye on the C-suite now view talent management from a much more holistic perspective. That's the big opportunity ahead for everyone.

In the end, what surprised me the most was not the prevalence of talent raids, but how unprepared the majority of companies are to counteract them. Given the amount of time, effort and financial investment put into finding and hiring key executives, I would expect employers to think carefully about building the optimum environment to retain their most valuable people. That sentiment seems to have been top-of-mind and pervasive among our vast group of survey respondents. The fact that almost 60 percent of companies have no formal talent retention strategy in place is quite alarming, especially since many market commentators expect that demand for outstanding talent will soon outstrip supply.

Still, you can never have a watertight plan to prevent talent from leaving. From time to time it's going to happen. It's human nature and, I think, therein lies the problem. Many companies know how to deal with the tangible issues. They identify their top talent, conduct compensation benchmark studies, ensure that the executive team is competitively compensated, tie them in with long-term incentive plans and put non-compete contracts in place. But dealing with talent is very different from financial assets or intellectual property. Companies do not tackle the soft issues that are equally important to people, especially with the Millennial generation. This is not just an American problem, I would proffer. I suspect that the same applies globally, as the U.S. is more sophisticated in its HR than many other regions of the world. Perhaps this ought to be our next survey — looking at talent raiding from a global perspective.

So, how can search firms assist companies in building up their defenses against talent raiding? It has occurred to me that, as executive search consultants pontificating about talent retention, some might perceive us as hypocritical. It's a fair and valid point. Our job is to lure talent away, right? But we genuinely want to protect the great hires we make for our clients. That's why we make such a big deal about preparing to onboard candidates and integrating them post placement. In our role, we talk to a broad range of candidates and gain valuable insights into why people want to stay with their current company or move on. We can't work miracles, but we can bring our insights to the table and partner with clients in developing strategies to maximise executive talent retention.

Working Hand-In-Hand

Going forward, talent retention is going to figure more strongly in a CHRO's agenda. The scope of the CHRO role is vast and many have now taken on heads of talent acquisition to handle the talent management aspect of HR. It stands to reason that talent acquisition should also embrace talent retention and that, while recruiting will always be one of the key pillars of HR, there will be more of a balance in the future. We have already seen this happen, to a degree, over the past five years with an increase in employee engagement activities. Retention is really an extension of that drive to create the perfect working environment for staff at all levels.

The CHRO is traditionally a people's person. In a way, it's about going back to basics and wearing the psychiatrist's hat, understanding the less tangible things that drive people and make them stick with the same tribe. You have to make your company a great place to work, a club that people want to be part of. Then you have to put some process around it to ensure that retention 'best practice' becomes part of your corporate fabric.

But here's my top two recommendations: First, keep an ear to the ground to spot executives who may be susceptible to poaching. Disaffection may be caused by someone's role being impacted by a merger or organizational restructuring, or by their budget being cut or a project resulting in an unsuccessful conclusion through no fault of their own. Be vigilant and acknowledge such obstacles, letting the affected executive know that you are aware and care – show them a positive outcome to alleviate the situation. Second, provide a regular forum for key executives to vent frustrations. Top senior performers can still benefit from mentoring, preferably from someone at a similar level who can be objective, such as the CHRO or a non-executive director. It may be that an executive feels that promises are not being fulfilled, or that time consuming projects are derailing achievement of objectives. Early identification of a problem provides an opportunity for resolution before it becomes too late.

I believe that leadership advisory firms can work hand-in-hand with clients on a broader range of talent management issues. If clients are willing to let us in, we can work as an extension to the HR function, bringing an external perspective that adds real value and developing practices and processes that help lock in the people you most want to stay. As I have said, we all have to accept that while more effort can be made to hold on to key executives, talent will at some point leave and natural evolution will also create gaps. There's an obvious opportunity to partner with search firms for succession planning, building a shadow board across each senior position, with coaching and upskilling to fast track potential replacements. In tandem, search firms can develop an external pool of talent as a contingency plan, lining up high caliber leaders with the potential to replace key executives. There may be a few unethical search firms out there who, given the chance, would poach an executive as soon as they had received payment for placing them. But most are not like that and place great importance on long-term relationships built on trust and complementary expertise.

EQ IN THE WORKPLACE: A DRIVER OF SUCCESS

Christine K. Sobhani, Managing Director of Allegis Partners, Discusses Emotional Intelligence in the Workplace and How it is a Driver of Success

For years, common thought was that emotions should be kept out of business and all feelings checked at the door. But in recent years, mounting studies suggest that emotional intelligence—self-awareness and empathy, among other qualities—is a predictor of success both in one's personal life and in the workplace.

Christine K. Sobhani, Managing Director of Allegis Partners, defines what emotional intelligence really is discusses how to hire candidates with high EQ.

As managing director at Allegis Partner's human resources practice, she focuses on identifying talented executives to lead organizations' HR teams and functions. She previously served as the vice president of global client solutions at Korn/Ferry Futurestep, where she was responsible for the client management and service delivery leadership of global recruitment accounts, as well as management of a P&L of more than $10 million and a team of seven global account managers. Prior to this, Christine was financial services practice director with Pontoon Solutions, a division of Adecco, where she led the growth and management of the Financial Services Practice and oversaw a staff of more than 80 recruiting professionals and a multimillion-dollar budget

Allegis Partners is a global executive search firm that delivers a consultative and strategic approach to talent management. The firm focuses on identifying top talent for human resources, board, CEO and other executive and senior management roles across multiple industries and geographies. Many of Allegis Partners' consultants have been senior executive or HR leaders themselves, built powerful boards and are leaders in diversity. They bring deep expertise, insight and vision into each relationship, customizing each search to pair the best qualified and most culturally appropriate candidates with the unique needs of clients.

Consider these facts about emotional intelligence (EQ):

- A study by the Carnegie Institute of Technology showed that 85 percent of financial success owes itself to skills in "human engineering," such as personality, and the ability to communicate with and lead others. The remaining 15 percent is technical ability.
- By emphasizing the EQ skills of its sales force, the French pharmaceutical company Sanofi boosted its annual performance by 12 percent.
- People with high EQ make an average of $29,000 more per year than people with a low EQ capacity.

What Is Emotional Intelligence?

EQ is one of those "intangibles" that can be difficult to sum up in a single sentence. Essentially, it is defined as a set of competencies that encompass one's ability to recognize the impact of their behavior on others—and manage that behavior in an intelligent and productive way.

"Emotionally intelligent people tend to be self-motivated and not driven by money or title alone," says Heidi Gerhard, head of talent acquisition & university relations at BASF. "Employees with a high level of EQ have a good grasp on their own strengths and weaknesses. They are self-aware, honest with themselves and others, and understand how their moods and actions can impact teammates." What's more, high-EQ professionals tend to more easily adapt to new situations and environments.

According to a study by Leadership IQ, 23 percent of new hires fail in their roles due to a lack of emotional intelligence. These individuals may have difficulty dealing with stress and managing co-worker and manager relationships, often resulting in conflict and burnout.

Emotional intelligence becomes even more important the further we go up the corporate ladder. "For people in positions of power, it is even more necessary to be able to control emotions and steer difficult situations toward positive outcomes," says Brydget Falk-Drigan, CHRO of Peapack-Gladstone Bank. "The impact of their emotional competence has a ripple effect throughout the entire company."

Case in point: Jeff Bezos, CEO of Amazon. When The New York Times featured an article that painted Amazon as a miserable place to work—with insensitive managers, backstabbing colleagues and unreasonable standards—

Bezos stepped up to the plate rather than hide in his corner office. In response to the Times article, he sent out an internal memo encouraging employees to escalate any problems to HR, and even invited them to email him directly. Instead of aggressively denying the allegations, Bezos sidelined his personal emotions and solicited feedback to improve his workplace environment.

Bezos' high EQ levels are also evident in his relentless determination to deliver a second-to-none customer service experience. The CEO is reported to include an empty chair during meetings to represent the consumer, reminding the team that their decisions directly affect Amazon customers. The ecommerce giant has been highly successful in distinguishing itself as a "customer obsessed" organization—and it's a strategy that has paid off in spades.

The Five Components of EQ

According to Brent Gleeson, leadership coach, motivational speaker and author of *TakingPoint: A Navy SEAL's 10 Fail Safe Principles for Leading through Change*, there are five key aspects of emotional intelligence:

Empathy. Simply put, empathy or compassion is one's ability to put himself or herself in the shoes of another. When you are better able to relate to other people, you can understand points of view that vary from your own. This enables you to solve problems and diffuse challenging situations while maintaining good relationships. Empathy is a 21st-century skill that is essential to communicating effectively, gaining a global perspective and embracing diversity.

Is empathy something that just comes naturally? It can for some, but not for everyone. The good news is that, according to Homa Tavangar, author of Growing up Global, "Empathy is like a muscle that can get stronger with practice—and it can be developed from a young age."

Self-Assessment. This is the capacity to recognize how one's strengths, weaknesses, values and emotions influence other people. In essence, it means having a solid understanding of who you are, what you're good at and what you need to work on further. People with strong self-assessment or self-reflection skills are able to continually improve and perform better.

Effective Communication. Being able to convey messages with clarity, grace and honesty helps business leaders forge stronger relationships in the workplace and avoid feelings of confusion and resentment among employees. Individuals with a high level of EQ are aware of their body language when they speak. They talk openly, welcome criticism, express sincere appreciation and above all, listen carefully. Effective communication makes employees feel respected and valued, leading to an overall happier workforce that is invested in the organization's mission and goals.

Relationship Management. People with high EQ do not associate emotion with being "weak" or "incapable." They know that when emotions are understood and managed properly, it leads to positive feelings that inspire confidence, forge trust and improve productivity. High-EQ professionals invest the time in building healthy and fruitful relationships that allow them to bring out the very best in people, whether it's those they oversee or other colleagues.

Self-Regulation. Also referred to as self-discipline, this aspect of EQ involves being able to redirect disruptive emotions—such as anger or anxiety—in order to think and communicate more clearly and rectify a difficult situation. Leaders with high EQ do not let moods control their actions and are not quick to "fly off the handle;" they excel at remaining calm and confident under duress. As a result, they are able to prevent employee emotions from spiraling and stay on track to a positive resolution.

How Do You Hire People with High EQ?

There's no hard-and-fast method for assessing a candidate's EQ levels. Personality tests are not recommended for measuring EQ, as people tend to give the answers they think employers want to hear. However, behavior-based interview questions can provide good insight into a person's emotional competence. Focus your inquiries on people and relationships. For example:

- What do you feel are the most important qualities in a leader? How do you embody these qualities?
- Provide an example of how you handled a difficult situation at work.

- Tell me about a time you received criticism from your boss. How did you handle that feedback?
- What would co-workers say they enjoy most about working with you? What do they enjoy the least?

It's also helpful to speak with references versus simply getting written recommendations or those through an automated service. Use these same types of questions with references; ask for feedback about how the candidate handled conflict or performed in a team setting.

In an era of demanding employees, high turnover and the need for cultural sensitivity, it is even more important than ever to maintain an engaged and loyal workforce. Putting an emphasis on emotional intelligence in the hiring process can help your organization build a stronger foundation for the future.

TRANSFORMING AN ORGANIZATION – TALES FROM THE FRONT LINES

Jim Zaniello, President of Vetted Solutions, Shares Lessons Learned from Association Leadership Change

Transformation is a revolution. It takes time. It requires a visionary leader, or better, a group of visionaries, to spearhead the change and sustain each other. It often requires breaking something down to rebuild it into something better. However, people will resist transformation because it is a challenge. As specialists in executive placement, we know the pattern – the revolutionaries who thrive on transformation start by changing their surroundings and looking for a new organization to lead Transformation isn't easy. Jim Zaniello, president of Vetted Solutions, shares how he has helped many organizations transform themselves through selecting the right leaders. He also shares insight from specific organizations that have successfully implemented these changes and offers up questions you should be asking yourself.

Vetted Solutions is a Washington, D.C.-based executive search firm specializing in serving the leadership needs of associations, non-profit organizations, hospitality and destination marketing industries worldwide. Jim possesses a unique understanding of the executive search process, developed through more than two decades in positions ranging from non-profit executive director to publisher of the leading tool for nonprofit executive search. For 10 years, he conducted searches at Association Strategies, a leading Washington, DC-area executive search firm focusing exclusively on associations and non-profits, prior to his forming Vetted Solutions.

Transformation is a revolution. It takes time. It requires a visionary leader, or better, a group of visionaries, to spearhead the change and sustain each other. It often requires breaking something down to rebuild it into something better. Madison Avenue figured it out decades ago: "new and improved" sells better than "improved" alone.

However, people will resist transformation because it is a challenge. As specialists in executive placement, we know the pattern – the revolutionaries who thrive on transformation start by changing their surroundings and looking for a new organization to lead. Staff who resist change remain where they have been and are reluctant to try something that has not worked before.

Transformation isn't easy. Spend time browsing titles of business articles, books, and blog posts, and you'll realize that everybody has a perspective on what is necessary to turn something around or modify a behavior. But often, that advice speaks to change, not to true transformation.

Our firm's leading practice area focuses on the association sector. We have helped many organizations transform and, along the way, we have seen excellent examples of what is needed to successfully navigate a monumental shift:

- The business model was thoroughly reviewed and either redefined, or in some instances, completely redesigned.
- All decisions were driven by data – including strategic plans, programs and other offerings, membership goals, and employee assessments.
- The organization culture shifted into a higher gear.
- The organization committed itself to diversity and inclusion.
- Succession plans were created for the entire organization, and they continue to be reviewed and updated.

Below we share insight from organizations that have successfully implemented these changes and questions you should be asking yourself.

Review, Redefine, Redesign

Simplistically, for many organizations the strength of the business model is evaluated in short- and long-term strategic goals. When your organization achieves its goals, it must develop new ones. If you are falling short of your goals, consider whether they should be modified or scaled back. On a daily basis for association executives, and at least quarterly for board members, the road to transformation begins when you are unhappy with your answer to one of these questions:

Does our business model still make sense for our industry or the profession we serve?

How do we deliver value to our members and the industry in general?

Are we innovating?

Are we accomplishing our mission and is our mission still relevant?

What information are we using to answer these questions?

What does success look like for us?

During 2017, one of the most widely discussed association initiatives was the rebranding of InfoComm to AVIXA, the Audiovisual and Integrated Experience Association. David Labuskes, the CEO of AVIXA, said the decision to rebrand was driven by three questions: who was the association, who did its members want and/or need it to be, and what was likely to be relevant in the industry going forward. Among the original directives to their consulting agency, InfoComm stated that it was not going to change its name. By the end of the process, the board and senior leadership realized that when they achieved their two-point version of success – be a catalyst for market growth and be a hub for their industry - they would, in fact, be a different association than the one they had been at the beginning of the process. Anything other than a reinvention of the brand and name would be a half-measure.

Data, Data Everywhere

Today, data is used for every election, every pop song, and every ad that appears on your electronic devices. Your organization must use data too. But data needn't be a gigabit of computer code, for some it can be a simple member survey. Associations, seen by some as having been slow to adopt the practice of data-driven decision making, now heavily rely on data in many different ways.

Transformative senior leaders usually have a history of strong experience with data. They tell tales of how a few surveys and data points helped them change perspectives within their organizations and eventually convince others in the association to rely upon the data. "We analyzed last year's annual show, and that told us to what the industry responded as well as what had to be changed to better address member needs this year." Or, "We thought we knew which programs were our most impactful, but when we finally dug into it, we were surprised to learn…" Or, "We're pulling that information now to help us understand X."

A data-driven mindset is a must-have to assess typical business operations, but it is equally as illuminating on the human side of your organization. There are a wealth of employee assessment tools such as McQuaig or the Four Tendencies that allow leaders to better understand their employees – identifying dominant characteristics, potential coaching needs, and preferred communication styles – and maximize the potential in their staff. The tools can help identify the person in customer service who is much better suited to be in charge of outreach, and they also can ensure that your team is working better as a group and boosting performance. If human resource data reveals gaps in how your organization runs, transformation may be needed first at the staff level.

Levelling Up

As your business model undergoes a thorough review, your organization also needs to evaluate its culture to ensure it can achieve its goals. This is more than just making sure the right people are in the right place at the right time. As Peter O'Neil wrote, culture is the unspoken manner in which work really gets done. Everyone – staff and volunteers – needs to move to a higher level of engagement, performance, and accountability. Are your teams collaborating to help everyone achieve the vision? Is everyone respectful of differing viewpoints? This doesn't mean that all ideas are good or worthy of the same level of consideration, but a person who feels respected is a person who feels valued. That respect builds loyalty, fosters team spirit, and creates a willingness – even a desire – to go above and beyond to achieve the vision.

Transformative associations are increasingly customer-centric. How would you describe your organization's customer focus? Can everyone in your organization tell you who the customer is? Danielle Holland, President and CEO of the Financial Managers Society, agrees this is an organizational imperative because improving member experience is something that association leaders often wrestle with, more importantly, how do we deliver real benefits that are successfully executed to give our

association a competitive edge? Her experience with this is that satisfied members spend more, exhibit deeper loyalty to the association, and create conditions for higher levels of engagement. She asserts it is about creating a value proposition that delivers on service and operations. The success of this customer focus is readily evident because it results in consistent annual growth rates, extremely high retention rates, and very positive customer satisfaction rates.

Levelling up starts at the top with the board and senior leaders. If there are practices and attitudes that hamper the achievement of the strategic vision, they must be changed. Lead by example, lead through organization challenges, lead through motivational strategies, lead by whatever means resonates with your staff and volunteers. The key is to lead. Practice the ideals and require the same of your team. Actively develop, foster, and manage your organization through its levelling up.

Diversity and Inclusion

Kevin Keller, the CEO of CFP Board, highlighted the importance of diversity and reducing the barriers to entry in the Journal of Financial Planning. Kevin makes clear that diversity and reduced barriers enable traditionally under-represented populations to join an organization and thrive. The demographics of every industry are shifting. How much does your organization, at all levels, reflect the industry that it represents today? Are a full range of viewpoints and backgrounds incorporated into your organization's decision-making, offerings, support, and development? Have you included the opinions of the board, the staff, the volunteers, and the members? In a 2017 diversity and inclusion report published by our firm, we analyzed practices and beliefs at associations. We learned many have realized the importance of diversity and inclusion but struggle with how to enact meaningful change. The report provided practical suggestions to help associations of all sizes. For example:

- Make the connections – Learn your organization's diversity and inclusion goals, their connection to your strategic priorities, and how your work furthers those goals.
- Respect – Listen attentively, and ask questions, seek feedback, and encourage open discussion.
- Put in the effort – Immediately address situations and comments that challenge the value of diversity or hinder inclusivity, understand your unconscious biases in order to manage or reduce them, and encourage diverse participation at presentations, events, and conferences.

Diversity and inclusion do not stop with hiring or initial participation. It is a fundamental that needs to be incorporated into every part of an employee's or volunteer's lifecycle. Diversity and inclusion begins with gender-neutral job descriptions and continues with a welcoming hiring process, onboarding, retention, development, and advancement. While this likely starts from the top, everyone at the organization can, and should, own pieces of this.

What Comes Next – Succession Planning

Your association must have more than a strategic plan to ensure viability, you must also have the foresight to have plans in place that provide direction and manage change. As Christine McEntee, executive director and CEO of the American Geophysical Union, advised, if we don't think about change until the day it happens, it's too late. Preparing for change requires multiple plans – one for an announced transition and one for an unexpected departure. At the leadership level – what process will your association use to identify new leaders? How will responsibilities be shifted to ensure that your association's operations continue as seamlessly as possible?

Succession planning should cover more than just leadership changes. How is your association developing and growing its staff and volunteer leaders? What are the plans for changes in non-management staff and volunteer leadership, and how are your new leaders being developed? What is the pipeline for growing talent and skills in your association? Should you undertake talent mapping to evaluate the resources that are already available to you?

Succession plans are living documents. They cannot be created, shelved, and allowed to gather dust. They need to be frequently reviewed – perhaps on a schedule similar to your strategic plan reviews – to ensure they continue to serve your association in the best way possible and address any changes, including new talent, key stakeholder populations, and title shifts.

Transforming your organization can be an electrifying experience. To make the most of it, rely both on questions that you ask internally and the collective wisdom of other association leaders. Study your organization down to its foundation and then ask stakeholders what needs to be changed. Armed with such knowledge, talk with other leaders about their experiences. The excitement of seeing "New and Improved" is felt not only by the customer but by the person who made the changes. Prepare for that excitement as you undertake your organization's transformation.

HOW TO WIN THE WAR FOR TALENT

Larry Hartmann, CEO of ZRG Partners, Discusses Navigating Pay Equity Laws and GDPR Requirements during a Period of Record Low Unemployment

Attracting and landing top leadership talent has never been more difficult. We are seeing a record low unemployment rate that has tightened up the labor pool. Added to this existing challenge are two new hiring hurdles which are creating a perfect storm.

New pay equity laws are adding headaches to open searches and hiring processes, and, more onerous GDPR data management requirements are further slowing things down. The net result: open positions are taking months longer to fill and frustration is building as companies seek to add talent while navigating unchartered waters. How can companies adjust to the new normal in the employment market and come out on top in the war for top talent? What are top companies doing today to overcome these obstacles? Below, Larry Hartmann offers up some answers.

Larry Hartmann is CEO of ZRG Partners, one of the world's fastest growing global executive search firms. ZRG has been helping clients attract top talent globally for 19 years with a disruptive approach to executive search, featuring robust data and analytics coupled with technology embedded into the search process.

Let's start with a quick look at where we are today. Unemployment in the United States hit 3.9 percent in April, the lowest rate since 2000. The last time the unemployment rate remained below four percent for a sustained period was in the late 1960s. Unemployment in some of the largest global economies is tracking similarly with Germany, China and Switzerland all below four percent and the United Kingdom posting 4.2 percent.

Many leading companies are recognizing the current state of the employment market. This knowledge coupled with generally good financial results is leading to many leading companies rewarding top leaders with nice compensation increases, robust bonuses and greater long-term incentives to foster satisfaction and retention.

Fueled by the good economic conditions, growth is a mandate and adding new talent to execute on expanding growth plans is critical to sustaining success. With this in mind, what should top CHRO's and CEO's be doing to address and work through these new and evolving dynamics?

Successful Recruiting is Harder than Ever

A foundational starting point for improvement begins with the mindset that in today's market, companies are really "recruiting" and not picking. Hiring executives who think their responsibility is merely to pick the candidates and not to sell them, are missing out on the best candidates to competitors who embrace this. Recruiting should be a very well-organized process that not only selects, but also persuades. A successful recruitment strategy should be engineered to sell candidates on the company and the role, and build rapport with the ultimate hiring manager and the team. A well-organized interview process will spend considerable time on the company, selling the candidate on the vision, the plans and the goals painting a picture of the future. Top talent takes persuasion.

Speed Kills

A well-organized and thorough process is critical. If it takes too long, the results will be highly disappointing and costly. One of the biggest problems in recruiting top talent in this market is lack of speed and hiring delays. When a company needs to fill a critical role, the commitment to an expeditious timeline and hiring process can be the difference between landing top talent or settling for a compromise and waiting months to fill an open role.

The market is hot and candidates don't have two or three months to maintain interest in a slow and meandering interviewing process. In this market, slow speed kills

candidates' enthusiasm and diminishes your ability to close top talent. The timeline from the first interview to final offer should not extend beyond 30 to 45 days – delaying any further increases the risks for a flawed outcome. When you meet the right candidate, action is needed or you will lose them to competitors or to lack of interest in a long drawn out interview cycle. In hot sectors, we are seeing candidates interviewing and get offers within a week, short circuiting the lengthy processes that marked past times.

So why does hiring taking so long? One of the biggest bottlenecks we see is the broken process of interviewing, specifically gathering interview feedback, to advance the discussions and ultimately make the hiring decisions. In today's corporate world, it is typical that 4-8 people participate in an interview process and provide feedback. The challenges of getting an interview team together to share feedback, when often there are multiple candidates interviewing for an important role, is adding months to many hiring processes and resulting in lost opportunity and cost.

Turn Interview Feedback into Actionable Data – Quickly

One way to solve this problem is to change how the feedback process works. ZRG Partners recently rolled out a new, mobile phone enabled version of our interview feedback software called Z Score 2020. This tool allows interviewers to click a link on their mobile device to provide quick and simple candidate interview feedback. After each interview, the team members take five minutes to provide their view on a handful of key areas. From this simple business process comes powerful and actionable insights that unlocks the wisdom of an interview team and saves weeks, and often months, of back and forth in trying to get the team together to discuss the interviews and prioritize candidates. In this type of a market, saving time and improving the quality of the interview feedback data is essential to hitting the mark.

Compensation, GPDR and Pay Equity Changes

Compensation disconnects are a bigger threat to landing top talent than any time in history. The combination of low unemployment and company financial success and the emerging trends around pay equity laws and candidate privacy issues have created a multi-level headache that is leading to more candidate breakage and frustration at the offer stage than ever seen before. How are companies dealing with these new challenges in the hiring process?

Candidate-Driven Market for Talent

First, let's tackle the compensation environment and, what is going wrong. We believe that hiring markets exist in three distinct and changing stages: Client Driven Markets, Neutral Markets and Candidate-Driven Markets. Over the past decade, we have experienced each of these three phases.

To succeed in today's market, it is essential to understand precisely where we are now. From 2008 to 2011, with the rebound from the global financial crisis, the market was a Client/Company-Driven Market. Supply exceeded demand, and companies that were stable, growing and hiring could attract good people with minimal effort and nominal compensation change. A Client-Driven Market is the rarest of markets, but we experienced one on the heels of the global financial meltdown. The markets then migrated to a Neutral Market for a few years as the economy improved and there was still a nice stable of talent ready to move and on the bench.

Now, with the heated economy and low unemployment, we are in a Candidate-Driven Market. In a heated-up candidate driven market, demand for key leaders for important roles exceeds the talent willing to change jobs. Recruiting tactics that worked in previous years now fall short of success. Offers with nominal 10 to 15 percent pay increases are now routinely rejected. Even if candidates accept offers at these levels, their resignations are trumped by counteroffers of 20 to 25 percent pay increases, coupled with promises of a brighter future and promotions. The more rare and difficult the skill set, the higher the cost premium has become to recruit a suitable employee. Lucrative long-term equity incentives and creative benefit offerings are no longer the exception but the norm. If your company is operating in a Neutral Market mindset and passively considering

offers, you are likely experiencing longer fill times and lost opportunity with the true top talent.

The Perfect Storm: Pay Equity Laws

We are clearly in a Candidate Driven Market, and companies need to think aggressively about paying up to land top talent. On top of this, there is now a new complexity added to this challenge.

Several major US states, including Massachusetts, New York and California to name a few, have passed new laws restricting the ability of employers to inquire about past compensation when hiring new talent. While limited today to just a few states, there are others following close behind. In the early days of this new challenge we have seen major companies take the position that they will not inquire about an applicant's actual compensation in all 50 states and even globally, to ensure compliance.

This new dynamic is hurting the offer process for companies. It is making offers and closing candidates a high stakes game of poker with the candidate not having to show any cards while the clients must lay out the first volley. The historical approach to calibrating fair offers has always been find out a candidate's past compensation, consider their unique strengths and fit and then typically make an offer at 10-20% more than they are currently earning. Today, with the new rules of "compensation poker," there will surely be wild swings in new compensation levels and also hurt feelings and broken hiring processes in this new world.

Making offers to candidates in the dark and interviewing without some framework will only lead to frustration on both sides, and the unintended side effect is slower time to fill critical roles and more recruiting resources required to get projects done. To illustrate the unintended impact of this, imagine moving to a new city and going house hunting. When it comes time to make an offer, the real estate agent breaks the bad news that they cannot provide any insights into recent sales, and to add more fun to the process, the home has no listing price. The buyer must first make an offer and then the seller will respond. Making an offer in the dark is a daunting prospect for many executives who have spent decades calibrating past compensation to structure new deals.

How are companies adjusting to these new compensation rules? Today, the interpretations seem to be all over the board. Some companies are still asking for compensation data except in the designated states. Others, in fear of potential legal risks, have adopted the "don't ask, don't tell" policy nationwide, and in some cases even globally. Candidates, not knowing their rights and hearing of this, are confused as well and the uncertainty and varying interpretations are causing chaos in the hiring process.

Some companies are asking the candidate for optional guidance on the level of base salary and bonus they would expect if hired. While not a perfect solution, it provides some parameters to consider a candidate for a role. The negative impact is if the candidate ask is too high, they may be eliminated before even interviewing.

Compensation Insights Have Never Been More Important

To address this major problem, ZRG Partners has rolled out a new compensation insights product that is included with senior level searches. This product allows clients to decide exactly how they would like to see new critical project compensation data for each search. Rather than reviewing compensation study data with a 100,000-foot view, our data is specific to the targeted candidate pool from relevant competitors with clearly defined skills, providing relevant information to guide the search towards a successful acceptance.

Conclusions

Companies that want to win today's war for top talent need to think differently about how they are approaching the market. From how they recruit and how they internally move things along faster, to ultimately how they are able to close the right candidates with the new complexities around compensation and privacy. Providing actionable data for

each project to help clients make better hiring decisions has always been core to the ZRG solution offerings. With these changes, our tools also speed the time to hire which has never been more important. These new factors require new approaches to landing talent and winning the war for the best in this candidate driven environment.

COLLABORATIVE LEADERSHIP AND DIVERSITY OF THOUGHT: DRIVING BUSINESS INNOVATION

Stephen Dallamore, Global Chairman of AltoPartners, Discusses the Importance of Collaborative Leadership and Diversity

Effective collaboration requires leaders to have well-developed and practiced skills. If you want to be an "innovation-ready" organization, then the adoption of innovative behaviours must come first. Innovative organizations are those where people are accessed and challenged to deliver at their highest potential.

Stephen Dallamore, global chairman of AltoPartners, describes how collaborative leadership and diversity in the workplace promotes innovation in business. He also shares the seven skills leaders need for effective collaboration today.

Stephen Dallamore left the legal profession and started a partnership business in 1977 called Mast South Africa. Mast was the largest corporate training group in South Africa and was listed on the Johannesburg Stock Exchange in October 1987. In 1997, Stephen and three Mast colleagues started a change management consultancy, Connemara Consulting. In 1998 Stephen joined listed company MDM Growth Investments Ltd., a private equity fund specializing in entrepreneurial family business, as executive director. In 2002 he joined SPi (then Boyden) as a director, building Boyden SA's global strategy and acting as the catalyst in right sizing and restructuring the business in 2003. He was appointed managing director in 2004. Stephen is currently the global chairman of AltoPartners, the international alliance with 52 offices across 31 countries in the Americas, EMEA and Asia-Pacific.

With the world rapidly changing around us, high performing and effective leaders should be aware of the new trends and developments impacting the 'people' component of their businesses. As global businesses and economies continue to evolve, grow and integrate - and systems and processes become ever more automated and digitized - the people we attract and retain in to our businesses become even more important. Businesses, regardless of their size, are desperate for educated, highly skilled, knowledgeable employees who possess skill sets that will ensure the business remains viable and sustainable into the future.

But, in addition to the all-important 'do we have the right talent' question that boards and the C-suite are grappling with, what else should businesses be doing to ensure their long-term sustainability? Shifting social norms and digitisation bring new challenges for businesses, but also new opportunities. While we believe that the right talent possessing the right skills are the foundation for success, we also know that businesses need to continue to innovate to thrive.

Discussions with our clients and our global teams indicate that in these times of great change, competition and uncertainty, a business with no new ideas will fall behind. Businesses need to continue to evolve and be innovative to survive, and tapping in to diversity of thought and skills within all businesses is one of the best ways for businesses to generate new ideas. Great solutions come from simple ideas that have the power to spark major shifts in the business, for example UBER and Airbnb. These are the building blocks needed to deliver sustained innovation. Innovation is not just about doing different or new things, it could also be about doing the same things differently or having a simple idea that disrupts a traditional industry.

The Link Between Innovation, People and Diversity

Undoubtedly one of the failed new rules of today's economy is that humans are expendable, that their labour – and quite possibly their thinking – should be eliminated as a cost wherever possible. Even in this heavily digitized age, humans are at the heart of the business and seen as the "operating systems" of the business. The challenge is now how to connect and access them in this digital new normal. The companies and leaders who get that right will flourish, they understand that digital isn't something you do, it is something you become while still making people matter. For any organization to be innovation ready, it needs to embrace the diverse thinking that lives in the human fabric of that organization.

A business that does not have an appreciation for the value of diversity, whether it be culture, opinion or skill, stands the risk of lagging behind in the quality and quantity of ideas it generates. Boards and the C-suite with a lack of diversity will fall into silo thinking. Without robust discussion, leaders won't challenge each other enough in the boardroom and new ideas won't be produced. There is positive discomfort that comes from healthy challenging discussions, which in turn fosters a culture of change and innovation. Nokia's former executive team, for example, was 100% Finnish and had worked together for more than a decade. Many believe this extreme homogeneity explains why the team failed to see the smartphone threat emerging from Silicon Valley.

Diversity of thought, experience and skills is critical on boards today, as it makes the collective board and C-suite stronger and better able to meet the challenges that lie ahead. Today change is the only certainty. Kevin Hall, Managing Partner at AltoPartners Canada / Bluestone Leadership Consulting, points to examples of the leading companies 50 years ago and asks "why are so many of them minor players today?" Particularly Blackberry (RIM), IBM, Digital Equipment, Compaq, Xerox, Kodak, AOL and Wang. All were leaders or 2nd in their markets. "Where are they now (and why)?" Google, Apple and Amazon are great examples of companies reinventing themselves. The challenge for many boards is how to harness the "diversity of thinking" within the board, and ensure it impacts the strategy going forward.

Organizations with diversity of thought have exceptionally strong Chairs and collaborative leadership teams. It is these Chairs who are insightful and confident enough to drive the change and start by recruiting "non-traditional" board members to their organization. Gender, race and nationality are not the only kinds of diversity to be aware of. Age, experience and skills are also important. For this to be a success, it can't be a token exercise or appointment. It needs to be embraced by the board and organization, with a clear and well understood process for integration and transition. On-going value needs to be identified, quantified and embraced. In an Indian context, Sonal Agrawal, AltoPartners Founding Partner and Global Operating Committee Member; Accord | India Managing Partner and AESC Global Board Member, points to an increased number of requests for board members who understand millennials, and for those who are conversant with the digital economy. Similarly in the USA, Veronica J. Biggins, Managing Director AltoPartners USA / Diversified Search, sees younger candidates nominated to the boards to advise companies on the impact of technology and digital disruption, with focus on understanding social media and online threats. Their inclusion alters the long term strategic view of a board.

Diverse teams produce better results, provided they are well led. The ability to bring people together from different backgrounds, disciplines, cultures and generations and leverage all they have to offer, is a necessity for leaders. This requires reinventing their talent strategies and building strong connections across and outside the organization. Building coalitions and working collaboratively becomes more important as the business grows and the leader takes on more and more responsibility. Collaboration is no longer a nice to have, but increasingly a leadership requirement needed to get results.

Collaborative Leadership Promotes Innovation

In a world of partnerships, complex supply chains, outsourced working models and complex organizational structures, leaders need to be able to deliver results by working across organizational boundaries. Perhaps in the not too distant future it may also involve people collaborating with some form of artificial intelligence.

Key outcomes of leaders who promote collaboration include:

- Innovation - Creating opportunities for new thinking, ideas and ultimately business innovations
- Amplification of the business's 'employer brand' status – Creating an environment which is seen to encourage and value team work, collaboration and diversity of thought maintains the attractiveness of the business as a place to work
- Profitability and long-term business sustainability – the evidence exists that innovative businesses who harness diversity of thought will face the challenges in the market, adapt and to continue to succeed.

Fostering an environment and culture of collaboration takes continuous effort from the leadership team and asks the question "What sort of skills should business leaders (the C-Suite, heads of functions etc) possess to deliver effective collaboration?"

The 7 Skills Leaders Need for Effective Collaboration

According to global research conducted across the AltoPartners alliance, Richard Sterling, AltoPartners Australia Managing Partner ranks the 7 skills needed by leaders to promote and drive collaboration in the workplace.

1. Establishing frameworks for collaboration and then getting on with it
2. Balance of big picture thinking and power of execution
3. Consulting with teams and stakeholders
4. Direct communications
5. Building bridges across key functions
6. Acceptance or tolerance
7. Understanding the data and technology required

While each business has unique needs and each leader's style of collaboration will place different emphasis on the importance of the 7 skills listed above, our global team agree that in order for leaders to effectively navigate diversity and different business environments, leaders need to possess the following key skills:

1. Interpersonal skills to understand and deal with the sensitivity of multi-cultural differences and the impact these have on team dynamics
2. to think globally (best practice and trends) but then to adapt and implement for local nuances (culture, behaviour and language)
3. Skills development and enhancement of juniors (succession planning)
4. Accountable for what they do
5. Commitment and passion
6. Decision making
7. Self-awareness and emotional intelligence
8. Wisdom and humility
9. Flexibility and adaptiveness
10. Be an active corporate citizen, not a bystander

Being a dynamic, collaborative leader involves much more than just telling people what to do. Effective collaboration requires leaders to have well-developed and practiced skills. If you want to be an "innovation-ready" organization, then the adoption of innovative behaviours must come first...you change culture by becoming innovative. Innovative organizations are those where people are accessed and challenged to deliver at their highest potential. Diversity of thought is valued and inspiring leaders foster environments where cross-functional collaboration is the business norm. For modern businesses to thrive, leaders need to be aware of trends, understand human behaviour and embrace the value of diverse perspectives.

THE FUTURE OF HIGHER EDUCATION RECRUITING

Emily Parker Myers, CEO of Myers McRae Executive Search and Consulting, Discusses Recruiting Trends in the Education and Academia Sectors

Executive Search in higher education is experiencing huge changes. Technology has significantly impacted how recruiters conduct a search. With these emerging technologies, few leadership assignments still follow the traditional path.

In this interview, Emily Myers discusses the challenges that higher education and academia focused recruiters face and what they and their clients can expect in the next few years.

Emily Parker Myers is chief executive officer of Myers McRae. Known for her commitment to excellence, she brings extensive firsthand knowledge and experience in higher education administration and executive searches as well as an exceptional record in fundraising and admissions. While she conducts a wide range of searches, her areas of specialty are for Presidential, Provost, Vice President for Academic Affairs, and Advancement leaders.

Can you give us some insight into how recruiting for the academia sector has developed over the last five years?

Executive search in higher education is experiencing huge changes, just like it is in other sectors. Searching for leaders at colleges and universities traditionally has had many policies and historical processes to follow. It is hard for institutions to break with that tradition. What is forcing institutions to re-think those processes is often related to their bottom line coupled with today's technology. When I look back on what we were doing 10 years ago compared to what we're doing now, it is so different.

How so?

Previously, every step of the search process was hands-on. For example, we brought candidates to a hotel or to an airport to meet with the search committee for their initial interviews and then brought them to the campus if they were selected for another interview. The process was costly for the institution, very time-consuming for the committee, and candidates had to take time away from their work. An online candidate review portal, conference calls, and video-conferencing have enabled search committees to complete their review and evaluation of candidates in an effective and efficient manner while reducing costs and meeting time. While a few searches still follow the traditional path, the vast majority of colleges and universities have come to appreciate and strongly embrace the new way to conduct a search.

What is the average tenure for university presidents?

Most college presidents are between 40 and 70 years old. According to a recent study on College Presidents by the American Council on Education, 58 percent of college presidents are white males who are over 60 years old and have held their office for seven years. The tenure of a college president is often determined within their first three years. If they have a successful tenure during that time, they probably will make six years. If they continue to be successful through six years, there is a high percentage they stay to 10. When presidents are in their 50s, they might consider another position. Where age begins to play a factor is when presidents get into their 60s. If they are closer to 60, they probably will stay where they are if things are going well. Those are some very general statements because so many personal and professional factors influence someone's decision to stay or leave a presidency. Family, health, a new direction of the institution, changes in funding resources are just a few that bring change to the presidency of a college or university.

Are you seeing more women leaders becoming presidents or are you still seeing primarily men running colleges and universities?

While the majority of presidents in higher education are male, the number of women, as well as other minorities, being selected to lead colleges and universities is increasing. Many schools actively seek diversity – gender, race, etc. – in their application pools for their leaders. Where the fastest change in diversity leadership can be seen is at the provost and vice president for academic affairs level. Having experience as the chief academic officer is often vital to becoming a president or chancellor. As diversity increases at that top academic level, the applicant pool for president or chancellor becomes more diverse. Like in the business sector, diversity at the executive level in higher education is changing.

Are you seeing the backgrounds of candidates changing?

The majority of candidates for president traditionally still come from higher education. It is sometimes difficult for a search committee to feel comfortable with a candidate who does not have strong academic experience. Exceptions come primarily when a committee recognizes that a president has many non-academic responsibilities that must be addressed to keep the institution successful. These institutions want to consider candidates with a different background, such as business or law. In this country, there is a long tradition in higher education of having presidents with law degrees. Still, for the majority, the successful candidate comes from inside a law school instead of a law practice or corporation. Seeking candidates outside the traditional procession of dean or provost is more about whether the skill set and experience that a candidate possesses best fits the duties and role of the president when determining the final selection. Search committees have become more open to finding candidates within the academe that fill a specific need of the institution and are willing to consider candidates from the areas of Advancement, Enrollment Management, and Finance, especially if they have a strong academic leader in the position of provost or vice president for academic affairs. Traditionally, the thought was that a provost would move up to a presidency, and that is changing. The reason for the change is because a large percentage of a president's responsibilities and time is spent fundraising, and a lot of the provosts and VPAAs are not interested in fundraising. That has not been their world and that has not ¬been their area of concentration. For many, fundraising is not a sweet spot, and they do not want to do it. As a result, more business deans and chief fundraising officers, for instance, are ascending to presidencies.

What effect has technology had on higher education recruiting now?

Technology has significantly impacted how we conduct a search. It also has changed how candidates consider opportunities. From online databases to online advertising to Skype and Zoom and everything in between, technology is a part of the search process. But for all those changes and the ones to come, I have to say the one thing that technology cannot replace is the personal touch. You cannot replace the person-to-person connection of the consultant with the candidates and the clients. In every search I'm going to pick up the phone and call them at the end of the day. That's where the heart of a successful executive search remains. It is taking the time to listen to your client and then to talk with and listen to your candidates. You've got to have that connection on both sides. But the technology is what enables us to get to that point.