

20
19



STATE OF THE INDUSTRY REPORT

Executive Recruiting • Leadership Services • Talent Solutions

Hunt Scanlon | Mediä
Leadership Intelligence

TABLE OF CONTENTS

About Hunt Scanlon Media	3
Index of Sponsors	4
Index of Advertisers	5
Executive Summary	9
Section 1: Private Equity Recruiting: Fueling Growth & Credibility	27
Section 2: Recruiters in Hot Pursuit of Top HR Leaders	46
Section 3: Diversity Mandates Creating Competitive Advantage for Recruiters	61
Section 4: AI Ushers in Big Opportunities for Executive Recruiters	75
Section 5: World of Entertainment Choices Create Field Day for Recruiters	90
Industry Viewpoints	106

 Are you more interested in contribution over pedigree?

 Are you continually challenging the norm on behalf of your clients?

 Are you tired of how executive search is currently perceived?

 Answered Yes to all three? Let's talk!

McDERMOTT
 BULL

WHAT MATTERS TO YOU
MATTERS TO US.

WE'RE PRO YOU.

1-833-4-MBEXEC | mbexec.com

INDUSTRY VIEWPOINTS

**Private Equity and the Big Talent Squeeze:
A Victim of its Own Success?**
*Stephen Dallamore (Search Partners International),
 Thomas Heyn (Jack Russell Consulting),
 Mark Mulvanerty (Diversified Search) and
 Anna Schauman (Novare Group)*
 Alto Partners 108

A Morehouse Man Steps Up
Dale E. Jones, President and CEO
 Diversified Search 112

**In the Interim: Why Temporary Leaders
Should Not Be Placeholders**
Jim Zaniello, President
 Vetted Solutions 115

**Having Served Academic Institutions,
We Understand**
Shawn M. Hartman, M.B.A., VP and COO
 Academic Search 119

**Why Now Is the Time to Have a CHRO
On Your Board**
*Mike Magsig, Managing Partner,
 Global Board & CCE Practice*
*Jerry McGrath, Managing Partner,
 Global Human Resources Practice*
 DHR International 122



Ready for your next move?

We are committed to find the next challenge in your career!

Rialto Executive Search, specializing in direct search for Engineers, Scientists, C-Suite and Managerial high potentials.

We specialize in:

-  Executive Search
-  Corporate Governance
-  Recruitment & Selection
-  Assessments
-  Interim Management

Global executive search assignments through our partner network
 IMSA Search Global Partners



www.rialtorecruitment.eu

ABOUT HUNT SCANLON MEDIA

Hunt Scanlon Media is the most widely referenced, single source for information in the human capital sector. Our mission is to inform, engage, and connect you — the most avid members of the talent management community — with daily news and expert commentary. We have assembled a team of trusted, experienced reporters and editors to track who is making news and what's driving the market around the clock. And we have one of the best management teams in the field.

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, private equity, and marketing, to the global

leadership and talent solutions consultants who service them.

Contact Information:

Scott A. Scanlon
Editor-in-Chief
(203) 252-7203
scott@huntscanlon.com

Christopher W. Hunt
President
(203) 252-7302
chris@huntscanlon.com

Erik M. Boender
Director, Operations and Market Intelligence
(203) 321-5115
erik@huntscanlon.com

Andrew Mitchell
Director, Digital Platform Communications
(203) 985-5605
andrew@huntscanlon.com

Stephen Sawicki
Managing Editor
(425) 252-8181
steve@huntscanlon.com

Dale M. Zupsansky
Contributing Editor
(719) 644-0263
dale@huntscanlon.com

Michael S. Hawkins
Director, Marketing & Brand Management
(203) 496-2009
michael@huntscanlon.com

Mike Wasulko
Chief Digital Officer
(203) 461-1776
mike@huntscanlon.com

INDEX OF SPONSORS

Alto Partners	108
Diversified Search	112
Vetted Solutions	115
Academic Search	119
DHR International	122

Executive Search
Supply Chain,
Manufacturing, &
Operations

alder köten

United States
Houston

Mexico
Monterrey
Guadalajara
Mexico City

www.alderkoten.com

INDEX OF ADVERTISERS

McDermott & Bull. 1
Rialto Partners 2
Alder Koten. 4
Phillips DiPisa. 5
JDG Associates 6
Kensington International 7
Options Group 8
Reffett Associates 14
The Tolan Group 18
InterSearch. 19
Shelli Herman and Associates. 22
Alexander Hughes 25
Polachi 29

(Continued on next page)



Leading healthcare into the future



When you work with Phillips DiPisa, you work directly with seasoned healthcare professionals.

Our 25 years of working exclusively on healthcare and life sciences executive search allows us to hit the ground running, offering an exceptional counsel and support throughout the executive recruiting process.

Boston | Chicago | Philadelphia
Atlanta | Los Angeles | Dallas

www.PhillipsDiPisa.com

INDEX OF ADVERTISERS

(Continued from previous page)

Beecher Reagan	31
True Search	37
Caldwell	42
Riviera Partners	43
CBK Partners	44
Rosenzweig & Company	48
Human Capital Group	49
Vetted Solutions	50
Hanold Associates	58
Academic Search	64
IQTalent Partners	65
Witt/Kieffer	67
Koya Leadership Partners	70

(Continued on next page)



JDG Associates, Ltd.

A recognized leader in executive search since 1973.

Serving the executive recruitment needs of national trade and professional associations, federal and state agencies, and a broad range of research and consulting organizations for 45 years.

JDG's founding principle that all organizations must have the right people in the right positions echoes through every search we perform for our clients. Our mission is simple: partnering with our clients to impact organizational growth through a relentless commitment to uncover and deliver the best and brightest leaders of today and tomorrow.

www.jdgsearch.com
(301) 340 2210

INDEX OF ADVERTISERS

(Continued from previous page)

Hoggett-Bowers	71
Odgers Berndtson	77
Greenwich Harbor Partners	78
Invenias	82
Wilton & Bain	85
BLNelson Group LLC	86
Kingsley Gate Partners	88
Ventura Partners	92
Sterling Martin Associates	94
NPAworldwide	95
Ridgeway Partners	97
Direct Recruiters, Inc.	102
Thrive	103
Intersection Growth Partners	104



One Firm For All Your Talent Management Needs

- TALENT ASSESSMENT**
- EXECUTIVE SEARCH**
- LEADERSHIP DEVELOPMENT**
- CAREER TRANSITION**



Talent Assessment

What You Have

- Cultural Assessment
- Selection Assessment
- Organizational, Team and Individual Assessments
- Leadership Insights
- Succession Planning
- Board of Director Readiness
- Sales Performance



Executive Search

What You Need to Add

- Executive
- Middle Management
- Focused Private Equity Practice in low-mid to middle market portfolio companies
- Partner with Clients across all industries and functions



Leadership Development

What You Need to Enhance

- Individual Executive Coaching
- High Potential Development
- Executive and Functional Team Development
- CEO Succession, Selection and Transition
- Leadership Development Curriculum



Career Transition

What You Need to Change

- Senior Executive Support
- Individual and Group Support
- Working Partner Relocation
- Retirement Planning
- Career/Life Options

Founded in 1989, Kensington International ranks among the largest and most successful Talent Management Firms in the U.S. Our services are delivered worldwide through Career Partners International.



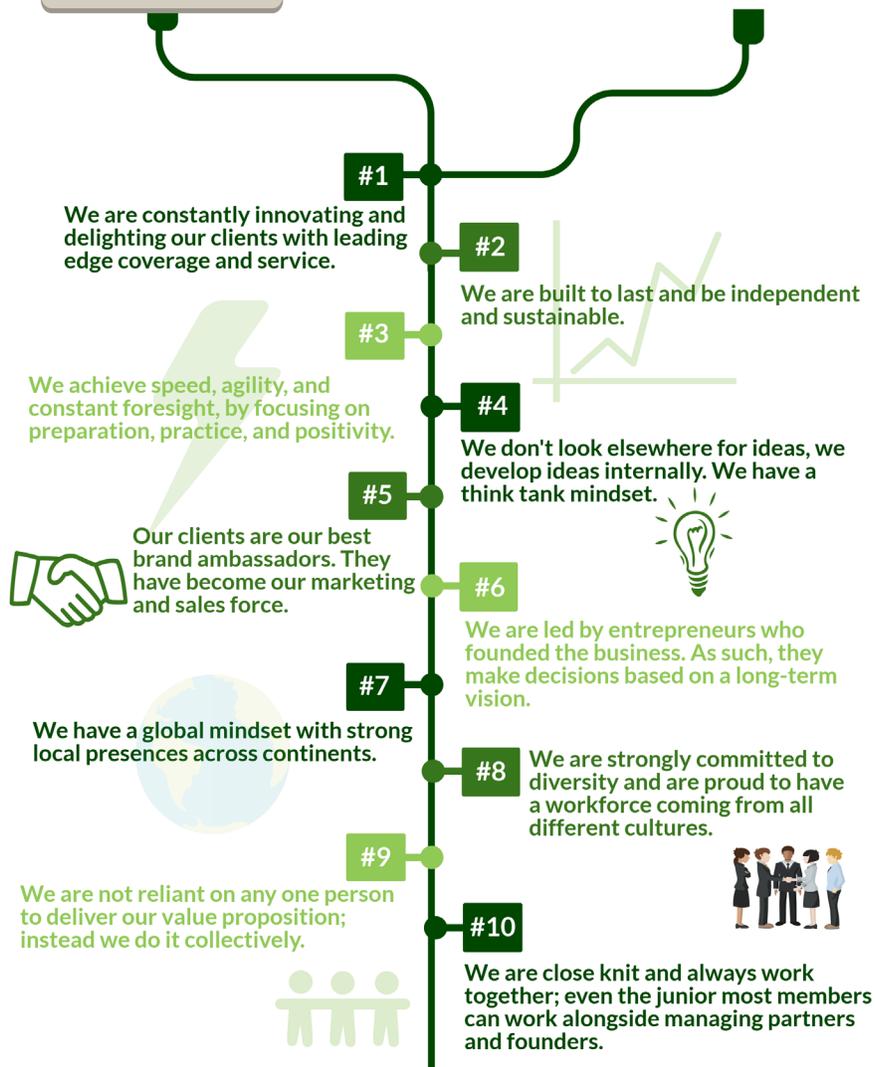
1515 W. 22nd Street, Suite 500, Oak Brook, IL 60523
630.571.0123 | info@kionline.com | www.kionline.com



Over 25 years of market leadership due to the unparalleled power of our people, processes and performance.



Reasons to join Options Group



To explore and optimally leverage your options with us, please contact our Chief Growth Officer, Richard Stein, at (212) 982-0900 for a confidential conversation.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Recruiting Sector Driven by Tightening Talent Markets and Several Key Sectors

A constricting labor market with low unemployment means companies are struggling to find qualified talent. When the right people are found, the costs associated with hiring them are rising, making a lengthy onboarding process now the rule, not the exception. All of it is translating into big business for the nation's Top 50 executive search firms.

According to recent statistics collected by Greenwich-based **Hunt Scanlon Media**, this group collectively jumped nearly 14 percent this past year, continuing a dazzling run for headhunters. Total revenues for the Top 50, which employed almost 3,000 recruiters across their Americas offices, surpassed \$3.8 billion – an all-time high.

This year's growth is coming from many corners of the talent solutions space. But five burgeoning areas seem to be providing much of the fuel. Let's go inside the industry and take a closer look at how assignments in private equity, CHRO searches, and mounting requests for talent across diversity, artificial intelligence, and the sports sector is driving the business of so many executive recruiting firms.

True Search, which grew 43 percent in 2017, jumped a whopping 64 percent last year, catapulting its 43 U.S. consultants into the Hunt Scanlon Top 10 ranking for the first time. Along the way, it was crowned the fastest growing super boutique of the year. The boutiques, an influential powerhouse league of executive recruiters, once again powered the 50 leading talent providers to new highs, feeding off a thriving business environment and taking advantage of transitioning industries.

BY THE NUMBERS

True Search: Fastest Growing Super Boutique



“Tech disruption is permeating virtually every industry,” said Brad Stadler, founder and managing partner of the No. 8 ranked talent provider. “Most

companies now have a strong need for progressive talent from the technology world. Further, clients are looking for a partner that offers a comprehensive suite of talent sourcing and development solutions. We have capitalized on these trends by expeditiously building and developing a world class team of functional and domain experts to meet demand.”

Supply & Demand

That demand, report recruiters up and down the rankings list this year, has everything to do with helping clients find, assess, and hire high impact leaders who can drive enterprise value creation and growth. And that often takes new skills-sets. Fully 60 percent of global executives in a recent **McKinsey & Company** survey expect that up to half of their organization’s workforce will need retraining or replacing within five years. An additional 28 percent of executives expect that more than half of their workforce will need retraining or replacing. More than one-third of the survey respondents said their organizations are unprepared to address the skill

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	1,007.0	+ 11.0	502	37	Gary D. Burnison	(310) 226-2613
2. Spencer Stuart ^b	498.5	+ 12.9	228	25	Kevin Connelly	(312) 822-0080
3. Heidrick & Struggles	405.3	+ 19.3	179	19	Krishnan Rajagopalan	(202) 331-4900
4. Russell Reynolds Associates	351.5	+ 18.0	145	19	Clarke Murphy	(212) 351-2000
5. Egon Zehnder ^c	307.4	+ 9.0	164	20	Karl Alleman	(312) 260-8846
6. DHR International ^d	186.0	-	139	31	Geoff Hoffmann	(312) 782-1581
7. Odgers Berndtson	69.0	+35.3	74	19	Steve Potter	(646) 553-4758
8. True Talent Advisory	67.0	+64.0	43	8	Brad Stadler/Joe Riggione	(646) 434-0319
9. Kaye Bassman – Sanford Rose	63.7	+22.0	172	90	Jeff Kaye/Nicholas Turner	(972) 931-5242
10. Witt/Kieffer	62.5	+ 2.0	100	17	Andrew P. Chastain	(630) 990-1370

a) As of 2/11/18-1/31/19 b) As of 9/30/18 c) As of 10/31/18 d) Under audit



Hunt Scanlon Media Presents

PRIVATE EQUITY &
VENTURE CAPITAL RECRUITING:

Linking Talent to Growth

SEPTEMBER 26, 2019

SAN FRANCISCO, CA

PREMIER SPONSOR



SIGN UP TODAY!

gaps they anticipate. What it means for recruiters is dizzying growth ahead.

While many sectors are in need of disruptive, high impact leaders – including healthcare, the life sciences, media & entertainment, sports and non-profit – none is more strapped for talent than private equity. That has made the PE sector now the chief driver of growth at recruitment firms across the U.S. Nearly every search firm has a hand in the business – and for some, like **Hanold Associates** – a growing percentage of business emanates from addressing talent demands for portfolio companies backed by some of the biggest private equity names in the business, including **L Catterton, Apollo, Blackstone, KKR, TPG, Golden Gate Capital, Summit Partners, Towerbrook Capital** and a host of others.

BY THE NUMBERS

Double Digit Growth Rates at the Top 50

44 search firms reported
double digit growth rates...

...with **23** disclosing **20%** growth or more

Building Strong Talent & Cultures

Jason Hanold, the firm's founder, and his team of 11 search consultants focus on the human resources function exclusively, and that has given him a unique window into the supply and demand curve at a cross-section of companies around the country. "Overall market demand for HR leaders is elevated to an all-time high, and the private equity sector's demand for these leaders is directly correlated," said Mr. Hanold. "There are a few reasons for this: As the caliber of HR leaders continues to evolve, companies are investing in a contemporary HR leader earlier in their maturity cycle, and established companies are demanding more from their existing HR capability."

The Chicago-based search firm grew 16 percent and reported revenues of \$7.8 million. Some of the firm's more recent top HR searches include those for Domino's Pizza, Under Armour, the National Football League, Gucci, Live Nation Entertainment, Northwestern University, Electronic Arts, Fiat-Chrysler, Kohler, Marvin Companies, SC Johnson, eBay, Heinz, Fossil, Vail Resorts, Edward Jones, AbbVie, Carnival Corp., Google, Biogen, Allstate, Bridgestone, Silicon Valley Bank, T. Rowe Price, Wikimedia, Cargill, CNA Financial, Cummins, Tyson, Northwestern Memorial Healthcare, ClubCorp, and Nike, among others.

Mr. Hanold said the PE sector has come around to investing in the HR function differently than in the past. "While it used to focus the function on ripping out cost, there is now more focus on building high-performing teams, culturally integrating recent acquisitions, and driving higher levels of talent engagement. Companies with strong talent and cultures simply perform better, and in return, become a more valuable investment," he said.

Delivering Value, Not Just People

"The biggest result of the growing influence of private equity on the recruiting sector is that search consultants are being pushed to deliver value, not just people," said Scott A. Scanlon, CEO of Hunt Scanlon Media. "PE leaders are sophisticated buyers of talent solutions services and they demand a much more full-on, holistic approach to talent management. In so many ways, we see the search business coming full circle, realigning much more closely to the management consulting field from where it all started six decades ago."

For **Korn Ferry**, the biggest operator in the talent sector, private equity has given it the ability to showcase its expanding focus on proactively managing people and organizational risks – a far

INSIDE KNOWLEDGE

Global Recruitment Insights and Data



A new year, a new set of perspectives and priorities. In 2019, search consultants are feeling bullish. Almost 80 percent of recruiting firms said they anticipate an increase in 2019 revenue,

according to a new report from Bullhorn. The rest of their latest report's findings are below:

Embracing Digital Transformation

Bullhorn found that a majority of global search firms are anticipating increases in their operating budgets this year. Europe had the highest rate of projected increase in technology investment, while North America had the least. There is a strong positive correlation between firms that understand AI and are expecting increases in technology investment, said Bullhorn. "By automating manual workflows, agencies can start to realize the value of artificial intelligence and predictive decision-making on their competitiveness," said David Grundy, CEO at Invenias, a Bullhorn company.

Workforce Reskilling Efforts to Change in 2019

Workforce reskilling is also a highly relevant solution for candidates whose current skills-sets could be automated by artificial intelligence in the near future, according to the Bullhorn report. And therefore, it is especially interesting that a projected increase in workforce reskilling is highly correlated with an understanding of AI, said the report.

Employment Brand Development and Marketing

The Bullhorn report found that most recruitment firms lack proper marketing leadership, with only 30 percent of respondents identifying employment brand development and marketing as a top priority for 2019. According to a separate Bullhorn survey of more than 100 staffing leaders of medium to large-sized firms, 61 percent indicated that they have neither a vice president of marketing nor a chief marketing officer. Expect that to change – soon.

Final Thoughts

"Following a successful 2018, the global recruitment industry continues to remain optimistic for 2019," said Gordon Burnes, Bullhorn's chief marketing officer. "While firms will face another year filled with an unpredictable macroeconomic and political environment, most are confident in their ability to navigate through these challenges as they continue their journey of digital transformation to drive business growth."



Investing In The Future Through Human Capital

Retained Executive Search

Fees Based on Results...

...Not The Calendar

Reffett Associates

Hartford, CT

Dallas, TX

Washington, DC

Seattle, WA

Reston, VA

www.reffettassociates.com

cry from simply finding, assessing and hiring talent – indeed the very business on which it was founded 50 years ago. The firm now draws on its knowledge in leadership and organizational consulting, global reach, and deep industry and functional expertise, all supported by an army of 8,000. Along with that, Korn Ferry brings predictive research-based intellectual property across key disciplines, including executive assessment, top-team composition & effectiveness, organization design and restructuring, CEO & executive leadership development, succession, and talent management. As a result, its consultants play an integral part in ensuring value-creating transactions for clients around the world. This expanding platform helped the talent leader break the billion dollar mark in Americas' revenue for the first time ever in 2018.

BY THE NUMBERS

Life Sciences Boutique Specialist

Coulter Partners grew **165%**...

...achieving status as fastest growing life sciences recruiter

The Talent Age

Alan Guarino, vice chairman in the CEO and board services practice at Korn Ferry, says that business, and PE in particular, has entered what he calls “the talent age,” a new day in which technology no longer trumps talent and talent is fast becoming the key to success. “If you were to look at both private equity firms and public companies and you identified the ones that have outsized returns, I suspect the returns would have been driven far more by the people than by the actual products or services,” said Mr. Guarino. “It stands to reason that if you’re trying to optimize your investment, you need to optimize your people.”

Hunt Scanlon Top 50 Recruiters

Firm Name	Revenue (\$ millions)	Percent Change	No. of Consultants	No. of Offices	Primary Contact	Phone Number
1. Korn Ferry ^a	1,007.0	+ 11.0	502	37	Gary D. Burnison	(310) 226-2613
2. Spencer Stuart ^b	498.5	+ 12.9	228	25	Kevin Connelly	(312) 822-0080
3. Heidrick & Struggles	405.3	+ 19.3	179	19	Krishnan Rajagopalan	(202) 331-4900
4. Russell Reynolds Associates	351.5	+ 18.0	145	19	Clarke Murphy	(212) 351-2000
5. Egon Zehnder ^c	307.4	+ 9.0	164	20	Karl Alleman	(312) 260-8846
6. DHR International ^d	186.0	-	139	31	Geoff Hoffmann	(312) 782-1581
7. Odgers Berndtson	69.0	+ 35.3	74	19	Steve Potter	(646) 553-4758
8. True Talent Advisory	67.0	+ 64.0	43	8	Brad Stadler/Joe Riggione	(646) 434-0319
9. Kaye Bassman – Sanford Rose	63.7	+ 22.0	172	90	Jeff Kaye/Nicholas Turner	(972) 931-5242
10. Witt/Kieffer	62.5	+ 2.0	100	17	Andrew P. Chastain	(630) 990-1370
11. Diversified Search	60.1	+ 16.2	66	9	Dale Jones	(202) 296-2122
12. Caldwell ^e	59.3	+ 11.2	54	12	John Wallace	(416) 920-7702
13. Options Group	43.0	+ 18.0	90	3	Mike Karp	(212) 982-0900
14. Major, Lindsey, & Africa	42.1	+ 22.0	55	19	John Cashman	(312) 456-5601
15. Klein Hersh	40.0	+ 39.0	35	1	Fern Klein	(215) 830-7371
16. ZRG Partners	36.8	+ 50.0	52	16	Larry Hartmann	(201) 560-9900
17. Isaacson Miller, Inc.	36.2	+ 13.0	35	4	Vivian Brocard	(617) 262-6500
18. Riviera Partners	31.0	+ 48.0	36	7	William Hunsinger	(877) 748-4372
19. JM Search, Inc.	29.0	+ 33.3	50	5	John C. Marshall	(610) 964-0200
20. ON Partners	26.2	+ 38.0	23	8	Tim Conti	(440) 945-4123
21. Herbert Mines Associates, Inc.	24.0	+ 6.7	7	1	Hal Reiter/Brenda Malloy	(212) 355-0909
22. SPMB	23.7	+ 2.0	60	2	Kevin Barry	(415) 924-7200
23. Crist/Kolder Associates	18.9	-	4	1	Peter Christ	(630) 321-1118
24. Marlin Hawk	18.6	+ 28.3	20	2	Mark Oppenheimer	(347) 363-0253
25. Catalyst Advisors, LP	18.1	+ 21.0	9	3	John Archer	(212) 775-0800
26. RSR Partners	17.0	- 25.0	19	8	Barrett J. Stephens	(203) 618-7022
26. Bay Street Advisors, LLC	17.0	+ 20.0	20	1	Kevin P. Mahoney	(646) 278-4331
27. McDermott & Bull	16.1	+ 26.0	15	9	Rodney McDermott	(949) 753-1700
28. Koya Leadership Partners	14.2	+ 35.0	43	7	Katie Bouton/Molly Brennan	(978) 465-7500
29. Direct Recruiters Inc.	14.1	+ 12.4	57	1	Dan Charney	(440) 996-0865
30. Charles Aris, Inc.	13.7	+ 11.3	12	1	Chad Oakley	(336) 378-1818
31. Quest Groups	13.2	+ 9.1	37	1	Joe Kosakowski	(650) 328-4100
32. Govig & Associates	12.9	+ 11.7	31	1	Todd Govig	(480) 718-6200
33. Steven Douglas	12.6	+ 22.0	37	14	Steven Sadaka/Matt Shore	(954) 385-8595
34. IQTalent Partners, Inc.	12.4	+ 80.0	45	2	David Windley	(629) 255-0709
35. Morgan Samuels	12.3	+ 21.7	19	5	Bert Hensley	(310) 205-2208
36. Beecher Reagan Advisors	11.1	+ 11.0	12	4	Clark Beecher	(713) 800-7497
37. Sheffield Haworth Inc.	10.6	+ 51.0	9	2	Julian Bell	(212) 593-7119
38. CarterBaldwin	9.7	+ 11.0	6	2	David Clapp	(678) 448-0009
39. TalentRISE, an Aleron Company	9.3	+ 17.5	5	1	Scott Stenclik	(312) 509-4813
40. Toft Group Executive Search	9.0	+ 32.0	12	3	Robin Toft	(760) 788-6010
41. Parker Executive Search	8.9	+ 2.2	12	1	Laurie C. Wilder/Dan Parker	(770) 804-1996
41. The Stevenson Group	8.9	+ 10.0	4	1	Adam Bloom	(201) 302-0866
42. Leathwaite	8.8	+ 7.0	5	1	Andrew Wallace	(646) 461-9100
43. Strawn Arnold & Associates	8.5	+ 20.0	12	5	John Groover	(512) 263-1131
44. Chartwell Partners	8.4	- 32.8	8	4	R. Stuart Bush	(214) 269-1907
44. Howard Fischer Associates	8.4	- 5.9	11	4	Howard Fischer/Adam Fischer	(215) 568-8363
45. NGS Global, LLC	8.2	- 15.7	9	5	David Nosal	(415) 369-2200
46. Coulter Partners	8.0	+165.0	5	4	Bianca Coulter/Nicholas Green	(973) 705-1217
47. Hanold Associates	7.8	+ 16.4	11	1	Jason Hanold	(847) 332-1333
48. Kensington International, Inc.	7.3	+ 9.0	6	2	Brian Clarke	(630) 571-3139
48. Greenwood/Asher & Associates Inc.	7.3	+ 9.9	37	2	Jan Greenwood/Betty Turner Asher	(850) 337-1483
49. PierceGray, LLC	6.7	+ 35.0	15	3	David Allocco	N/A
50. NorthWind Partners	6.5	+ 22.0	9	2	Mark HuYoung	(703) 359-2953
50. Lindauer	6.5	+ 14.0	12	5	Deb Taft	(617)829-0880

a) As of 2/1/18-1/31/19 b) As of 9/30/18 c) As of 10/31/18 d) Under audit e) As of 8/31/18

© Hunt Scanlon Media, LLC. Copyright 2019, All Rights Reserved.

To do that, Mr. Guarino speaks of companies needing to bring an integrated approach to their efforts to maximize value. “A holistic approach means strategic human resources, not transactional human resources,” he said, in a nod back to the sector’s true consulting roots.

Turbocharged Growth

Growth among the Top 50-ranked search players in 2018 was broad and deep. By most measures, it was another year of exceptional expansion for executive recruiters plying their trade across the C-suite. A glance down the rankings table shows, for the most part, an extraordinary story of expansion. Among this group, 44 firms showed a percent increase. Of those, 40 firms reported double digit growth – with 23 reporting growth rates of 20 percent or higher.

BY THE NUMBERS

Healthcare Boutique Specialist

Klein Hersh grew **39%**...

...achieving status as fastest growing life healthcare recruiter

Odgers Berndtson, a global firm that has been expanding rapidly in the U.S. under CEO Steve Potter, reported \$69 million in Americas’ revenue, with a growth rate of 35 percent. “We were very fortunate to have had an excellent year,” said Mr. Potter. “First, we benefitted from hiring some great partners and principals, and we continued to increase our geographic reach and deepen our expertise. But, this year in particular, our C-suite clients turned to us to provide a broader suite of leadership consulting services, which is a direct result of the high level of consultative talent we employ.”

Like many Top 50 rivals, while executive search remains Odgers’ core business, the firm works almost

non-stop with clients to help them develop, what Mr. Potter calls, “far looking human capital strategies” to ensure that their leadership teams are well-equipped for the future. Like True Search, this is the first appearance of Odgers Berndtson in the Hunt Scanlon Top 10 ranking.

Options Group, another top player serving the financial services markets, also enjoyed a stellar year, posting \$43 million in Americas’ revenue, an 18 percent gain. The firm employees 90, primarily out of its offices in New York City.

BY THE NUMBERS

U.K. Search Firm Expands in America

With annual revenue fees
topping out at **\$18.6 million**...

...Marlin Hawk was up **28%**

“This has been a record time of growth for Options Group as well as the executive search industry as a whole,” said CEO Mike Karp. “The world has experienced sustained and robust economic growth for close to a decade, and that has turbocharged the necessity to search for top talent.”

The U.S., in particular, he noted has had remarkable and seemingly accelerating growth, leading the world business boom. “On top of that,” he said, “the economy has soaked up inter-employed capital and tightened the markets for top talent significantly. In short, the executive search industry has been hitting on all cylinders, and this has lifted growth rates across our industry.”

To help manage its own growth, Options Group recently appointed David Korn to serve as head of EMEA and as global chief operating officer. Mr. Korn, who sits on the firm’s operating committee and leads his efforts from London, has spent an entire professional career with

the firm, having joined in 1999. His duties include day to day management, strategic planning, and corporate development. And like Mr. Karp, Mr. Korn is actively involved in deal origination and executing executive search and competitive intelligence assignments for investments banks, hedge funds, asset managers and alternative investment firms.

“Our success is gratifying, but in truth, it is also well-earned and has been the result of the core growth of strategic initiatives we have had in place for several years now,” added Mr. Karp.

Increased Momentum

JM Search, a well-known boutique that has exclusively served the private equity sector for four decades, reported \$29 million in revenues, a record year for the firm. It grew 33 percent. John C. Marshall, CEO, called 2018 “exceptional,” attributing the firm’s expansion “to the dedication of all our employees and their continued desire in knowing that great search execution and delivery is the most significant factor in reaching your financial goals.” JM Search employs 50 consultants and associates. 2019, he said, is off to a great start. “We see increased momentum across the board.”

ZRG Partners, another search firm that has enjoyed a solid run, reported \$37 million in revenues. Its business grew by 50 percent. The firm now has 52 consultants and associates. “This was a great year for ZRG, and we expect the same for 2019 based on the strong start we showed in Q1,” said CEO Larry Hartmann. “Our continued growth can be, and always has been, attributed to one thing: our people. We have been very fortunate to acquire very talented and experienced managing directors in the past year and that has been a key contributor for us.” A number of the firm’s consultants point to a collaborative culture, business platform, support network and infrastructure as key enablers that allow everyone at the firm to operate at peak performance. “Nothing beats a fully engaged team,” said one consultant.

Feeling Bullish

Leaders of the Top 50 all had one thing in common: optimism. A vast majority expect increases to continue well through 2019. According to participants in the Hunt Scanlon annual survey, 76 percent of recruiting firms said they met or exceeded their goals in 2018. A full 81 percent expect to bring in more revenue this year than last, while 86 percent expect higher profit margins. Optimism, it seems, reigns across the sector despite growing concerns and emerging challenges related to automation, macroeconomics and politics.

Hunt Scanlon Media surveyed recruitment leaders on their use of AI, what some now call the 800 pound gorilla in the room. Hunt Scanlon found that U.S.-based recruiting providers as well as the global search outfits were anticipating increases in their operating budgets, notably to cover technology investments. A full majority, 56 percent, said they found AI to be a helpful tool; 10 percent said it was a threat to their business, while 18 percent said it was both a helpful tool and a threat.

Hunt Scanlon BIG FIVE GLOBAL SEARCH FIRMS			
Firm Name	2018 Revenue (\$ millions)	Percent Change	2017 Revenue (\$ millions)
1. Korn Ferry	1,911.0	+ 13.0	\$1,698.0
2. Spencer Stuart	805.0	+ 14.0	707.8
3. Egon Zehnder	735.9	+ 10.0	669.8
4. Heidrick & Struggles	716.0	+ 15.2	621.4
5. Russell Reynolds Associates	660.2	+ 22.0	540.3

© Hunt Scanlon Media, LLC. Copyright 2019, All Rights Reserved.

A tight labor market, meanwhile, with low unemployment means companies are struggling to find qualified talent, costs associated with talent acquisition are rising and a lengthy hiring process is now the rule, not the exception.

BY THE NUMBERS

Fastest Growing Big 5 Americas Recruiters

Heidrick & Struggles **+19%**

Russell Reynolds Associates **+18%**

Recent surveys of hiring managers and individuals from **CareerBuilder**, **Inavero** and the **American Staffing Association (ASA)** identified these major obstacles and extrapolated what the future holds for recruiters given the rapid rate of technological innovation across the sector. By and large, it is a very rosy picture.

The majority of Millennial hiring managers (59 percent) strongly agreed that technology will reduce recruiters' roles in their companies' talent acquisition processes over the next five years. But hiring managers across all generations said they are keen to leverage the data recruiting firms can provide, including salary data and industry hiring trends. In the current market, the primary reasons that hiring managers gave for working with recruiting firms include the desire to shorten the hiring process (42 percent) and access to candidates with specialized skills (41 percent). Yet, 40 percent of hiring managers said that their companies maintain recruitment processes in-house to save money.

Expecting More from Recruiters

Hiring managers and recruiting industry leaders alike agreed that technology will impact the industry: Sixty-seven percent of hiring managers said they believe it



EXECUTIVE SEARCH

...Aligning Strategy with Talent

HEALTHCARE+ BEHAVIORAL HEALTH TALENT

Software + Services | Hospital Healthcare
Behavioral Health | Substance Abuse
Family and Human Services
Non Profit
Single + Multiple Searches



TIM TOLAN

Chief Executive Officer
tjtolan@sanfordrose.com

www.thetolangroup.com
904.875.4787

The Tolan Group - A Member of
the Sanford Rose Associates Network of Offices

INTERSEARCH

worldwide organization of executive search firms

Operating in
70+ Countries



Finding the
Right Talent



Global Reach. Local Impact.

InterSearch.org

KeyAccount@intersearch.org

is very or extremely important that recruiting firms use up-to-date technology, and 32 percent of recruiting industry leaders plan to invest in new technology this year. Most hiring managers also said they think that search firms can be helpful in addressing top problems faced during the recruitment process: eighty-one percent said they believe that recruiting firms can help eliminate issues caused by technology limitations.

“The results of these surveys confirm the industry is changing, and hiring managers are expecting more from their recruiting firms,” said Andrew Streiter, senior vice president of the staffing and recruiting group at CareerBuilder. “Hiring manager loyalty to recruiting firms is at less than 40 percent as they are widening their nets in terms of how they source candidates, with most companies working with more than one recruiting firm, and 43 percent leveraging two or more recruitment technologies to search for, match and interview candidates,” he said. “This uptick in technology utilization among hiring managers requires recruiting agencies to think differently in how they can leverage technology to best serve their clients.”

Eric Gregg, CEO of Inavero, said that more than 70 percent of leaders agree that the recruiting industry will be transformed by technology and automation over the next five years, yet only one in five feel that innovation is a major threat to their firms. “In today’s historically tight labor market, lack of access to quality candidates is a major threat, and recruiters are spending more than half of their time searching for, screening and reaching out to new candidates, rather than building relationships with current candidates,” said Mr. Gregg. “In fact, almost half (43 percent) believe they only know current candidates somewhat or not well.”

Make no mistake – these are better days, for the economy and the recruitment industry. Economists foresee ongoing economic expansion for at least

Hunt Scanlon Global 30

Firm Name	Primary Contact	Worldwide Consultants	Owned/Affiliates Worldwide Offices
Agilium Worldwide Fortuny, 3, 2ª Derecha, Madrid 28010, Spain	Pedro Nieto +34 915 635 313	158	49
Alexander Hughes 100, avenue de Suffren, 75015 Paris, France	Julien Rozet +33 1 44 30 22 00	130	53
AltoPartners Boulevard 17, 3707 BK Zeist, The Netherlands	Stephen Dallamore +2711728 0105	275	60
Amrop Avenue Lambeau 40, 1200 Brussels, Belgium	Brigitte Arhold +32 2 643 60 00	275	75
Boyden 3 Manhattanville Road, Suite 104, Purchase, NY 10577	Trina Gordon (914) 747-0093	270	68
Cornerstone International Group 6008/6F, Novel Building, 887 Huai Hai Road (M), 200020 Shanghai, China	Simon Wan 8621-64747064	225	60
DHR International 71 S. Wacker Drive, Suite 2700, Chicago, IL 60606	Geoffrey Hoffmann (312) 782-1581	139	31
Egon Zehnder Nova South, 160 Victoria Street, SW1E 5LB London, United Kingdom	Rajeev Vasudeva +44 20 7943 1902	450	68
EMA Partners 45 Rockefeller Plaza, 630 Fifth Avenue, New York, 10111	Richard Sbarbaro (708) 531-0100	168	40
Glasford International P.O. Box 15651, 1001 ND Amsterdam, The Netherlands	Alan Paul +31 20 65 99 666	340	38
Heidrick & Struggles 2001 Pennsylvania Avenue NW, Ste. 800, Washington, DC 20006	Krishnan Rajagopalan (202) 331-4900	353	53
IIC Partners Executive Search Worldwide 300 Park Avenue, New York, NY 10022	Christine Hayward (646) 267-7932	390	55
IMD International Search Group Hardstrasse 201, 8005 Zurich, Switzerland	Matthias Mohr +49 711 78076-50	147	41
IMSA Search Global Partners Hubelstrasse 26/28 CH-4603 Olten, Switzerland	Monika Ciesielska +48 609 655 633	245	50
International Executive Search Federation (IESF) Rambla de Catalunya 86, 4º 1ª, 08008 Barcelona, Spain	Victor Carulla 34 93 238 54 86	199	39
Intersearch Worldwide Ltd. The Old Council Chambers, Halford Street Tamworth, Staffordshire, B79 7RB, UK	Frank Schelstraete +44 20 8638 5218	533	90
IRC Global Executive Search Partners Italahdenkatu 15-17, FI-00210 Helsinki, Finland	Dr. Rohan Carr +61 3 9654 3288	388	82
Korn Ferry 1900 Avenue of the Stars, Los Angeles, CA 90067	Gary D. Burnison (310) 226-2613	1,121	106
Mercuri Urval Jakobsbergsgatan 22 111 44 Stockholm, Sweden	Roger Hagafors +46 705 840 226	352	54
Odgers Berndtson 20 Cannon Street, London, EC4M 6XD, United Kingdom	Kester Scrope +44 207 529 1060	267	62
Panorama Search 420 Lexington Ave. Suite 820, New York, NY 10017	Craig Buffkin (615) 988-2580	214	46
Penrhyn International 38 Queen Anne Street, London, W1G 8HZ, United Kingdom	Donal Watkin +44 20 7268 2067	152	43
RGF International Recruitment Unit 2206, 22/F, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong	Hiroki Nakashige +81 3 6835 8578	898	46
Russell Reynolds Associates 200 Park Avenue, New York, NY 10166	Clarke Murphy (212) 351-2000	324	46
Signium International 150 N Wacker Drive, Suite 1040. Chicago, IL 60606	Alastair Paton +44 (0) 207 036 9990	158	42
Spencer Stuart 353 N. Clark, Chicago, IL 60654	Kevin Connolly (312) 822-0080	441	57
Stanton Chase 400 East Pratt Street, Suite 420, 21202 Baltimore, MD	Mickey Matthews (410) 528-8400	362	76
The Taplow Group 14421 N. Prickly Pear Ct. Fountain Hills, AZ 85268	Steven N. Schrenzel /Mark Firth (908) 517-7350	118	30
TRANSEARCH International 33 St. James's Square, London SW1Y 4JS, United Kingdom	Celeste Whatley +44 20 7096 9168	156	58
Ward Howell International One Grand Central Place, 60 East 42nd Street, Suite 2514, New York, NY 10165	Asad Haider (917) 472-7837	123	31

the next 12 months and companies expect to continue hiring, according to a business conditions survey recently released by the National Association for Business Economics (NABE). All survey respondents said that they expect the U.S. economy, as measured by the change in inflation-adjusted gross domestic product (real GDP), to increase over the next four quarters.

BY THE NUMBERS

Big 5 Global Recruiters

14% Growth Rate...

...as Fees Top **\$4.8 billion**

The Net Rising Index (NRI) for wages and salaries remains strong. Last month's reading of 57 is just a notch below January's all-time high NRI of 58. Wage increases are likely to become less prevalent among respondents' firms, but are expected to remain solid; the forward-looking NRI for expected wage costs decreased from 74 to a still strong 59.

"The results of the survey indicates that all respondents still expect the economic expansion to continue within the next 12 months," said NABE business conditions survey chair Sam Kyei, chief economist of **SAK Economics LLC**. "However, barely half of the panelists foresee growth in real gross domestic product to expand by more than two percent compared to two-thirds of respondents who expressed that view in the January 2019 survey."

5 Burgeoning Sectors

This year, much of the search industry's growth can be attributed in part to five burgeoning sectors: private equity, chief human resources officer searches, diversity, artificial intelligence (AI) and sports.

Indeed, private equity firms have been under tremendous pressure to find senior talent and that has turned the entire sector into a phenomenal growth driver at recruitment firms across the U.S. Last year, records continued to be broken as upwards of 40,000 deals involving venture capital or private equity financing, mergers or acquisitions were consummated across the country.

In the last seven years PE firms have raised \$3 trillion. And — for better or worse — more than a third of that 'dry powder' sits on the sidelines waiting to be deployed. Yet beneath the unflagging optimism that PE firms will continue to produce stellar returns lurks a growing pressure to deliver the goods. Raising the heat is a constant murmur about an imminent decline in the economy. Many professionals, meanwhile, are uneasy about the mounting stockpiles of unused capital.

To overcome such obstacles and to continue to provide value for their investors, private equity firms are looking to top talent more than ever before to drive both value and growth. These days, and for the indefinite future, finding the best leaders for their portfolio companies is of paramount importance.

Rick DeRose, a managing partner of the executive search firm **Acertitude**, said that private equity investments have only been growing in influence. "This has exploded over the last decade," he said. "Private equity touches over half of our business in some measure. We're frequently tasked with identifying C-suite talent for portfolio companies, as PE firms look to build more effective playbooks that involve leadership due diligence. Or we're charged with bolstering a PE firm's internal team of investment professionals, operating partners and functional specialists."

"We are partnering with the investment community more than ever and I believe our value here is on the rise," said Mr. DeRose. "You just can't execute an

shelli herman

AND ASSOCIATES



INTEGRITY. QUALITY. SUCCESS.

We've built our business around ethical and results-based practices, structuring our firm to provide the highest tier of tailored attention to each executive search for trailblazing corporate, nonprofit, and higher education clients.

To achieve our extraordinary placement success, we've developed a resourceful, disciplined, and high tough approach to executive searches. Clients who choose **Shelli Herman and Associates, Inc.** get the global reach of a big firm combined with world-class responsiveness.

The result is an agile and successful search custom-made for each client's unique requirements.

When you're ready to experience a high-level search completed with the urgency, attention to detail, and personalized touch you deserve, please visit our website:

www.shellihermansearch.com

operating strategy and monetize a business without great people.”

Also paying big dividends for recruitment firms is the growing importance of the chief human resources officer. Over the years, the best CHROs became much more focused on the business and strategic needs of their companies. Today, however, the needs of the business have evolved — and with it so have the demands on the CHRO. Long-established business models face disruption across sectors, according to a recent report by **Heidrick & Struggles**. As a result, HR leaders are being forced to focus much more on radically different talent needs, including elevating the employee experience and encouraging diversity and inclusion, while strengthening corporate cultures. The disruption touches all areas of the CHRO's traditional portfolio: who and how to hire, how much to pay, how to develop and train, and how to rate performance.

The CHRO job, according to the report, has become much more like that of a chief transformation officer. To succeed, the 21st century CHRO must master five key skills that were barely even on the CHRO radar screen five years ago: embracing disruption, practicing agility, solving for organizational structure, employing data analytics and facilitating new work environments.

“The best CHROs at global enterprises bring to the table the flexibility and ability to adapt — as well as that ineffable quality to see around corners — that we observe in smaller, venture-backed companies,” said Heidrick. “These leaders have what boards of directors and CEOs are looking for in today's CHRO: transformational skills.”

The demand for top-flight CHROs is only growing, which spells good news for recruiters in the sector. “Due to businesses' changing needs, there has been an increasing demand for a CHRO with a different,

more sophisticated skill-set,” said Sally Stetson, co-founder and principal at the Salveson Stetson Group. “A growing company may believe their organization would be better suited with a leader who can adapt to the scaling of a business. And due to the improved economy and job market, some CHROs have retired, while others have taken new roles. These changes have created new openings in the marketplace – a trend that will most likely continue.”

Diversity and inclusion, for its part, is also gaining momentum in workplaces everywhere. The #MeToo movement is by no means the only reason, but bad behavior by CEOs and other high profile leaders has certainly fanned the flames. “Recent CEO indiscretions at public companies have led to an average seven percent decline in market capitalization – or a \$4 billion loss – in the days and weeks following the news,” according to one report, by **Russell Reynolds Associates**. And these numbers do not include reputational losses, legal fees and settlements, the cost of follow-on training or of replacing the disgraced executives.

So it is that the need for leaders to create welcoming workplace cultures is growing exponentially. By the year 2050, researchers project there will no longer be a clear racial or ethnic majority in America, and immigrants and their children will account for 83 percent of U.S. workforce growth. “This heterogeneity is occurring as organizations become less hierarchical and more dependent on complex, knowledge-based tasks that require teamwork and collaboration,” said the Reynolds report. “These multiple shifts point to a common leadership implication: to maximize performance, leaders will need to master the art of enabling people with different perspectives to work well together.”

The diversity and inclusion imperative is fast becoming the new frontier in risk management. Evidence

Next-Gen Leaders: Advancing Women to the C-Suite

NOVEMBER 6, 2019 – HARVARD CLUB OF NYC



Peggy Alford, a senior executive with **PayPal** who was just elected as the first African American woman to join the nine-member board of social media giant **Facebook**, joins **Hunt Scanlon Media** in New York on November 6 to examine the disconnect between the business community’s intent to achieve greater equality on their boards and the realization of attaining that goal. She will explore why every company needs to cultivate a culture of inclusiveness and she will outline steps for companies and recruiters to take to boost diversification at a faster rate.

Join Peggy at ‘Next-Gen Leaders: Advancing Women to the C-Suite!’ Women business leaders are looking for fresh pathways to the top...to help them get there we will draw on her expertise as well as top HR, talent, recruitment, and C-suite leaders from other blue-chip brands, including **IBM, The New York Times, Littlejohn, LinkedIn, Avaya, WarnerMedia Entertainment, Pfizer, PepsiCo, The Philadelphia Flyers, PayPal** and a host of others.

SIGN UP NOW!

suggests there are also rewards to be gained from getting it right. “In order to succeed, companies need to ensure they have leaders who can create impact in a diverse workforce,” the report said. “Leaders who create diverse and inclusive cultures have a distinctive leadership profile. They possess certain innate instincts as well as learned competencies.”

Russell Reynolds research found that such leaders also tend to see better outcomes from the individuals and teams they manage, including greater employee loyalty, better decision-making and higher levels of innovation. Today, recruitment firms are stepping up to identify and place those leaders.

Artificial intelligence and other forms of automation, as alluded to above, are beginning to transform businesses everywhere, and that creates new vistas for the recruiters that help those companies find talent. A poll from the World Economic Forum recently reported that 87 percent of workers expect new technologies like artificial intelligence to improve their work experience. Furthermore, McKinsey suggested that up to 375 million global workers will end up switching operational categories, due to job automation, forcing them to learn new skills.

What does this mean for recruitment? A **KPMG** report said that one in four HR leaders lack confidence in their ability to digitally transform the workforce or their own department, and half are unprepared to respond to the emergence of AI and machine learning. The majority said they have no plan in place to address these digital trends. That said, around half of all survey respondents planned to invest in enhanced process automation and AI over the next year or two.

“It’s important to note here that HR’s collaboration with IT leaders regarding key investments in digital technologies will be paramount to success,” said John Doyle, executive vice president at Chicago-

based executive search firm **Slayton Search**

Partners. “AI, machine learning, data analytics, and more will be essential in driving informed decision-making in the HR sector, not to mention sifting through the massive amounts of data created by HR records and systematizing manual processes.”

What would it look like for you if performance evaluations, onboarding paperwork and procedures, and benefits administration were streamlined?

“Automating simple tasks will enable HR leaders to focus on more complex and valuable activities, opening up the door to innovation and digital transformation,” said Mr. Doyle. “Companies like IBM are already eyeing initiatives such as personalization of the employee experience, data-driven proactive retention strategies, and smarter career development programs. How could programs like these transform your workforce?”

“For organizations who value their workforce as much as their end product or service, culture fit has always been a priority when hiring,” Mr. Doyle said. “But, now more than ever, as automation renders basic technical tasks unnecessary for human hands and minds, soft skills are increasingly crucial.”

This applies to all levels of the organization, from the C-suite to the frontlines of the business. “It’s a particularly important concept as HR leaders face the emerging value of job meaning or purpose, particular to Millennials and Generation Z,” said Mr. Doyle. “Soft skills and emotional intelligence are an integral part of this burgeoning reality.”

In short, AI will mean the end to much of the hands-on, repetitive “busy work” that goes with their job, allowing for faster searches as well as more time for nurturing relationships, evaluating candidates and pinpointing the best choice for any given role. AI will help candidates have a better experience as well,

by speeding the process and keeping prospects informed at every step along the way. Among other benefits, it will help to bring about both a more diverse workplace and better leadership.

It is true, said Steven B. Potter, CEO of Odgers Berndtson, that AI will cause some roles to fall by the wayside. But its benefits will be many. AI will boost the effectiveness and efficiency in matching candidates to jobs, candidate long-lists will become more accurate, and companies will see better results in terms of diversity and inclusion, said Mr. Potter. Through it all, he stresses that the human touch in executive search will remain irreplaceable...and invaluable.

“In general, I believe AI will bring more opportunities for both employees and employers,” said Mr. Potter. “It will be easier for all stakeholders to look for new opportunities and better matches as automation will increase effectiveness and also efficiency if applied the right way. As a result, we will have a more dynamic market. Having said that, AI is already today making companies more self-sufficient, specifically in experts and professional recruitments. Executive search, in an AI recruitment world, will still be very much dependent on our professionalism, human touch and expertise in handling high level executive recruitments.”

In the near future, some roles like researchers will probably become obsolete as the technology matures, he conceded. “But AI will force our industry to become even better in evaluating the human interaction and analyze the human fit between the client needs and the candidates, because all short-listed candidates will have a better match,” he said. “This is where our industry always will add value; the final human touch can never be replaced by AI. With AI, the value we bring to getting the right person in the right position at the right time will continue to grow in importance. The future for recruiting couldn’t be brighter.”

GLOBAL MINDSET. TAILOR-MADE SOLUTIONS.

With a tradition of excellence since 1957, a global coverage of 54 wholly-owned offices in 45 countries and a team of 130 Consultants, Alexander Hughes is dedicated to working with you to find, assess and attract the vital human capital that you need in order to achieve your strategic business objectives.



We are recruiting in North America!
To apply, please contact
Jonathan Plourde, Managing Partner

j.plourde@alexanderhughes.com

Find us on:
www.alexanderhughes.com



Many who find talent for the sports sector are feeling much the same way. Over the last 25 years, sports has grown into a formidable global industry. Historically, professional sports teams operated on a relatively modest level, with league officials, team owners, managers, and coaches surrounding themselves with people they knew and trusted from their own small worlds. College sports teams relied on in-house search committees and word-of-mouth recommendations.

Teams with huge followings like the Dallas Cowboys, Real Madrid and Manchester United have seen their valuations soar into the billions of dollars. That's attracted search firms – big time. Seasoned recruiters now provide strategic planning advice, in addition to talent identification services, with the capability of applying their findings to speed along the process in the hunt for talent.

“When I started in 1995, there were virtually no HR directors in sports,” said **RSR Partners** managing director and head of sports industry practice Joe Bailey, a former CEO of the NFL's Miami Dolphins organization. “HR was always handled by finance. The pipeline for talent has gone from C-level people to Bs and As. The quality of the person that has gotten interested in sports, from an administrative standpoint, has really risen.”

Many C-suite focused recruiting firms are now active in the sector and some specialize only in the sports field itself. These include, in addition to RSR Partners: **Nolan Partners, SRiChyenne, Turnkey, CarrSports Consulting, Korn Ferry, Harvard Group International, Prodigy Sports, Marquee**

Search, DHR International, Hartmann Mason, College Sports Solutions, Egon Zehnder, Heidrick & Struggles, Ascension Sports Partners, Russell Reynolds Associates, Diversified Search, Odgers Berndtson, Eastman & Beaudine, Alden Associates, Parker Executive Search, Neinas Sports Services and Collegiate Sports Associates, among others.

According to Mr. Bailey, the biggest change facing the executive search industry is finding enough top tier talent to keep pace as sports intersects with entertainment/media. “When you combine these sectors, it's probably closer to \$500 billion in revenue in the U.S.,” said Mr. Bailey. “That's almost twice as large as the automobile industry.”

Sports franchises and college teams now compete as global brands in a world of entertainment choices that is being revolutionized by new digital platforms and technologies. eSports, for example, is the fastest growing category within the sector. Managing this growing complexity requires leaders with wider ranging skills and more diverse industry and functional expertise. It's created a perfect storm for recruiters to step in and expand alongside.

Shifting their focus away from the playing field, dugout, sideline, front office and executive suite, specialized recruiters now focus on how sports consumers access their media content with an emphasis on targeting multi-faceted executives who can keep clients relevant – and in some cases, ahead of the pack – in a fast-changing marketplace.

Let's go inside the five sectors and check in on what the recruiting experts have to say.

SECTION 1

Private Equity Recruiting:
Fueling Growth & Credibility

SECTION 1

Private Equity Recruiting: Fueling Growth & Credibility

Private equity firms have been under tremendous pressure to find senior talent and that has turned the entire sector into a phenomenal growth driver at recruitment firms across the U.S. Last year, records continued to be broken as upwards of 40,000 deals involving venture capital or private equity financing, mergers or acquisitions were consummated across the country.

Indeed, in the last seven years PE firms have raised \$3 trillion. And — for better or worse — more than a third of that 'dry powder' sits on the sidelines waiting to be deployed. Yet beneath the unflagging optimism that PE firms will continue to produce stellar returns lurks a growing pressure to deliver the goods. Raising the heat is a constant murmur about an imminent decline in the economy. Many professionals, meanwhile, are uneasy about the mounting stockpiles of unused capital.

Value Driven by People

To overcome such obstacles and to continue to provide value for their investors, private equity firms are looking to top talent more than ever before to drive both value and growth. These days, and for the indefinite future, finding the best leaders for their portfolio companies is of paramount importance.

Alan Guarino, vice chairman in the CEO and board services practice at **Korn Ferry**, said that business, and PE in particular, has entered what he calls “the talent age,” a new day in which technology no longer trumps talent and talent is fast becoming the key to success.

“If you were to look at both private equity firms and public companies and you identified the ones that have outsized returns, I suspect the returns would have been driven far more by the people than by the actual products or services,” said Mr. Guarino. “It stands to reason that if you’re trying to optimize your investment, you need to optimize the people. That costs money, and that requires technical skills provided through the human resources function; so leaders and boards must invest more heavily in that function.”

In Mr. Guarino’s view, companies need to bring an integrated approach to their efforts to maximize value. “A holistic approach means strategic human resources, not transactional human resources,” he said. “So it requires a focus on talent strategy that is equally as intense as the focus on the business strategy.”

Strategic Differentiators

Anmarie Neal, chief talent officer at **Hellman & Friedman**, concurs. For Ms. Neal, transformational change today more often than not occurs through the lens of human capital – and no one across the private equity sector understands this better than Ms. Neal. She joined H&F in 2015 and is the firm’s top talent guru. Her primary responsibility is to help the firm drive value by improving the organizational and leadership

REACH, REPUTATION, RESULTS.

Polachi is the leading provider of executive search services to technology, private equity, and venture capital clients



Let us handle your next search

(508) 650-9993

www.polachi.com

effectiveness of the firm's portfolio companies. She has over 20 years of experience working with global organizations on executive leadership, talent management, and organizational design.

As chief talent officer, Ms. Neal helps drive the value of portfolio companies by focusing on, and improving, their organizational and leadership effectiveness. In her view, value creation begins and ends with a well-rounded approach to talent management. And it is people who are the strategic differentiators for organizations undergoing transformational change.

Strategic talent plans, of course, must follow and be aligned with business strategy. "And so holistically that means everything from an organizational design that's going to be optimal to execute that strategy, and that includes assessments using sophisticated HR tools to determine whether you have the right athletes in each role," said Mr. Guarino. A great CFO for one strategy may be the wrong CFO for another strategy, he noted. "And so it's not about whether the people themselves are good or bad, but rather are they optimal for the role in the context of that strategy."

Luring Talent

Keith Giarman, managing partner of the private equity practice for **DHR International**, recognizes that having plenty of capital and plenty of deals are all part and parcel of the PE industry. "The scarce resource is the people," he noted. There is no shortage of talent per se, he said, but the kind of talent that is most needed today can be tough to find.

"There is not enough talent that really operates with the disciplined accountability that goes hand in hand with very tightly defined value creation plans, and the key performance indicators that need to be measured along the way," said Mr. Giarman.

Driving differentiated returns in a crowded private equity environment has never been easy, he said, and

WINNING THE LEADERSHIP WARS

Looking for Great Talent for Your PE Portfolio Businesses?



**ARMSTRONG
 CRAVEN**
people • intelligence

In the U.S. alone last year, 40,000 deals involving private equity or venture capital funding, mergers or acquisitions were completed. In 2018, PE firms in the country realized a total deal value of \$713 billion from a record 4,828 deals.

But beneath the unflagging optimism that PE firms will continue to produce stellar returns lurks a growing pressure to deliver the goods. To keep it all moving forward great talent is required.

Armstrong Craven, one recruiting outfit that is partnering with an ever-growing number of PE firms both in the U.S. and across Europe, is now seeing PE firms adopt a much more aggressive and proactive talent acquisition strategy.

Examples of recent, relevant projects the firm has undertaken recently: Mapping and pipelining of CFOs with specific experience from PE portfolio companies; Pre-deal insight focused on competitor compensation levels as part of commercial due diligence; and mapping and pipelining of chairs and non-executive directors for everything from a global bank, a medical devices manufacturer, a biotech company, a healthcare provider, a telco/tech corporation, to a multinational publishing company and an international law firm.

Everyone, it seems, wants in on talent.

in fact it has become significantly more difficult over time. PE firms are paying top dollar to source and acquire companies in a market flooded with capital. Fewer deals are "locked up" in a proprietary manner. The areas therefore where PE firms have true leverage to create value are short and long-term operating improvements.

PE firms that specialize in lower mid-market transactions (sub-\$100 million in revenue) have an added challenge, according to Mr. Giarman: Attracting top talent that can function effectively in these more compact environments. "Smaller companies do not have the cost structure to support an army of staff and they have often been starved

in one or more areas in terms of professionalized functions like finance, HR and sales.” For them, he said, luring talent is “not a trivial exercise.”

“A decade ago, some thought that executives coming from larger and more complex environments might naturally be able to manage smaller and supposedly not-so-complex environments,” he noted. “It seems safe to say that the latter has been disproved over time. It is impossible to ensure a new CEO or CFO will be successful unless one carefully considers their functional, technical and leadership competencies with a focus on their management/communication style and what behavior they exhibit that may or may not be suitable for a given culture in a smaller company.”

Key Issues to Consider

One way to minimize risk is to recruit executives with direct and successful experience working in a relevant PE-funded environment. “Unfortunately, there are only so many in the market at any given time and the pool of talent suitable for smaller companies may even be smaller and harder to access,” said Mr. Giarman. “It is critical to create a big enough pool to ensure the candidates can align with the culture and critical success factors facing the business. Entertaining executives who might commute is one way to open up the pool, but the decision to allow that is situational – highly dependent on the state of affairs at the company, the make-up and quality of the team and the extent of effort required tied to investment phase.”

To broaden the talent pool, it is important to find executives with and without PE experience. Mr. Giarman said that certain companies tend to cultivate P&L leaders that often are much better prepared to step into P&L as well as CFO roles. “These companies are often decentralized where unit executives really own the P&L,” he said. A classic example of this is Danaher, he said, which uses its own proven system of value creation. Executives

BEECHER | REAGAN

ACCESS

Access to Beecher Reagan’s exclusive and reliable network of senior professional services and consulting talent.

EXPERIENCE

A personalized approach from a team of strategic search professionals with over 100 years of combined experience.

RESULTS

Beecher Reagan has over 500 successful candidate placements with a 95% Completion Rate. 92% of all placements remain with our client at month 48.

Beecher Reagan is a retained, top-tier search firm focused exclusively on senior professional services and the consulting talent market.

**Learn more at
www.beecherreagan.com**

Hunt Scanlon PE Recruiting Power 75

Acertitude

[Rick DeRose/Kevin O'Neill](#), Managing Partners, New York, NY

Amity Search Partners*

[Susanna Nichols](#), Partner, New York, NY

Arris Partners

[Brian McMerty](#), Managing Partner, Cary, NC

Bay Street Advisors LLC

[Kevin P. Mahoney](#), Partner/Head of PE, New York, NY

Beecher Reagan

[Clark Beecher](#), Managing Partner, Houston, TX

Bellcast Partners*

[Alison Bellino Johnston](#), Managing Partner, New York, NY

Boston Search Group

[Clark Waterfall](#), Managing Director, Boston, MA

Boyden

[Carlyle R. Newell](#), Managing Partner, US Leader PE and VC, Summit, NJ

BridgeStreet Partners

[Matthew J. Pierce/Dave Westberry](#), Managing Directors, New York, NY

Caldwell

[Mercedes Chatfield-Taylor](#), Managing Partner & Leader PE & VC, San Francisco, CA

Calibre One

[Tom Barnes](#), Managing Partner, San Francisco, CA

Capitus Associates

[Burke St. John](#), Founding Partner, New York, NY

CarterBaldwin

[David Clapp](#), Managing Partner, Atlanta, GA

CBK Partners

[Julie Choi](#), Founder & CEO, New York, NY

Centerstone Executive Search Consulting

[Kim Villeneuve](#), Chief Executive Officer, New York, NY

Charles Aris

[Jim Elling](#), SVP PE & Accounting, Greensboro, NC

CSI

[Donna Sphar](#), Founder & CEO, Austin, TX

David Barrett Partners

[David Barrett](#), Managing Partner, New York, NY

Denali Group*

[Solveigh K. Marcks](#), Managing Director, New York, NY

DHR International

[Keith Giarman](#), Managing Partner, Private Equity, Chicago, IL

Diversified Search

[Dale Jones](#), President & CEO, Philadelphia, PA

DMC Partners

[David McCormack](#), Founder & CEO, New York, NY

Dynamics Search Partners (DSP)

[Josh Grauer](#), Partner, New York, NY *(Alternative Investment)

Egon Zehnder

[Claude Shaw/Kenna Baudin](#), Global PE Lead/US PE Lead, New York, NY

Falcon*

[Rob Huxtable](#), Managing Partner, New York, NY

GoBuyside

[Arjun Kapur](#), CEO, New York, NY

GQR Global Markets

[Aubrey Gasbarre](#), Associate VP (PE Practice), New York, NY

Hanold Associates

[Jason Hanold](#), Managing Partner, Evanston, IL

Heidrick & Struggles

[Daniel Edwards](#), Global Managing Director PE Practice, Chicago, IL

Henkel Search Partners*

[Eleni Henkel](#), Founder & CEO, New York, NY

Herbert Mines Associates

[Brenda Malloy](#), President, New York, NY

Hobbs & Towne

[Robert B. Hobbs](#), Managing Partner, San Francisco, CA

JM Search*

[John Marshall](#), CEO, King of Prussia, PA

JSB Partners*

[Joseph Barr](#), Managing Partner, New York, NY (Alternative Investments)

Kensington International

[Rick George](#), Practice Lead, Oak Brook, IL

Korn Ferry

[Joseph Healey](#), Senior Client Partner PE Practice, New York, NY

Lancor

[Scott Estil](#), Partner, New York, NY

The Lancer Group*

[Meg Ambrose](#), Partner, La Jolla, CA

Leathwaite

[Paul Groce](#), Head of Americas, New York, NY

Long Ridge Partners

[Jeffrey Gelband](#), Managing Director, New York, NY

McDermott & Bull

[Brandon Biegenzahn](#), President Executive Search Division, Irvine, CA

N2Growth

[Mike Myatt](#), Chairman, Philadelphia, PA

NGS Global

[David Nosal](#), Managing Partner, San Ramon, CA

Northwind Partners*

[Mark D. HuYoung](#), Private Equity, Board & CEO, Reston, VA

Ogders Berndtson

[Steve Potter](#), CEO, New York, NY

Odyssey Search Partners*

[Adam Kahn](#), Managing Partner, New York, NY

Omerta Group

[Michael Stover](#), Co-Head Americas, New York, NY

ON Partners

[John Barrett](#), Partner, Hudson, OH

Options Group

[Kevin Kelly](#), Vice Chairman, New York, NY

Opus Advisors*

[Holly McCarthy](#), Managing Partner, New York, NY

The Oxbridge Group

[Nina Swift](#), President, New York, NY

PierceGray

[David Allocco](#), Managing Director, Chicago, IL

Pinnacle Group

[Joseph Logan](#), Managing Director, Carefree, AZ

Polachi

[Peter Polachi](#), Partner, Boston, MA

Presidio Search Group, LLC

[Belinda Yan](#), Founder, San Francisco, CA

Ratio Advisors*

[Vedica Jain Qalbani](#), Managing Partner, New York, NY

Reffett Associates

[Bill Reffett](#), Managing Partner, Seattle, WA

RSR Partners

[Barrett Stephens](#), PE Practice Leader, New York, NY

Russell Reynolds Associates

[Kurt B. Harrison](#), Head of Global Financial Services Practice, New York, NY

SearchOne Advisors*

[Michael Garmisa](#), Founder & CEO, New York, NY

Signal Partners

[Tom Nieman](#), Partner, Santa Monica, CA

Sheffield Haworth

[Simon Worthington](#), Managing Director, New York, NY

SG Partners

[Sheri Gellman](#), Founder, New York, NY

Slayton

[John Nimesheim](#), Managing Director, Chicago, IL

Solomon Page

[Scott Page](#), Founder/Managing Director, New York, NY

Spencer Stuart

[Adam Kovach/Alexandra Ghashgaj](#), Co-Leaders PE, New York, NY

SPMB

[Kevin Barry](#), Managing Partner, San Francisco, CA

Stanton Chase

[Lucas Schellenberg](#), Global PE Leader, New York, NY

Steven Douglas

[Michael McGahey](#), VP Wealth Management Search, Sunrise, FL

Travillian Group

[David Yancoskie](#), Managing Partner, King of Prussia, PA

TritonExec

[Abe Doctor](#), Partner, Atlanta, GA

True Search

[Conor Leamy](#), Partner, New York, NY

Vardis*

[John Hoagland](#), Partner, New York, NY

Ventura Partners

[Robert Damon](#), Partner, Beverly Hills, CA

ZRG Partners

[David Hart](#), Managing Director, Rochelle Park, NJ

Note: *denotes the firm works primarily in the Private Equity sector

coming from highly matrixed environments like GE, UTC and many others can struggle in smaller environments unless they have stepped out and already proven themselves in a smaller environment.

UP CLOSE

Value Creator



Keith Giarman serves as managing partner of the private equity practice at **DHR International**. He is based in the firm's San Francisco and New York offices. For more than 10 years, Mr. Giarman has been overseeing board, C-suite and senior level search assignments working with management teams and investors where the mantra is rapid and long-term enterprise value creation. He has also been instrumental in the build-out of principal investing teams.

Where to Hunt

When sourcing in tough-to-recruit areas, Mr. Giarman emphasized that it is critical to have a clear search strategy on where to hunt for talent. "A top executive from a company in Manhattan is unlikely to be the best fit for a company in Wichita from a cultural standpoint," he said. "That said, there are executives who have grown up in or attended college in the Midwest, as an example. Perhaps they grew up on a farm in Michigan, went to school at Ohio State and are now running a smaller company in New York. There is a much better chance someone like this will be more suitable to the culture of a Midwest company and can be recruited into a geography that once was home. Search firm partners and their staff must have experience running searches with these challenges in mind and qualify candidates early and often to be sure they are truly engaged."

Irrespective of geography, smaller PE funded companies have a lower cost structure and that translates to reduced overall cash compensation at an executive level. Candidates for key roles

must be convinced there is a compelling upside opportunity relative to the equity component of the compensation and a good career path. "This means the recruiting firm, hiring manager and PE firm need to work closely on strategy to educate candidates," Mr. Giarman said. "Before embarking on the search, all should agree on the 'talking points' that illustrate the magnitude of the opportunity."

No matter how compelling the upside, there is no reason to waste time on candidates who will not embrace the opportunity given certain cash requirements, he said. "Again, it is critical that the search firm qualify early and often and move on if candidates cannot accept cash compensation parameters."

Mr. Giarman said that executives stepping into smaller environments need to "fly high and fly low" and be excited about this aspect of their role. "With a well-crafted value creation plan in hand, laser-focused execution and a metric-oriented culture of accountability are critical," he said. "When something breaks, C-level executives need to problem-solve with their team until course corrections are determined. They need to relish the opportunity to walk the factory floor, know every employee's name and work hand-in-glove with field personnel as they interact with customers."

Mr. Giarman also said that a CFO of a "small company who has no interest in running his own numbers on a spreadsheet from time to time or writing some query code for the ERP to extract data may not be suitable. The right executives think like an owner of the business, are hands-on and value building a lean operation." For recruiters, knowing the right candidates when they find them develops a trust factor that grows with each successive search.

Getting the Right Leaders on Board

According to Forbes, portfolio firms fail to achieve the return their investors expect almost half the time.

REVOLUTIONARY LEADERS WANTED

Attracting the Right Talent



DiversifiedSearch

Most dynamic companies all have two things in common. One is that each has an ahead-of-their-time leader who has the drive and the smarts to revolutionize the way the world works. The second? They're funded through private equity.

In today's global marketplace, private equity is the engine propelling forward new ideas, new visions and new ways of thinking and looking at the world. Leadership, according to Diversified Search, is vital to the success of any business at any stage of its investment life cycle, whether that's IPOs and pre- and post-merger integrations. The challenge facing PE firms today, according to the search firm, is to attract the right talent to impact investment strategies and drive operational growth within their respective portfolios.

"This is most often because the PE firm has chosen the wrong CEO or other CXO, and/or waited too long to replace these positions when things went awry," said Lucas Schellenberg, co-author of a new report on PE recruiting and managing partner at **Stanton Chase**. "Having a positive impression and gut feeling about the leadership team during the evaluation process is certainly essential." However, thoroughly assessing the key players is critical in the buying process in order to minimize the risk of a post-investment fallout.

"When PE firms focus solely on tangible assets, this can lead to ignoring critical decisions that need to be made on the people front," he said. "The consequence of acting in purely good faith with regard to the 'intangibles' is that the momentum can be easily lost."

Human capital aspects such as talent management and team effectiveness nowadays require a more proactive and dynamic approach, according to **Bain & Company's** Global Private Equity Report. Portfolio

companies must attain a deep understanding not only of the "what" and "how," but also of the "who" in this process in order to succeed and accelerate growth.

Stanton Chases suggested the following questions that PE firms should ask themselves in order to ensure that there is a match between what they want to buy and where they want to go:

Is the leadership team aligned with the investors, and is the strategic plan fully understood? What leadership skills and traits are required to effectively execute this plan? Does the existing leadership team fulfil the requirements? Where are the gaps and how do you evaluate these? Has the team bought into your strategic direction and your plans and are they committed to pursue it at great lengths? How do you ensure and assess this progress? Is the leadership motivated and ready for change or does it require an immediate replacement?

What is your post-investment strategy for the leadership team involved? What support does the team need to show exceptional performance? If you have identified gaps during the buying process, how will you close these? How do you identify and organize the talent pipeline? How to you continuously assess the leadership team and the organization to ensure that the strategy is on track?

What long-term talent programs will help you to consistently work with a high performing leadership team, hence achieve great dividends for the investors? How do you initiate a sustainable succession planning process? How do you ensure the team shows the necessary stamina and remains focused even during the most challenging times? Have you embedded a feedback culture and how it is put to live in your organization? How do you nurture your company's culture so it binds and attracts top talent?



Hunt Scanlon Media Presents

PRIVATE EQUITY & VENTURE CAPITAL RECRUITING:
Linking Talent to Growth

SEPTEMBER 26, 2019 — SAN FRANCISCO, CA

Private equity and venture capital firms are in a bidding war for top talent — and those moving decisively for the right leadership are winning. **Hunt Scanlon Media** is convening 400 private equity and venture capital leaders, chief talent officers and executive recruiters to explore the link between talent and growth.

We examine why success in the PE & VC community — long synonymous with growth — is now tied inextricably to talent.

SIGN UP TODAY!

PREMIER SPONSOR



Supporting Human Capital Decisions

The search firm offered five top critical activities that will support a firm's human capital decisions throughout the process:

Be clear about the expectations and capabilities needed. The team's current culture may not match with the investor's vision. What are the key roles and behaviors required to build a successful company? PE investors and the leadership team should have an open dialogue in order to lay the ground for a human capital roadmap which is aligned with the overall strategic direction.

Thoroughly assess your key leaders in the buying process. Replace leaders in a timely manner when expectations cannot be met. Once on board, check progress regularly so you can initiate the necessary steps to build the relevant skill-set and strengthen the commitment (bind) of the key players for the long term. For example: building effective teams, managing complexity, giving direction in times of ambiguity and managing multiple stakeholders are a few critical skills of relevance which should be assessed regularly.

Identify and build a talent pipeline. Based on the analysis and knowledge gained during the above-mentioned phases, consider leaders for future decisions, overall enhancement of the workforce and the company's direction.

Review the strategic plan regularly. This also includes having an open and organized feedback culture so you can swiftly react when necessary (what worked, what did not?)

Work with leadership experts/coaches to support the team and investors. This is essential in the critical first months and beyond. From experience, working in regular intervals with a leadership coach in a safe setting is highly beneficial for the CEO not only to act

as a sounding board for his/her ideas and concepts, but also to quickly remove potential roadblocks or find alternative strategies.

New Generation of PE Leaders

With the PE sector booming, private equity firms have recently placed significant value on succession structures, firm culture, profit dispersion, and the collective track record of the deal teams. Paying close attention to such shifts stands to both inform and pay big dividends for recruiters who serve the sector. Steve Potter, CEO of **Odgers Berndtson US**, said there are three major trends that demonstrate the need for clear and decisive succession planning for private equity outfits.

The founders are aging – “The private equity industry is effectively four decades old, and its founding titans are aging out of the workforce,” Mr. Potter said. This was clearly demonstrated when, over the course of a single year, KKR, Blackstone, Carlyle, and Apollo each elevated a new generation into successional roles.

These four firms – the four largest alternative investment firms in the world—have long been industry bellwethers, said Mr. Potter, and the message they sent was clear: Private equity firms need to formalize their process of succession. Why, he asks? “Because failure to implement a succession plan can lead to the destruction of the firm.”

Investors care about succession – The current generation of LPs (Limited Partners) are increasingly rigorous in their pre-investment due diligence,” said Mr. Potter. “Drawing on significant data analytic capabilities, LPs can run deep analyses of GP (General Partners) performance and the performance histories of former, current, or proposed portfolio investments. At the same time, they use qualitative models to look beyond track records and strategies for performance predictors like a GP's structure,

TRUE TALENT ADVISORY

A global portfolio of services and products centered on talent.

truetalentadvisory.com

true**search**

Executive search for the most innovative companies, from emerging tech-focused brands to established organizations seeking transformational change.

truesearch.com

foundation TALENT

Connecting high growth companies with dynamic talent below the executive team.

foundationtalent.com



Leadership assessment and development based on the unique approaches used by elite military units.

agilesynthesis.com

thrive

Collaborative, real-time talent relationship management software to cultivate your talent network.

thriveterm.com

culture, talent pipeline, and the distribution of economics within its management team—all of which are interrelated and influenced by successional policies and structures.”

Investors are formalizing their PE relationships – Due diligence takes time, energy, and money. To cut down on in-house costs, LPs are consolidating their relationships with GPs. This does not mean that they are investing any less in private equity; they’re just investing more money with fewer firms, giving preferential leverage to big firms that, like “one-stop-shops,” run multiple funds simultaneously, each with different investment strategies and approaches that can provide a diverse investment base under one umbrella.

Mr. Potter noted that it also gives leverage to emerging funds, run by young managers, who can promise LPs a multi-decade relationship under the current management team. “The result for the GP fundraising market is bifurcation: On the one hand, Apollo can raise a gigantic fund in a very brief period of time; on the other, middle-market GPs are vigorously competing for investor attention, trying to differentiate themselves within a crowded market and prove that their firm — whether old or new — has the capacity to be a long-time, high-performance partner,” he said.

All three of these trends points towards the same fact: A private equity firm’s ability to raise funds is intrinsically linked to its ability to build an incremental, transparent, and forward-looking system of succession.

“The goal of a succession plan is to identify high-potential individuals and invest in their development such that they are eventually able to assume leadership roles,” said Mr. Potter. “This means that a fully functional succession plan is not simply about a one-time replacement of a CEO or founder. It’s about creating a system for assessment, education, and replacement that operates at every level of the organization.”

Q&A

CHRO Roles & Trends at PE & VC Backed Firms



Valerie Frederickson, MS, CMP is founder and CEO of Frederickson Partners, an independently owned people and HR executive search and consulting firm. A talent thought leader and consultant for over 25 years, she guides some of the most important

employers in the world with people, talent and HR executive searches, strategic HR consulting, and high-level interim HR support. She is based in Silicon Valley.

The following Q&A examines current HR trends, the timing of hiring a chief people officer, and the best types of CHROs for private equity and venture backed firms.

What are the major HR trends you see?

We're seeing a big demand for chief people officers with extensive M&A experience and global HR expertise. CEOs seek to leverage chief people officers to guide communications and culture in what we like to call a "dispersed first" workplace. That's the opposite of the traditional mentality where headquarters is considered to be the highest-ranking and most important place. In "dispersed first," there's an awareness and attitude that many or most employees may be dispersed geographically, whether they work from home or at remote sites, and that everyone is equal.

We also see a demand at established companies for the HR business partner function. HRBPs can serve as strategic inside consultants to the CEO and help to grow a company through different stages of the corporate life cycle. Meanwhile, we believe that high-growth venture-backed startups should stick to the critical blocking and tackling – hiring, paying people right, giving employees training and feedback, not breaking laws—and to focus on knocking that stuff out of the ballpark rather than trying to build out a HRBP function.

How does a company know when it's time to bring in a chief people officer?

At venture-backed startups, there is often a need for a high-level HR person where it's not, as the saying goes, their first rodeo. High-growth

companies need skilled professionals who can translate a business's strategic growth into a well-crafted people growth plan. The best people/HR hires can also do two things concurrently: 1) partner with the CEO and the board of directors on a three-year plan on what the business will need as it grows, and, also importantly, 2) manage exponential growth by putting in place a scalable recruiting plan to grow as the company grows. There's a big difference between needing to fill 10 open reqs and 400 both in terms of doing the actual recruiting and selection and also the onboarding and communications.

What are the best types of CHROs for PE firms vs VC-backed firms?

Each type of organization has different needs and seeks a different type of executive. In short, high-growth venture-backed firms need HR leaders who are very strong in talent acquisition, training and operations. These leaders can help build the team and establish a scalable people function that can handle high growth, whether it's 100 openings a year or 2,000 over the next three years. These rare individuals also understand and value world-class onboarding and total rewards programs to drive culture and performance. They can, if needed, help companies revise their compensation philosophy and develop incentive compensations plans that drive productivity and culture. It's also desirable to have a people/HR veteran who has led the function through multiple IPOs and knows how to handle a public company's HR compliance, as well as is adept at change management. Private equity firms, with a different set of needs, typically seek HR people who are well-versed in organizational development, change management, compensation and strategic M&A. Many PE firms seek people leaders experienced with transformations to help in turning a corner or restarting growth. Additionally, they seek HR experts who are grown-ups, understand budget and know you don't have to offer, let's say, free lunches and doggy day care, to drive employee happiness. Incidentally, while a PE firm may be tempted to forgo a search firm, we've seen significant opportunity costs arise. While some company roles are easily and quickly filled from one's network, the cost of having an open people role at a critical time in a company's transformation can lead to postponed M&A integrations or sub-par initiatives involving organizational design, restructuring or recruiting campaigns.

"In large firms, the infrastructure to do this may already exist at the lower levels, which means that a succession plan is in essence an upward extension of this structure. But in small and mid-sized firms with flatter structures and more shared responsibility, the pipeline to the executive's chair is often less defined and may take years to build," he said. For recruitment firms, such need offers a prime opportunity to provide

valuable service, both in developing a succession plan as well as helping to fill that pipeline.

Finding PE Talent

Not everyone tied to the PE industry agrees that unearthing talent is any more difficult today than in years past. "There's always a demand for talent, especially at the leadership or C-suite level," said John Marshall, founder and CEO of **JM Search**. "The

PRIVATE EQUITY LEADERS SHARE THEIR TALENT SECRETS ON VIDEO

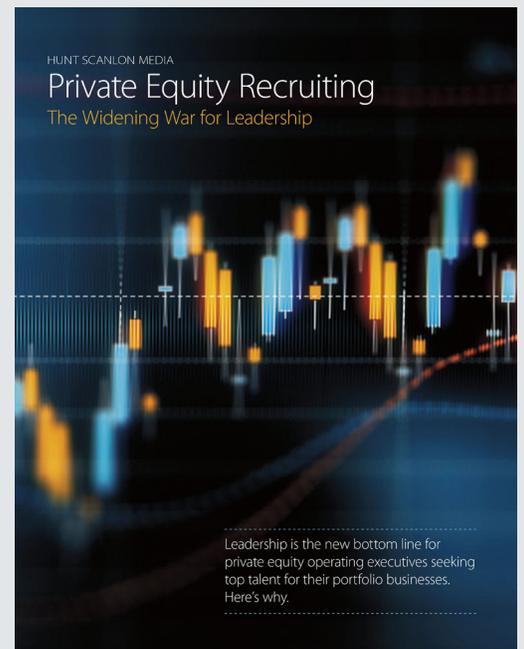


Hunt Scanlon Media has teamed up with the top private equity recruiting thought leaders and we've captured their talent solutions secrets on video! Our 'Private Equity Recruiting: Linking Talent to Value' conference was completely SOLD OUT – and this video is the next best thing.

In an amazing series of presentations to be made to 350 guests at the Harvard Club, these private equity leaders explore the link between talent and value and examine why success in the PE community – long synonymous with value creation – is now tied inextricably to talent.

What's included? A video recording of KEY presentations by top PE leaders; access to the 100+ page market intel report: 'Private Equity Recruiting: The Widening War for Leadership;' and a download link to our conference attendee list and presentation slides.

Order your multimedia package today!



THE TALENT GAME

Maximizing Shareholder Value

JM Search For over three decades, private equity investors have relied on JM Search to identify, evaluate, and attract executives for their portfolio companies who will maximize shareholder value. Through assessing tens of thousands of executives for portfolio company positions, this search firm has honed the ability to determine if an individual is capable of thriving in a given role. Its expertise in critically assessing portfolio company executives, combined with extensive networks of leaders who have realized success across industries, positions JM Search as one of the premier executive search firms for private equity, growth equity, and venture capital backed companies.

100+

PE/VC firms that have partnered with us on multiple portfolio company searches since 2012

700+

Searches executed for private equity and venture capital portfolio companies since 2012

700+

Successful exits by portfolio companies that we have recruited executive for since 2012

Source: JM Search

reality is if you've got a solid equity sponsor and it's a strong opportunity in a sound industry, you will find the right talent out there. There are always people, particularly at the CEO or CFO levels, who are ready to lead in that particular role," he said.

"We commonly see people who may be the No. 2 person in a large-cap equity sponsored business or in a publicly traded company who have the ambition, experience and ability to lead at the top. They know how to get things done, have proven P&L responsibility, and they are hungry for more leadership responsibility. There's talent out there, especially in good situations."

Mr. Marshall has witnessed plenty of competition for top-notch chief financial officers. "The greatest challenge right now is finding great CFOs, because really good CFOs with the right experience and qualifications are in high demand," he noted. "We

just did a CFO search and I was talking to the candidate that we placed. He said, 'You know, I've got to tell you, I probably get 10 calls a week about opportunities.' So it's highly competitive to attract experienced CFOs who have successfully navigated through a deal, and bring the know-how to work with an equity sponsor."

Jason Hanold, CEO and managing partner of **Hanold Associates**, which specializes in HR officer and board searches, said that finding talent for PE firms was historically predominantly about stripping out costs and removing inefficiencies to prepare companies for a more successful IPO or selling the company. "But PE firms have collectively come around," he said. "They're much more sophisticated than they were even 10 years ago, where now they appreciate the value of a healthy culture. They appreciate the notion that if they have been through an acquisition spree and a company's value has increased, that they have actually integrated the very companies that they've acquired, from a people, culture, processes, and methods perspective. If those acquisition targets have been integrated, they've realized, the company is actually more valuable."

What that's done is if you're serving a PE client today, "It's actually opened the aperture for talent," said Mr. Hanold. "They're no longer looking for someone who had a foundation in only finance who migrated to HR to now rip out costs. They're looking for a broader set of true leadership and great leaders who know how to grow an organizational culture and how HR leaders are going to have perspectives on the business beyond the people practices."

And they're investing more in leadership. "For those of us recruiting these folks we not only have more options from a quantitative perspective but qualitatively we're doing much better as well. These portfolio companies are now growing with better,

stronger leaders, not just operational efficiency experts in every functional role.”

Short and simple, to make money, PE firms must put their investors’ money to work. Gone are the days of buying a company that was broken, cutting costs, refinancing it, then selling it at a tidy profit, said George Davis, founder and CEO of **The Davis Partners Group**. “Now they’re buying things at a higher premium than ever before and the only way you can make money is to outperform the industry averages,” he said. “And to get the returns that their investors want, you’re going to have to way outperform the market. So that means you have to get really super talented people in the door. The demands and the stakes are higher than ever, and if you don’t get it right you aren’t going to make money. You’re going to get crushed.”

Who, and What, Recruiters Seek

Abe Doctor, a partner and head of the North American market with TritonExec, said that though many executives express interest in top roles with portfolio companies the risk averse among them usually drop out in favor of a job with more predictable results. Mr. Doctor pointed to a couple of key personality traits for PE portfolio roles.

“First, we look for somebody with extremely effective natural leadership abilities, meaning they’re intuitive, they are savvy about interpersonal interactions and they have the ability to work with any type of people” he said, “because coming from a Fortune 50 or a Fortune 100 many executives go through a bit of shock when they go into a private equity-backed business that is smaller in scale and maturity.”

Secondly, portfolio company executive opportunities tend to attract “somebody who’s not quite a thrill seeker but who believes in their ability to add value to an organization and who is motivated by impact

COUNTER OFFERS

Buying Time...Avoiding Disruption

In today’s competitive talent environment counteroffers are common and an increasingly useful retention tool. In fact, according to Kevin E. Conley, president and CEO of **Conley Search Group**, some companies now go to extremes with counteroffers. He cites one top executive candidate who was offered a three times increase in total compensation guaranteed for three more years. Why?

The reason, it seems, hovers around a confluence of factors. A persistently low U.S. unemployment rate, heavy demand for talent across every sector, and high leadership replacement costs. Compounding the issue, said Mr. Conley: This next generation of leaders that’s surfacing has taken the view that switching jobs every few years is expected.

Historically, he said, counteroffers were desperate attempts by companies to prevent a sudden and unexpected opening in their management team. The employer would rally the troops and senior executives to tell the executive how much they value them, outline a rosy career path at the company, and offer financial incentives. Basically it would do anything to convince the executive to stay.

“Today, companies can now quantify the costs even more – and they are willing to fight to retain their talent aggressively,” said Mr. Conley. “By convincing the executive to remain, the company buys itself time to find a suitable replacement, avoid disruption, and regain control of the worker-employer relationship.”

Allowing underperforming executives to leave without counteroffers also allows companies to upgrade its executive ranks.

of growth and building something,” said Mr. Doctor. “I think those types of people can get bored with something after a few years. So by design a three year or five year hold is kind of the perfect attention span for someone to build a business up and create value in it and help achieve a financial outcome for themselves and the private equity investor.”

Oftentimes, those most drawn to such roles are “professionals who have not yet achieved enough financial freedom to not work but who have achieved a level of income where they are willing to sacrifice

UP CLOSE

Wanted: Leaders Who Can Navigate Change



Mercedes Chatfield-Taylor is managing partner of the PE & VC practice areas for Caldwell. She focuses on the executive level talent needs of high-growth technology companies. She has completed over 50 CEO search as well as other top CXO level assignments for her clients. Her strong suit is helping to diversify PE & VC-backed company boards and leadership teams.

Following is an excerpt from a recent discussion on her role, what's hot in PE, and key trends she is noticing in the market.

What got you interested in private equity? How has that field changed throughout your career in search?

I started my career in Bermuda, working in international banking and reinsurance. I met several large PE and VC firm partners early in my career and have always had an interest in the space.

What are some hot roles you're seeing PE firms looking to fill right now?

PE-experienced, at scale, highly operational chief financial officers are always in demand. Highly skilled product and technology leaders (CPOS) too.

What kind of leaders are PE firms seeking at the moment?

PE firms continue to look for people who have successfully navigated companies through change. That includes taking companies private successfully, then through another liquidity event. Leaders with strategic acquisition AND integration experience are also in demand. Diversity, of course, is in big demand.

some short term cash or long term upside," he noted. "Not every executive is in a position to do that with families and so on and so forth."

A Candidate's Market

Mercedes Chatfield-Taylor, managing partner with the private equity practice at **Caldwell**, said that the vast amounts of capital flowing into everything from series A through to private equity-funded companies make for no shortage of need for talent. "And private equity funded companies are looking for folks who are really excellent operators," she said. "So you need

 **Caldwell**



TALENT TRANSFORMS

Discover how at
caldwellpartners.com

165 Avenue Rd. Suite 600
Toronto, ON M5R 3S4

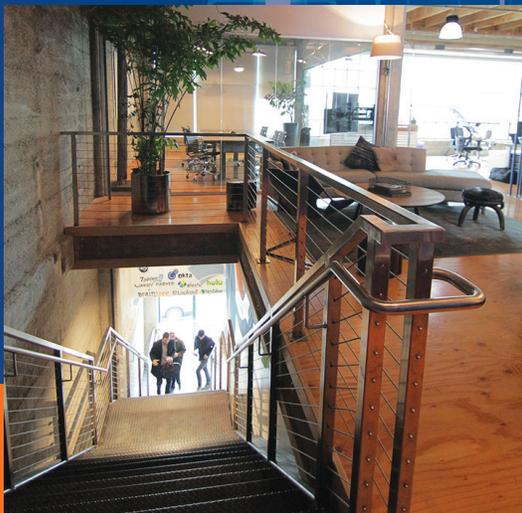
1.888.366.3827
caldwellpartners.com



Riviera

PARTNERS

Recruiting exceptional technology talent with world class organizations... Leveraging an innovative, data-centric approach.



“Riviera is the only search firm with the experience, relationships, technology and data insights to help you efficiently find your best fit – we leverage our technology to manufacture intelligence for better hiring.”

San Francisco	Chicago
Silicon Valley	Boston
Southern California	Denver
Seattle	Atlanta
New York	Bozeman

877.RIVIERA | www.rivierapartners.com

someone who can operate not just in rapid growth environments, but in a combination of growth and real operational rigor. That thins the talent pool to begin with. And then there’s the added complication of PE firms looking for specific domain plus specific types of functional experience. And then on top of that there is the reality that the equity pools for private equity hires can sometimes look a little less flashy and illustrious from the outside looking in.”

By way of example, she said, in a VC-backed company often the incoming CEO will be offered five to eight percent of that company. “In a private equity funded company, that CEO might be offered half that much, but the reality is that there’s a more direct path to liquidity than there is generally in a series A or B funded company. But the optics are tough. So those are just some of the challenges in addition to the fact that it’s been a candidate’s market since about 2010, and we’re in 2019.”

In a candidate’s market, Ms. Chatfield-Taylor and her team will try to make the recruitment process as prospect-friendly and streamlined as possible. “We adjust for the things we can control for, which is really coming up with a tight process to direct the search, so that when we bring those highly qualified, highly sought after candidates to the table that the team is in a position to execute very crisply in both assessing that talent and continuing to sell that talent and onboard that talent,” she said.

“So the thing that I tend to advise my clients around in advance are coming up with a really tight scorecard, the framework by which we’re evaluating the candidates, and utilizing that scorecard and then making sure that there are enough touch points with the company but not too many touch points with the company. The flip side of that equation is that if way too many people make it to interview, you ask the same questions, you frustrate the candidate, and

you lose them because other people are moving very quickly. So I would say in addition to having a compelling opportunity you really have to have a crisp methodology around recruiting. And if you don't, it

Q&A

Compensation: A Cautionary Tail



Tom Nieman is a co-founder of Signal Partners – a search firm purpose-built to help private companies and their sponsors on both executive and mission critical top level searches.

Tom has led searches for companies such as: Houzz (VP Finance, VP Global Sales; VP Industry Solutions; VP Partnerships), Wealthfront (CFO; Chief Data Science Officer), Chegg (CEO), LifeLock (CMO), Rival (Head of People; Head of Finance), Telesign (CEO), Tastemade (CFO), RuffaloNoelLevitz (CEO), Acxiom (Board Members), and Invoice Cloud (President), among others.

You spend a lot of time recruiting executives. How important is compensation up front in the recruiting process?

Not very. In fact, I rarely discuss compensation. At least not until the very end. In terms of what I'm trying to discover or learn, it's just not very high on the list.

Why is that?

Look, the most important part of what we do is, first and foremost, to help our clients find awesome people. And to make that happen we need to figure out what it is they're looking for, what they're looking for in a trade, and to determine whether or not such a trade is feasible. And, frankly, if the base and bonus are factored heavily and front-loaded in that conversation, then we're focused on the wrong things. Don't get me wrong, compensation is ultimately a very important part of the equation. But I find it only starts to matter once we're well down the path.

What happens when an offer is not in line with "market"?

I think it's misguided to rely on "average comp" studies as a negotiating tactic. One must consider the package holistically - both cash and equity - to make an informed decision. Doing so is super-subjective. Nobody knows the actual future value, so it often comes down to your own internal calculus. I know a guy who declined an offer to join Google as employee No. 17, to join a bigger company that could pay him better. I know that's an extreme example, but it's a cautionary tale for anybody using "average comp" numbers as anything more than a signpost.

CBK PARTNERS

Innovative partner.

Women owned.

Diversity driven.

Award winning.

Board practice powered by



www.nurole.com

www.cbkpartners.com

really doesn't matter how good the opportunity is, you're going to lose some great candidates."

"The other parts we can't control," said Ms. Chatfield Taylor. "We can't control how frothy the market is, we can't control that other companies are making out-of-market offers. We can't control that the great candidates are getting multiple calls even when they're not at all looking. We can't control for those things. So we control for the things we can."

One feature in portfolio company candidates that tends to be attractive to PE firms is having had similar experience, particularly for a PE-backed business.

"One thing I've noticed is that if an operating executive has previously made money for a private equity sponsor they are almost by definition more attractive to another private equity investor," said Tom Nieman, co-founder and partner of **Signal Partners**, a Santa Monica, CA based search firm.

SECTION 2

Recruiters in Hot Pursuit
Of Top HR Leaders

SECTION 2

Recruiters in Hot Pursuit of Top HR Leaders

Anyone with ties to the human resources function knows how much it has evolved in recent years – and it with it the role of the chief human resources officer (CHRO). The biggest shift seen is how the CHRO role has progressed from fighting for a seat at the table to playing a key role on the executive team. And that is where executive recruiters have come into play, not only in helping elevate the role, but tapping an extensive talent pipeline to fill open positions for clients.

For all the value that those who occupy the chief HR seat have brought to their companies over the years, it is only recently that the role has begun to claim the fullest respect and attention of top leadership.

It's been a long time coming, say recruiters who hunt for roles across the HR function. And in today's business climate, CHROs in particular are playing a more critical part in moving their organizations forward. That is creating big opportunity for executive recruiters focused on the function.



**The Leaders in
Global Talent
Acquisition**

www.rosenzweigco.com
p: 416.646.3920

*Big Firm Expertise
Boutique Firm Service*

Setting the People Agenda

According to Alan Guarino, vice chairman in the CEO and board services practice for **Korn Ferry**, there has been a bit of a revolution underway in the world of HR. “Paying attention to the talent part of the business is critical to success,” he said. “Total human capital costs can account for as much as 70 percent of operating expenses, including for Fortune 500 companies.” To get the most from this investment, he said, organizations need to align their talent strategies and their business objectives.” Typically, that can fall into the lap of the CHRO.

“Historically, HR has been very proud of its programs,” said Mr. Guarino. But today it’s about much more than that. “It’s about work streams that align talent to the mission,” he said. This alignment puts CHROs in a strategic position and in partnership with the CEO, CFO, chief marketing officers and other C-level leaders.

Anyone with the ties to the human resources function knows how much it has evolved in recent years – and with it the role of the CHRO. The biggest shift seen, say recruiters, is in how these leaders have progressed from fighting for a seat at the table to playing a key role on the executive team.

Working in Unison

According to executive recruiters who ply their trade placing some of the best HR leaders in the field, a great CHRO can be one of the most vital strategic human assets a company can have – closely partnering with the CEO and CFO. This leadership triumvirate is today equally responsible for executing business strategy, with distinct yet highly interdependent roles to play: the CEO defines or leads the vision and strategy; the CHRO articulates and drives the people agenda; the CFO manages financial resources and investments.

But it takes the three of them, working in unison, to keep all the organizational gears well-oiled. It takes people and financial resources to implement a business strategy, and this alone explains why the relationship between these three leadership roles is so vital. All of this is laid out in a new report released by executive leadership provider **Spencer Stuart**.

Based on the latest research by the recruiting firm, the role of the CHRO is becoming increasingly complex and is continuously changing due to a wide range of factors, including the advent of technology, artificial intelligence, automation, the changing profile of the workforce, new ways of working, and the increased focus on talent.

Julia Modise, a consultant in Spencer Stuart's industrial and human resources practices, said the "profile of a CHRO has shifted from a traditional HR professional narrowly focused on his/ her function to a well-rounded business leader who can contribute meaningfully in all areas of the business." Today's CHRO, she added, is "a culture carrier and change agent who is commercially astute, analytical and technologically savvy, who speaks truth to power and influences softly yet assertively." It is no surprise then to find a CHRO with a combination of human resources functional experience and commercial operational experience.

The Spencer Stuart report noted that the CHRO role is continuously changing, demanding different capabilities, including:

1. Strategic mindset and business acumen – "The CHRO is expected to be discerning, future-orientated, open-minded, commercially judicious and able to make evidence-based decisions," Ms. Modise said. "She/he is expected to develop robust people plans aligned to the business strategy. A people plan cannot merely serve internal HR functional requirements, but it must demonstrate impact to the business."



THE
Human Capital
GROUP

Delivering Lasting Results Through People.

Executive Search with Guaranteed Results.

Speed:

Finalists in 20 business days...guaranteed!

Quality:

One-year guarantee for each candidate hired.

Value:

25% of first year's total compensation.

Driven by our Mission "**To Serve**", The Human Capital Group has redefined the traditional executive search and leadership consulting processes to deliver faster results and greater impact at a lower cost — in short, **value without compromise**.

To learn more about how we **Deliver Lasting Results through People™**, please visit our website:

www.HumanCapitalGroup.com

VettedSolutions

The Trusted Partner
for
Associations,
Nonprofits,
and the
Hotel / DMO Community

Washington, DC

Chicago

Los Angeles

(202) 544-4749

www.vettedolutions.com

2. *Change and transformation management* – The CHRO plays a leading role in defining and adapting corporate strategies, structures, procedures and technologies to handle changes in external conditions and the business environment. “The people side of change management is often the most important element above the technical tasks necessary to enact change,” said Ms. Modise. “When the people side of change is poorly managed, change often fails or doesn’t achieve desirable results,” she added. “Driving change management and transformation requires an organization to embrace learning agility and innovation as a culture.” The CHRO is often expected to embody this agility and be the catalyst for change and transformation.

3. *Mastery of executive compensation* – Issues of pay equality continue to gain prominence in the market and CHROs must play a key role in designing competitive, equitable compensation and incentive structures to attract and retain key talent. Ms. Modise said that “the role of the CHRO is to continuously test internal pay structures against the market and changing legislation; where potential gaps and risks are identified, the CHRO must develop risk mitigation plans.”

4. *Clear understanding of board governance* – The remuneration/human capital committees are increasingly scrutinizing executive compensation, examining linkages of talent and performance, focusing on CEO succession and the broad talent agenda. “The CHRO role can add value to the board by bringing expertise in compensation, succession, talent, and the people implications of mergers and acquisitions,” Ms. Modise said.

5. *External focus* – Today’s CHRO has to have a good sense of the external industry competitive landscape. “She/he can keep abreast by playing an active role in relevant industry bodies,” Ms. Modise said. “Talent is becoming increasingly mobile, which

makes it all the more important for the CHRO to have a global mindset.”

6. *Shape culture* – The CHRO has a key role in defining and co-creating the organizational culture with the executive leadership team. “A company’s organizational culture can make or break the most insightful strategy,” Ms. Modise said. “The executive leadership team and the CHRO have a shared responsibility in creating and driving a culture that is aligned with the business strategy.”

7. *Committed to diversity and inclusion* – The Spencer Stuart report noted that in order for diversity and inclusion to be successful, it has to be a top-to-bottom business imperative that is embedded in all aspects of the organization. “Diversity and inclusion cannot be an HR-led initiative but rather it should be CEO-led in partnership with the CHRO,” the report stated. “The CHRO plays an important role in articulating the business case for diversity alongside the CEO.”

8. *Leadership gravitas* – The CHRO must possess referent power underpinned by competence and an undisputed delivery track record. “Referent power is acquired through strong interpersonal relationship skills, the ability to influence others, and being respected and admired,” said Ms. Modise. “This type of power is particularly important in a CHRO, since it is built on collaboration and influence rather than command and control.”

9. *Balance agendas of high-level stakeholders* – The CHRO role serves multiple high-level stakeholders such as the CEO, the board, shareholders and employees who often have competing demands. “She/he must effortlessly navigate and balance the various demands through effective communication, seeking alignment and managing expectations,” the report said.

INSIDE PERSPECTIVE

Six Emerging Capabilities

45 CHROs at leading global organizations shared their opinions of emerging capabilities that future CHROs will need to be successful. Six key themes emerged:

- **Data- and analytics-based decision making**
- **Being the architect and assessor of shifts in organizational culture**
- **Proactively mapping organization capability needs to the future strategy of the firm**
- **Playing the role of an internal and external talent scout**
- **Understanding the impact of technology**
- **Asking organization-specific questions rather than following the herd**

Source: Aon Hewitt

10. *Visible, value-added partner* – “The CHRO must be seen everywhere within the organization,” Ms. Modise said. “She/he must be in touch with the pulse of the organization at all times to make unpleasant surprises less likely to happen.”

11. *Courageous* – “In order to keep up with the changing demands of the world of work, CHROs and aspiring CHROs need to be intellectually curious and have a desire to learn,” said Ms. Modise. “They must keep abreast of developments, embrace technology, adopt a data-driven approach, obtain business experience, develop a strong network, keep growing, have a business mentor, a coach, and seize opportunities to participate in a wide range of business projects.”

In short, today’s CHROs are required to do a job that would have been unrecognizable a decade ago. There is every reason to believe the role will continue to evolve rapidly over the next few years, handing executive recruiters a massive amount of incoming search work.

Modern Role of a CHRO

As the CHRO role has evolved, so too have qualities that companies seek in their new, incoming HR leaders. “The expectations continue to heighten as boards and CEOs become more sophisticated in their appreciation and understanding of what ‘great HR’ looks like and can accomplish,” said Jason Hanold, CEO of **Hanold Associates**.

“Today’s contemporary HR officer must possess ever deeper business acumen, and credibly voice substantial perspectives on the business beyond just people practices,” he added.

Unfortunately, he said, too many CEOs report that they simply want one who is “proactive” in

their approach. “That is a pretty basic operational characteristic – it’s fundamental – and some still occupy that top role yet do not drive and own their results,” said Mr. Hanold.

One way that the CHRO role has changed is that more companies see the CHRO as a potential successor C-suite executive role, including to that of the CEO, and more of them are being recruited to public company boards, he said. “It’s more common to recruit CHROs who have had rotation into other areas of the business, and then coming back into HR,” said Mr. Hanold. “Fundamentally, we hear less about ‘new’ traits, and more about the lack of effective execution or a credible voice among other executive

NEW TRAITS

The Evolving Role of CHROs



The role of CHRO has evolved into an extremely sought-after position for companies looking to manage their talent efficiently. The CHRO role has become as imperative as the CEO role in recent years and the search industry has stepped up accordingly.

In the following Q&A, Jason Hanold – CEO Hanold Associates – examines how he handled one recent top level CHRO search. As the role transitions into one of impact, Mr. Hanold said he seeks leaders with different traits than in the past. That, he said, is tipping the supply and demand talent curve.

Jason, discuss your recent CHRO search for the NFL.

The NFL needs a seasoned HR leader who is accustomed to driving tough conversations, and can balance their strategic perspective with an analytical capability and the ability to execute – all this while they continue to build the requisite infrastructure to support a significant transformation. Specific industry experience is less critical than the leadership characteristics required to be credible with and influential to an accomplished stakeholder group, including the 32 club owners.

How important is this role within the NFL?

A distinctive chief HR officer sets the tone, tempo, and behaviors that define the culture, and then the strategies, methodologies and practices to attract, retain and develop the organization’s talent. This, in turn, either elevates or erodes the company’s results, community, brand and profitability. Besides the CEO, no other

C-suite position has more opportunity and potential to broadly impact the entire organization.

Discuss the current supply and demand curve for CHROs.

The demand for exceptionally talented HR officers, both contemporary leaders and those with non-traditional backgrounds, is at an all-time high. Organizations with healthy, well-functioning cultures and higher caliber talent are mostly thriving, and CEOs across industries understand this key competitive advantage and potential for differentiation. With equally good news, the supply of truly distinctive HR leaders is better than ever. More companies are viewing HR as a key rotation in the development of their executives, with some choosing to remain aligned to HR because they understand the opportunity for major organizational impact.

Can you share some search work your firm has conducted for CHROs?

We lead CHRO and diversity searches across industries. In addition to the National Football League, some of our more recent CHRO searches include those for Under Armour, Patagonia, Mylan, REI, Vail Resorts, Paul Allen’s Vulcan, Blue Apron, Riddell, CDW, Laureate Education, Moderna Therapeutics, IT Cosmetics, Hanna Andersson, Ultimate Fighting Championship (UFC), Las Vegas Convention & Visitors Authority, Remitly, Carnival Corporation, Fossil, Marvin Windows & Doors, Outward Bound, Ferrara Candy, Foundation Medicine, Griffith Foods and Booking.com, lubCorp, Delta Defense, Western Dental, Heartland Dental and Sportsman’s Warehouse, among many others.

committee leaders. So the demand heightens for stronger leadership traits over different experiences.”

Trusted Advisors

Along with the evolution of the CHRO role and its expanding sphere of influence has come a shift in priorities. To be a successful CHRO there are a few necessities and key traits they must possess. According to research by **Deloitte**, 94 percent of executives and 88 percent of employees believe a distinct corporate culture is important to the success of every business. Culture in the workplace isn't a new trend, but because of the growing responsibility of human resources and a shift away from HR as an administrative function, the role of the CHRO is now positioned as a company CEO's most trusted advisor and strongest asset. And there is a growing culture oversight dimension to the role.

As the scarcity of employees and the cost of hiring talent increases, the role of the CHRO has grown into a key leadership position and primary driver for change in HR, particularly in the shift from “resources” to “people.” And HR now has the responsibility of the entire employment lifecycle, which the CHRO leads. It is a big job, and getting bigger.

Sidebar 2 john doyle

The CHRO job, according to a **Heidrick & Struggles** report, has become much more like that of a chief transformation officer. To succeed, the 21st century CHRO must master five key skills that were barely even on the CHRO radar screen a half decade ago: embracing disruption, practicing agility, solving for organizational structure, employing data analytics and facilitating new work environments.

“The best CHROs at global enterprises bring to the table the flexibility and ability to adapt – as well as that ineffable quality to see around corners – that we observe in smaller, venture-backed companies,”

HIGH IMPACT, HIGH VALUE

A Broadening Talent Management Agenda



The CHRO role has changed dramatically in just the last few years. Now seen as having high-impact on business, top HR leaders are in big demand. But there's a potential concern among recruiters: developing the next-generation of HR professionals who will need to broaden the talent management agenda.

Let's take a closer look with John Doyle, a top recruiter with Slayton Search Partners who specializes in HR talent.

John, how has the CHRO function developed over the last several years?

Like all C-level roles, the CHRO function has changed at an accelerated rate over the past three years. The focus has shifted dramatically to high-impact, value-added strategic contributions that positively affect the overall business. It is no longer just about cost-cutting, outsourcing, benefits management, and other line expense items. In this robust growth cycle, combined with an unprecedented increase in technology and digitalization, the CHRO is expected to focus on the broader talent management agenda.

What does this mean going forward?

The most glaring issue is the development of 'next-generation' HR Leaders. Traditional advanced educational programs in labor & industrial relations are being devalued in lieu of an MBA. Academy companies have decreased in numbers, and even more concerning, age-old career paths solely within HR have become too confining.

Is the CHRO function at risk of losing its seat at the table?

Several recent articles are suggesting this is the case. CEO confidence in CHROs is declining. More and more CHRO roles are being filled by non-traditional/non-HR professionals. Companies that were created since the Great Recession are maturing and now have the scale and scope requiring more formal HR functions. They are not, however, looking in the obvious places to find their HR Leaders.

What is your advice to address these changing dynamics?

It is critical to have an open, honest discussion with a CEO before launching a CHRO search. Many truly believe they are ready for a strategic HR business partner, but in reality, most are not. There is still quite a bit of heavy lifting to ensure processes, policies, etc. are in place. For those whose companies are ready, it is incumbent upon the search firm to know where that talent resides and what might motivate someone to make a move. These CHROs are very savvy, in high-demand, and will assess a potential situation at great length before signing on the dotted line.

SUCCESSION PLANNING

Who Will Succeed Me?



KORN FERRY®

CHROs – the position most responsible for talent recruitment, retention and

development throughout an organization – aren't faring much better when it comes to preparing successors of their own.

A 2019 CHRO Pulse Survey of 193 chief human resources officers conducted by **Korn Ferry** found that CHROs are concerned about who will succeed them. Seventy-six percent of respondents said they do not feel there is an internal ready-now successor for their role, and only about half (52 percent) reported having a comprehensive succession plan. In addition, when asked about the capability gap that they are most focused on developing in their direct reports, 44 percent said strategic thinking.

"Grooming CHRO successors is a difficult challenge, because the greatest skill gaps we see in potential successors—board exposure, managing the compensation committee relationship, and executive compensation knowledge—are also the most difficult areas for a CHRO to delegate," said Joseph McCabe, vice chair of Korn Ferry's global human resources center of expertise.

said Michael Theilmann, the search firm's global HR practice managing partner. "These leaders have what boards of directors and CEOs are looking for in today's CHRO: transformational skills." Such skills are embodied by these five key attributes:

1. Embracing Disruption

Big companies are seeing their long-established business models disrupted, often by nimble start-ups. They've seen what has happened in retailing (e.g., Amazon), consumer goods (e.g., razor blades) and the automotive sector (e.g., ride-hailing companies, autonomous cars). Navigating disruption has become a key skill-set for CHROs. "As a CHRO, how do you help your company disrupt itself before somebody else does the job?" asked Brian Klapper, a Heidrick partner who co-authored of the report. "Some are creating partnerships with start-ups – or example,

in Silicon Valley – and putting people on the ground there to become part of the ecosystem so that they can learn and establish complementary partnerships. Others are leading management teams by going offsite – not to stale meetings at lush country clubs or resorts but to visits with executives at innovative, fast-moving companies," he noted.

2. Practicing Agility

Savvy CHROs recognize that industry disruption is anything but neat and linear and that even the best-laid corporate plans may need to be quickly altered to adjust to changing business dynamics. This makes agility a critical skill for CHROs to possess and to develop in their organizations. "Agility implies the ability to spot opportunities and threats and to adapt and pivot faster than one's peers," said Mr. Theilmann.

3. Solving for Organizational Structure

CHROs must also be able to leverage the organization in new ways if it is to benefit from agility and move nimbly. Mr. Klapper said that the challenge for a CHRO is significant. Leaders must ask: How can I put teams together to solve a specific issue or problem, complete the project, and then redeploy those people — and do this in weeks, not months or years? How is this project informed by the company's strategy, and what are the deliverables?

4. Employing Data Analytics

Companies are beginning to employ data analytics throughout the organization, and the top CHROs are leading the charge in their areas of responsibility. Mr. Theilmann said they are using tools "such as machine learning and artificial intelligence to help assess performance and organizational gaps, including diversity and inclusion issues; to better understand where decision making is taking place; and to assess internal talent in terms of developmental needs and readiness for new roles."



Hunt Scanlon Media Presents

Next-Gen Leaders:

Advancing Women to the C-Suite

NOVEMBER 6, 2019 – HARVARD CLUB OF NYC

Hunt Scanlon Media is convening over 350 top business professionals from around the country on **November 6, 2019** at the Harvard Club in New York to discuss a wide range of issues impacting women in the workplace.

We invite you to take part in a full day of learning and inspiration from CEOs and top talent leaders from across a number of business disciplines, including technology, media, private equity, social media, publishing, recruiting, pharmaceutical, telecom, consumer products, retail, academia, and sports & entertainment, among others.

[SIGN UP TODAY!](#)

PREMIER SPONSOR



5. Facilitating New Work Environments

Not long ago, most employees went to work every day in offices. “As we know, that’s not how people work anymore,” said the Heidrick report. “They work on the fly. They don’t want to sit in an office all day. They want to be able to work out of a coffee shop one day and at home another. They want to have flexibility. They want to be able to collaborate with their colleagues. And since we’re speaking mostly of younger generations who want and expect this type of flexibility, we don’t think this approach to work is going away anytime soon.”

“Particularly in technology and financial services, we’re seeing the work environment as an area of attention for CHROs,” said Mr. Klapper. “At one bank, the job of one high-level human resources leader focuses completely on the work environment. This isn’t just about what kind of snacks to offer but how the work environment can have an impact on engagement, collaboration, innovation and velocity — for example, how to move employees to virtual desktops and virtual machines.” How to do this represents a new skill-set for CHROs – and a focus on strategy.

BY THE NUMBERS

What Drives Board Diversity

The CHRO role is the only one in the C-suite to have gender parity. **55 percent** of CHROs across industries are women.

The industry with the largest percentage of women CHROs is financial (66 percent).

Source: Korn Ferry

Forward-Looking HR Planning

Few would argue against the vital importance of a strong business strategy in establishing direction and

planning growth for a company. Strategy, however, represents only half the formula for corporate success. Without a forward-looking human resources plan – a subset of the business strategy designed to maintain and engage the people required to execute the strategy at every level – even the best strategy is of little use.

“Given the rapid transformational change occurring in business today and the need to adapt quickly, the best human resources plans also entail ongoing succession planning for all mission-critical positions, including at the top of the house for the CEO and the executive team most closely linked to the overall corporate strategy,” concluded a just released report by **DHR International**.

“If this sounds something like a position description for a chief human resources officer, that’s not mere coincidence; it’s what CHROs focus on daily,” said the report. But these duties are also increasingly deemed crucial aspects of board oversight and at the heart of the board’s responsibilities. “Yes, they are that important now, because success in executing the human side of the business will ultimately determine how successful the strategy is. And that is the reason boards should consider adding a CHRO to their ranks,” it noted.

The report was authored by veteran search consultants Mike Magsig and Jerry McGrath.

“The need for a CHRO on a board often has to compete with the requirement for other experts, such as for industry knowledge or financial acumen,” said Laurie Siegel, director and chair of compensation committee at CenturyLink, FactSet and Volt. “Many board members lack experience in executive succession and rely on the skills of a director with a CHRO background to bring deep expertise to the CEO succession process. That’s where the CHRO can add tremendous value.”

Boards have traditionally focused on financial performance, easily quantifiable, rather than the harder-to-grasp people issues described above. “But corporate disasters of the last several years – peaking in 2018 – have changed all that,” said Mr. Magsig, who leads the global board & CEO practice at DHR.

“Just ask companies like Uber and Wells Fargo about lessons learned on the importance of these human, cultural issues in the CHRO’s bailiwick in driving performance and maintaining or destroying reputation and shareholder value. A culture that yields desired results starts at the top – with the board and the CEO – with a focus on promoting a workforce philosophy and practices that appropriately reward and motivate employees and reassure shareholders.”

Among directors, the company CEO, as the top operating executive, should have his or her arms around these issues that make a company an attractive employer and impact the bottom line, said Mr. McGrath, who serves as managing partner of DHR’s global human resources practice. “For directors to get a complete picture, however, especially of any potentially serious issues, many boards would benefit from having a CHRO on the team. That’s because CHROs are trained to maintain a holistic view of culture, even more than the CEO, and to keep a finger on the corporate pulse day in and day out.”

The right culture for a particular company undergirds strong performance while the wrong culture can derail it. “Boards should increasingly be seeking the guidance of CHROs, not merely as advisers on these matters, but as full-fledged team members on the board,” said Mr. Magsig. “Ensuring boards have an ongoing connection to cultural issues should now be considered essential to the board’s role in overseeing and managing risk.”

Not every board member, however, has had exposure to top-performing CHROs, who likely play a more

UP CLOSE

DHR International HR Search Veterans



Mike Magsig is considered a top thought leader in executive search, working with clients to place their transformative C-level executives and board directors. He is also astute at succession plan creation. During his career, he has filled more than 300 C-suite positions at companies including Swiss Re, Broadway Bank, Horace Mann Educators, CNO Financial and NCCI.



Jerry McGrath manages searches for human resources leaders across a vast array of industries and organizations. Clients, in turn, benefit from his more than two decades of global experience in both corporate HR and executive search.

integral role in crucial, enterprise-wide issues than anyone else in the organization, with the exception of the CEO, said the report. In-depth understanding of company strategy and larger industry shifts are givens. Leading CHROs today are business-people at their core who have knowledge and access to all the levers known to accelerate performance. They are experts on shaping a culture conducive to performance excellence aligned with the strategy, including everything from CEO succession to building bench strength at all levels.

They must also possess state-of-the-art knowledge on effective compensation practices designed to reward desired outcomes, as well as recruiting and branding practices geared to attracting top talent, said DHR International. Having a CHRO as a director would help ensure that these critical issues are addressed and managed regularly by the board.

Why So Few CHRO Directors?

It’s not difficult to make a logical argument for having CHROs on boards in a time of rapid business and corporate cultural transformation, but it is still rare to

HANOLD ASSOCIATES® EXECUTIVE SEARCH

We are the preeminent executive search firm focused exclusively on recruiting HR leaders.

We have the speed and agility of a boutique firm and the relationships and sophistication of a large firm.

However, it's not about the model, it's about the focus of the search consultant.

Our focus is on outstanding execution, absolutely crushing the search.

We partner with the most iconic companies, and those who are on their way to becoming iconic.



LEARN MORE
www.hanold-associates.com

see a CHRO director. According to DHR research, only 28 active CHROs are currently serving on the boards of Fortune 1000 companies.

“There are a number of reasons for that, both historical and practical,” Mr. McGrath said. “Since their inception in the early 20th century and until fairly recently, boards have been an exclusive club dominated by CEO members. But that picture has changed dramatically in recent years.”

“For one thing, there are not enough CEOs to populate every board, and for another, as valuable as CEOs still are as directors – prized for their broad knowledge and operating experience – leading boards have learned to appreciate the value of functional expertise on their team,” he said. “Just as any baseball team could not be successful if all members were pitchers or third basemen, no matter how talented, similarly, boards that perform most effectively and provide the greatest value cover a number of functional bases.”

Another reason there are still so few CHRO directors is a lack of appreciation for the professional contribution the best HR executives make to an organization, said Mr. Magsig. “HR has certainly evolved as a function in recent years, yet many CEOs and directors still see HR as the chiefly administrative function it once was – one viewed as impeding rather than enabling progress, as opposed to the proactive, strategic, visionary role the best CHROs now play in their organizations,” he said.

Other functional experts are now common, valued members of the board team. No board could properly, or legally, function without financial experts as members and on audit committees, making CFOs much-sought-after directors. “But CHRO board candidates may be harder to identify, and, further, it is often harder to sell these candidates to boards, especially if they are perceived as lacking the crucial

INSIGHT

5 Steps to Recruiting a Top CHRO for the Board

1. **Tailor traditional criteria.** Requiring prior board experience for example, may eliminate capable candidates. Be ready to work with otherwise highly capable CHROs to fill in gaps and enable them to contribute as members of the board team. Revisit all board recruitment criteria for current relevancy.
2. **Dig deeper into organizations.** Your CHRO director candidates may not be quite there yet. Look a layer down for promising CHRO talent and build relationships geared to future board service.
3. **Sell the opportunity.** The best CHROs may have other board opportunities to consider. Some may be restricted, even prohibited, from serving on other companies' boards, while others may want reassurance that they will be able to participate as equal members of the board. Be ready to make the case for why serving on your board presents an excellent opportunity that will enhance the CHRO's development as a leader.
4. **Prepare the board to accept diversity.** Help directors adapt to changing board membership by discussing the strategy behind board recruitment and what the board and the company stand to gain from increased diversity.
5. **Provide onboarding.** Especially for first-time directors, onboarding is essential to assimilation onto the board. Mentoring by a veteran director may serve, but there are also many external director education programs geared to new directors learning the basics of corporate governance.

Source: DHR International

broad business experience and acumen required in any director, as well as prior board experience," Mr. Magsig said. "Needless to say, any director filling a needed functional expertise spot on the board must bring the same level of business judgment to the table as others on the board, as they will be weighing in on myriad issues and decisions, not merely those that touch specifically on their expertise.

Recruiting CHROs to Boards

Finding a CHRO for your board who is a good fit and will add value to the company and existing board

takes work and a strategy carefully tailored to your individual board, said the report. The best place to start when considering adding directors to the board, including a CHRO, is with the company strategy.

"Begin by trying to isolate specific challenges that the strategy suggests down the road," Mr. McGrath said. "Perhaps a merger, acquisition, or spin-off is planned, where having the right people matched with key roles will be paramount to success. Perhaps there's something else that will require organizational change and the cultural expertise to make it work. Or perhaps it's the now perennial board priorities of CEO succession planning and executive compensation—more complex than ever with recent changes in the law."

Look to other companies, be they in the same industry or an industry that has already dealt with similar challenges, and examine the background and experience of the CHRO, said Mr. Magsig. "Further investigation may help reveal how valuable a resource the CHRO was to his or her own board and whether external board experience is documented," he said. "In most cases, however, there won't be prior board experience given the still small number of CHROs serving on boards."

In reality, adding CHROs to boards is yet another aspect of a broader diversity challenge boards are facing. "The underlying premise of that broader diversity, which many have referred to as diversity of thought, is that boards that comprise diverse teams – by ethnicity, geography, gender, age, and functional expertise—are far more effective and provide greater value than those where members are more homogeneous," said Mr. Magsig. "Diversity of thought leads to richer discussions, more creative solutions and better decision-making."

That doesn't mean change is easy. "One corporate governance expert likened change on corporate

boards to watching a glacier melt at 32 degrees,” said Mr. McGrath. “Even assuming the temperature has been cranked up to 38 degrees, change is happening, albeit somewhat more slowly than many would hope.”

“Acceptance and embracing of all shades of diversity are accelerating. It’s here to stay, not merely because of external pressure, but because boards themselves now realize what an asset true diversity represents.”

No Better Time

It can be risky, of course, to add directors who may have no proven track record of previous board service, but that risk can be greatly mitigated both before and after recruitment. “During the recruitment process, through rigorous interviewing and referencing, the nominating committee and board chair can thoroughly vet candidates, including for fit with both company and board culture,” said Mr. Magsig.

“Once recruited, to ensure a new director – particularly a first-time director – gets off to a good start, build in adequate orientation and training, including the possibility of a veteran director as mentor,” he said. “That acceptance of a new director, who may be different from previously recruited

directors, is an important message to send to both prospective additions and to the current board. Some CHROs we’ve spoken to are sensitive about being pigeonholed merely as HR experts when they hope to contribute more broadly alongside those they anticipate will be director peers. And we have heard from directors that it is often the newest member of the board team, viewing information through a fresh set of eyes with no assumptions, who asks the most important questions at board meetings.”

The authors said it is surprising how few boards as yet are leveraging the expertise of CHROs, especially given the many organizational and cultural challenges companies must increasingly deal with, as well as primary board duties of succession planning and executive compensation. “Wise boards will turn this to their advantage, attracting top CHRO talent as directors while there is still a plentiful supply,” said Mr. McGrath. “And because the HR function has served as a route up for many women, it’s not unlikely that in recruiting a CHRO, boards can simultaneously enhance desired gender diversity.” That in itself creates another challenge, and more big business, for recruiters across the sector.

SECTION 4

Diversity Mandates Creating
Competitive Advantage for Recruiters

SECTION 3

Diversity Mandates Creating Competitive Advantage for Recruiters

Diversity starts at the top of every organization – that’s the hope at least. According to recruiters polled in a recent survey conducted by **Hunt Scanlon Media** that oftentimes means it begins in the boardroom. Diverse boards make better decisions and lead to improved company performance, said respondents.

Yet despite the research, the validation and the prodding by institutional investors, a revealing 1,805 companies out of 3,192 companies from the Fortune 1000 and Russell 3000 in a gender diversity index created by **2020 Women on Boards** have zero or just one woman on their boards. The case is similar for African-Americans, Hispanics and Asians as well.

Competitive businesses, sports teams, non-profits, and government agencies all understand the importance of diversity. Research shows that organizations that unleash the power and potential of diverse talent innovate faster and see better results. It starts by attracting proven talent with diverse perspectives, experiences and contributions, then building and nurturing an environment where everyone can do their best work. That’s where recruiters come in – and it’s where they can make the biggest and most profound impact on setting a going concern on the right trajectory. In the process, their focus on diversity gives recruiters a competitive advantage that no other functional capability can do. Diversity matters.

HELP WANTED

Chief Diversity Officers

It is not just the business world that is turning to executive search firms to find diversity leaders. In just the first few months a slew of educational institutions have unfurled their own chief diversity officer searches, including Syracuse University and ArtCenter for College Design. Both assignments were awarded to **Witt/Kieffer**.

DePauw University in Greencastle, IN, is another. It tapped Chicago-based executive recruitment firm, **Carrington & Carrington**, for assistance in finding its next diversity leader. The search firm, founded 40 years ago, specializes in the recruitment and placement of African-Americans, Latinos, women, LGBT and other diverse professionals. It ranks as one of the most respected African-American-owned search firms in the nation.

Two years ago, Carrington & Carrington snared Major League Baseball's diversity head, Wendy Lewis, to serve as vice president and global chief diversity officer for McDonald's, in what some recruiters have pointed to one of the most important global chief diversity officer roles in the nation. Ms. Lewis ranked among MLB's highest rated black executives and her poaching is considered to be one of Mr. Carrington's crowning professional achievements.

Guiding a Diversity Agenda from the Top

To meet the needs of an increasingly diverse society, many organizations have developed executive positions to guide their diversity agendas – and once again we see executive recruiters stepping up with top drawer talent. Chief diversity officers have responsibility for guiding efforts to conceptualize, define, assess, nurture and cultivate diversity. Duties may include affirmative action and equal employment opportunity, or the constituent needs of minorities, women and other social identity groups.

Surprisingly, just 20 percent of Fortune 500 companies now employ diversity officers. But according to executive recruiters who specialize in landing them, there is an intense hunt underway as more and more top companies seek these key C-suite leaders.

The most recent global business icon to bring in a recruiter to help it find a new diversity leader is Italian fashion house **Gucci**. It just announced a major push to increase diversity hiring as part of a long-term plan to build cultural awareness at the company. The decision to launch the search follows an uproar over the creation of a sweater that seemed inspired by blackface. Gucci said it will hire a global head for diversity and inclusion, a newly created role that will be based in New York.

Chicago-based **Hanold Associates** is leading the assignment. Gucci said it wants a leader with extensive experience in developing and successfully implementing diversity and inclusion strategies and programs at the global level. Neela Seenandan and Jason Hanold, co-CEOs and co-managing partners, along with partners Keri Gavin and Sonia Nagra, are teaming up to find the new leader.

Gucci's move is similar to rival **Prada**, which announced a diversity council after apologizing and withdrawing bag charms from the market that resembled black monkeys with exaggerated red lips. Critics denounced the product as racist. Other fashion leaders, including **Burberry** and **Dolce & Gabbana** have also had their own run-ins with similar culturally insensitive episodes.

Hiring Talent Unlike Us

Guiding any diversity agenda from the top makes good business sense – but in the boardroom it often turns into a sticky wicket. In order for boards to become more diverse, nominating committees should initiate a few new hiring approaches, said Carrie Pryor, managing director of executive search firm **Greenwich Harbor Partners**.

"One of those might be to expand beyond the informal process of using the personal networks of existing board members to source potential candidates." That, she said,

DIVERSITY RECRUITING

Buffkin/Baker Lands Diversity Head for Dalton School



Executive recruitment firm **Buffkin/Baker** has helped place the new director of diversity, equity and inclusion (DEI) for the Dalton School in New York City. Domonic Rollins comes to the private, college preparatory school from Harvard University, where he worked in the president's office as a strategist and advisor on diversity, inclusion and belonging, and as senior diversity and inclusion officer at Harvard's Graduate School of Education. He starts his new job this summer.

Nathaniel J. Sutton, partner and head of Buffkin/Baker's non-profit recruiting practice, led the assignment.

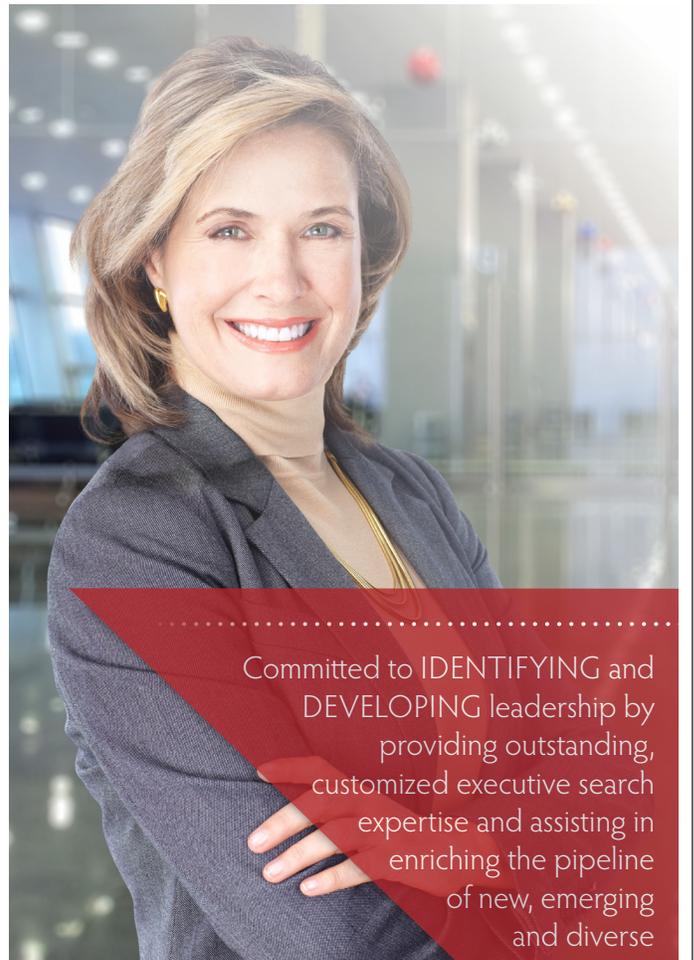
only results in the nomination of like-minded individuals and the perpetuation of outdated networks. "Nominating committees should use the hiring opportunity to have a neutral third party assess the qualities and experiences of existing directors and find people whose backgrounds are additive," she said. These new directors, presumably, will have different approaches to problem solving and framing critical issues.

"We always tell clients that pursuing candidates with strong functional expertise, whether it is marketing, operations, international or digital, or any other skill set, will make the board stronger when it is analyzing a problem and determining how to proceed," Ms. Pryor said.

Having more than one or two retired CEOs who are not actively involved with on-going businesses makes a board less effective, she added. "One or two retired CEOs can serve as consiglieres to the current CEO – but more than that number reduces the number of directors who are facing real world, day-to-day challenges of managing a business." The added plus, she noted, is that functional leaders have a greater chance of being diverse in terms of ethnicity and gender.

ACADEMIC SEARCH

Identifying leaders for higher education since 1976.



Committed to IDENTIFYING and DEVELOPING leadership by providing outstanding, customized executive search expertise and assisting in enriching the pipeline of new, emerging and diverse leaders.



AALI

As the subsidiary of the American Academic Leadership Institute (AALI), Academic Search provides significant funds each year to AALI so that it can deliver **professional development** programs to educators who have been nominated by their campuses to enhance their leadership potential.

WWW.ACADEMIC-SEARCH.COM

202.332.4049



WE FIND
**INTERESTED,
QUALIFIED
TALENT.**

Discover how at
iqtalentpartners.com

CULTURE BUILDING

Building a Comprehensive Strategy

KOYA | LEADERSHIP PARTNERS

At Koya Leadership Partners, diversity, equity, and inclusion have always been

deeply held values. The firm has woven these values into its internal hiring and culture-building systems, and work with its executive search clients to implement recruiting strategies with a focus on essential diversity and inclusion practices.

But the firm recognizes that recruiting is only one element of a comprehensive diversity strategy. Also needed are wholesale commitment and action starting at the top of the organization, which for the nonprofit sector means the boards of directors.

96%

of organizations believe diversifying their board or executive committee is a key objective

yet only

24%

have taken crucial action steps to increase levels of diversity within their board of directors



What's behind the governance gap? And what can we do about it?

“We strongly recommend raising the number of diverse candidates to a minimum of three people,” she advised. “The highest performing boards mirror their customer base. This truism applies to companies across all industries and geographies.”

Sending a Clear Message

Katherine Young, president and managing partner of boutique recruiting firm **Young Search Partners**, said that “companies with women on their boards have higher returns on investment, lower relative debt levels, higher stock valuation and higher average growth. Companies with at least one to three women directors on their corporate boards perform better on a range of measures, including more ethical corporate governance practices.”

“Companies with women directors and executive officers send a clear message to their shareholders

and employees that they value diversity and experience,” Ms. Young said. “Women bring different and valuable perspectives to the challenges faced by corporations. Diversity of thought leads to innovation and better decision-making.”

One noticeable trend within the D&I sector is the need to build out boardrooms with diverse candidates. “Diversity in the boardroom is important because boards need to be challenged in their thinking, their decision making, and continue to evolve and grow as stewards and leaders,” said Becky Heidesch, founder of **WSS Executive Search**, a women and diversity owned executive search firm. “You cannot have growth and innovation in any capacity if everyone thinks the same way.”

BY THE NUMBERS

What Drives Board Diversity

52% agree that board diversity efforts are driven by political correctness

48% say shareholders are too preoccupied with diversity.

Source: PwC's 2018 Annual Corporate Directors Survey

So what gets in the way of building a diverse board? There can be a misconception that there is a lack of qualified diverse candidates. While diverse candidates may not always be conspicuous, with some diligence and intention they can be identified and recruited. When companies rely on their own networks for new board candidates, they will likely end up with individuals much like themselves.

“I think that in order for corporations to remain relevant in an increasingly competitive world, directors cannot ignore the crucial role that diversity plays in governance, particularly in the boardroom,” said Eral Burks, CEO of **Minority Executive Search**. “Companies that fail to source talent from the growing

talent pool of diverse, well-educated and ambitious individuals run the risk of limiting value creation, compromising sustainability and undermining their long-term competitiveness,” he said. “This is an advantage for companies that recognize the importance of embracing board diversity. CEOs often say, ‘We want our employees to represent what our customers look like.’ So, why not at the board level?”

CHRO Influence Expands in Promoting Diversity

Plenty of organizations say they are looking to change the makeup of their workforce in terms of ethnicity, gender, sexual orientation and age, but in the end many fall far short, according to recruiters in the Hunt Scanlon survey. In 2018, the view from the C-suite and boardroom still looked nothing like the ethnically and racially diverse world outside.

The importance of diversity to team and company performance should by now be a given, yet the nationalism that fueled the Brexit decision and the election of President Donald Trump is reminding HR leaders on both sides of the Atlantic that progress on diversity cannot be taken for granted, this according to a recent report by **Heidrick & Struggles**.

“If companies are to reach an increasingly diverse population of customers, suppliers, and partners – or, for that matter, if they are to do the right thing – then CHROs must be more prepared than ever to instigate difficult conversations in the following three areas,” said Billy Dexter, a partner in the search firm’s Chicago office and its Americas regional diversity leader.

1. Are we meaningfully involved?

Diversity is a big bucket. “Too many companies have a fuzzy definition of which communities, precisely, they want to connect with – let alone have a familiarity with them,” said the Heidrick report. “By contrast, forward-looking companies have specific communities in mind and engage with them directly.”

2. Who's in our pipeline (and do we have one)?

The talent pipeline is key, but many companies are hindered by inherent biases. "To fill your pipeline with black, Asian and minority ethnic (BAME) talent, start with an understanding that the journeys of these employees will be different from those of white employees," the report said.

3. Do our diverse colleagues want to stay?

Many companies assume that top talent will rise in a meritocracy, but a combination of company culture, unconscious biases and other factors often prevents this from being the case, said the report. "A true commitment to building a diverse workforce, from the front line to the C-suite, starts with an honest reflection on why the company doesn't look like its customer base," said Mr. Dexter, who assists clients in creating diverse leadership teams. "The CHRO will be best placed to spark such conversations within the executive team and across the company," he noted. By combining sincerity, authenticity, and, above all, consistency in their diversity efforts, CHROs can help their organizations become more inclusive – a result that benefits business and society alike."

Diverse companies attract and retain top talent, improve performance and innovate quickly, Heidrick's report noted. "Diversity in gender, ethnicity, sexual orientation and backgrounds brings together different insights and perspectives that uncover new paths to solving familiar problems."

How Diversity Promotes Innovation

Having the right talent, with the right skills, is the foundation of success for any business. Regardless of their size, 21st century companies are desperate for educated, highly skilled, knowledgeable employees who possess the skill-sets that will ensure the business remains viable and sustainable into the future.



Strategic Partners in Executive Search

Since 1969, Witt/Kieffer has worked in close collaboration with organizations committed to improving the quality of life. As trusted and knowledgeable advisors, we partner with clients to find senior leaders to meet challenging strategic, operational and cultural needs.

Witt/Kieffer's 50 years of excellence in executive search means that our clients receive exceptional service, a customized approach to each assignment, and high-quality outcomes.

Spotlight

Egon Zehnder Offers 7 Steps to Improve Diversity

Egon Zehnder offers seven steps for creating a more diverse board. In working with hundreds of nominating and governance committees around the world from a wide range of industries, the global search firm finds that the boards that have made the greatest strides follow many, if not all, of the seven steps listed below:

1. **Prioritizing Diversity from the Top**
2. **Critically Assess the Board's Current Nomination Process**
3. **Leverage the Focus On Board Composition**
4. **Think Far Ahead**
5. **Take a Hard Look at Board Culture**
6. **Have a Solid Onboarding Process**
7. **Tend to the Pipeline Issue at Home**

Equally important is being able to advocate for oneself and gain exposure within the decision-making circles that count in the boardroom.

At the same time, however, companies must be committed to continual innovation. In times of great change, competition and uncertainty, businesses without new ideas will only fall behind, said Stephen Dallamore, global chairman of **AltoPartners** and managing director of **Search Partners International** in Johannesburg.

“Businesses need to continue to evolve and be innovative to survive, and tapping into diversity of thought and skills within all businesses is one of the best ways for businesses to generate new ideas,” he said. “Great solutions come from simple ideas that have the power to spark major shifts in the business — like Uber and Airbnb. These are the building blocks needed to deliver sustained innovation.”

But innovation is not just about doing different or new things, he said, but it is also about doing the same things differently or having a simple idea that disrupts a traditional industry.

Silo Thinking

Mr. Dallamore knows his subject matter well. In 1977, he left the legal profession and started a partnership business called Mast South Africa. Mast was the largest corporate training group in South Africa and was listed on the Johannesburg Stock Exchange in 1987. A decade later, he and three Mast colleagues started Connemara Consulting, a change management consultancy. About a year after that, Mr. Dallamore joined listed company MDM Growth Investments, 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. He was appointed managing director in 2004.

AltoPartners, where he serves as chairman, is an international alliance of independent executive search firms. It has 52 offices across 31 countries in the Americas, EMEA and Asia-Pacific.

Mr. Dallamore looks askance at “one of the failed new rules of today’s economy,” that says people are expendable and that their labor – “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,” he said. “The challenge is 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.”

A business that lacks an appreciation for the value of diversity, whether it be culture, opinion or skill, risks falling behind in the quality and quantity of the ideas it generates. “Boards and the C-suite with a lack of diversity will fall into silo thinking,” said Mr. Dallamore. “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."

Stronger Boards

He cites Nokia's former executive team, which was 100 percent 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," said Mr. Dallamore.

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. Mr. Dallamore quotes his colleague, Kevin Hall, managing partner at **AltoPartners Canada/Bluestone Leadership Consulting**, who recently looked to the leading companies of years gone by — Blackberry (RIM), IBM, Digital Equipment, Compaq, Xerox, Kodak, AOL and Wang — and asked, 'Why are so many of them minor players today? Where are they now (and why)?'

BY THE NUMBERS

A War of Attrition

Despite significant investment, women lead only...

...**4%** of the world's banks, **3%** of food processing companies, and **6%** of the world's largest pharmaceutical companies

Source: Leathwaite

On the other hand, said Mr. Dallamore, 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," he said.

Q&A

Why Diversity Matters



David Windley is president of IQTalent Partners, an executive recruitment firm based in Los Altos, CA. Prior to joining the firm in 2014, he was CHRO at Fusion-io and Yahoo! Mr. Windley also held executive HR positions at Microsoft, Intuit and Silicon Graphics. He is currently a board member at the Tennant Company and Society for Human Resource Professionals.

In the following interview, Mr. Windley explores why diversity and inclusion are of paramount importance to 21st century organizations — which are focused on people more than ever before.

David, why is D&I so important to organizations today?

Many studies have shown that innovation and good solutions are enhanced when diversity exists in teams...diversity of perspectives and thought. Currently, the imperative for creating a diverse and inclusive environment for U.S.-based organizations has been amplified because of two major trends: the globalization of the workforce & customers; and the Millennial generation is more diverse than any previous generation. Bottom line, the world we operate in is more diverse.

How do Millennials play into this?

Millennials are the most diverse generation in the history of our country. That is translated into what we should see in today's workforce. A report from the Brookings Metropolitan Policy Program reveals that Millennials, now 44 percent minority and America's largest generation at 75 million strong, is set to serve as a social, economic, and political bridge to the future (and increasingly racially diverse) generations. The report says that racial and ethnic minorities make up more than half of the Millennial population in 10 states, including California, Texas, Arizona, Florida, and New Jersey — and in another 10 states, including New York, Illinois, and North and South Carolina, minorities comprise more than 40 percent of Millennial residents.

What can companies do to attract more diverse employees?

The main thing that companies can do to attract more diverse employees is to ensure that they have an inclusive work cultural and environment. Your employer brand is important. Many diverse candidates will research the work cultures of prospective companies. They understand that it is not about getting the job, but being successful at the job and an important factor in success is an inclusive work culture.

Koya Leadership Partners is all about talent.

We identify, curate, and support exceptional leaders, and connect them with mission-driven organizations and responsible businesses in local communities and around the globe.

KOYA
LEADERSHIP
PARTNERS



www.koyapartners.com

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,” said Mr. Dallamore. “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. Ongoing value needs to be identified, quantified and embraced.”

Caldwell Launches D&I Advisory Council

Many search firms have decided to respond to the growing importance of diversity by bolstering their own diversity and inclusion practices and appointing new leaders to oversee them. Over the past year many of the biggest search firms have made changes to their diversity and inclusion organizations.

Diversity and inclusion efforts are underway at three prominent executive search firms, reflecting both their clients and the workplace they serve to populate:

Caldwell, Korn Ferry and Heidrick & Struggles:

At Caldwell, the search firm has just launched a D&I advisory council, aimed at providing strategic insight, external accountability and expert guidance for clients in developing diversity & inclusion strategies and programs, and aligning goals, people and processes.

“Countless studies and statistics have been published showing the positive impact that diversity, inclusion and equality in the workplace have with respect to performance, creativity and innovation, and superior financial results,” said Chris Beck, the firm’s chief operating officer. “Yet, even in this age of increased awareness, not all companies know how to approach

hoggettbowers

people who shape your future



Hoggett Bowers is all about making a real difference to our clients and their businesses. We are passionate about recruitment and we are proud to represent those clients we partner with.

Working in specialist practices, we are in a league of our own – large enough to have the knowledge, resources and wide-ranging expertise to operate globally but not so large we have lost the flexibility and the individual care our Candidates and Clients warrant in order to help shape their futures.

www.hoggett-bowers.com

PIONEERING WORK

Establishing a D&I Advisory Network



Caldwell has added three pioneering leaders in the D&I space to a steering committee to oversee the offering and advisory network:

Subha Barry

As president of Working Mother Media, Ms. Subha oversees Working Mother magazine, workingmother.com, Diversity Best Practices and the National Association for Female Executives. Prior to that, she was senior vice president and chief diversity officer at Freddie Mac and MD and global head of D&I at Merrill Lynch. Ms. Subha also serves on select boards aligned with her passions – education, cancer research and the advancement of women and girls.

Dionysia Johnson-Massie

As a shareholder at Littler Mendelson, Ms. Johnson-Massie is a founding member and past co-chair of the firm's award-winning D&I Council, founding co-chair of its Women's Leadership Initiative and strategic contributor to its diversity and inclusion practice group. She focuses on federal and international employment discrimination litigation and matters and also strategic compliance issues, including diversity and inclusion strategies with executives and boards. Littler Mendelson has over 1,500 attorneys in 80 offices and is the world's largest employment and labor law practice representing management.

Todd Sears

As founder and principal of Out Leadership, the global LGBT+ business network trusted by CEOs and multinational companies to drive return on equality, Mr. Sears began his career as an investment banker before moving to Merrill Lynch to become a financial advisor. There, he created the first team of financial advisors on Wall Street to focus on the LGBT+ community and brought \$1.5 billion of new assets to the firm. Mr. Sears then moved into diversity leadership, pioneering equality initiatives first at Merrill Lynch and then at Credit Suisse.

diversity and inclusion programs effectively. There is also a shortage of executives with real-world experience leading initiatives in this rapidly-evolving space, making it easy to see why so many companies are seeking strategic support on their D&I programs.”

The Caldwell D&I council, he said, leverages the firm's relationships with established sitting executives and renowned thought leaders to deliver bespoke advice tailored to each client's unique culture and goals. The

firm combines multiple advisors with complementary niche expertise to deliver evolving solutions.

New and relevant advisors can be rotated on a client's council as their program grows and needs change. Available capabilities within diversity and inclusion include D&I strategy and implementation

guidance, organizational design, talent acquisition, workplace advancement programs, employee/business resource groups (ERGs/BRGs), global workforce & public policy, coaching and mentoring (CDO/CHRO/management), legal landscape and advice, and education and training programs.

Q&A

Diverse Teams Lead to High-Performing Organizations



Frank Schelstraete



Jakob Stengel

Businesses have been forced to adopt strategies with a focus on diversity and inclusion. Executive search firms have responded to this growing demand of diversity throughout the industry by shifting their focus to provide companies

with more diverse teams throughout an organization which has in turn led to increased growth and better performance.

In the following interview, chairman Frank Schelstraete and Jakob Stengel, leader of the Ww board practice group – discusses how diversity can facilitate growth in a business, how increased diversity correlates to better performance, and offers a few trends for the coming years caused by an increased focus on integrating a more diverse staff into a company. He then suggests a few things that boards should already be doing as well as what they should continue to do moving forward.

Why is diversity and inclusion so important to the growth and development of a business?

In a world requiring rapid change, an effective D&I strategy aims to create high-performing teams in all organizations: general diversity – in ethnicity, age, gender, (dis)ability, sexual orientation, education, religion and race represents a source of diversity in perspectives, vision and knowledge that draw the pathway to more creative thinking. People from diverse backgrounds working in inclusive organizations can impact their workplace in a non-conformable way, with new ideas and views. We know from several academic studies that heterogeneity is a strong driver for a more innovative approach as well as for better risk management.

Does board & C-suite diversity correlate to better performance, and if so, how?

When talking about board diversity we usually refer to a more balanced gender ratio. It's a proven fact that female leadership behaviours effectively complement the traditionally male-driven organizational culture, and achieving gender equity is now on

the agenda of several corporations worldwide. Some of what we consider to be among the world's most reliable sources like BlackRock, IMF, MSCI, State Street, McKinsey & Co, BCG, Credit Suisse, Catalyst and many more have found undeniable, positive correlation between a company's level of gender diversity at board level, executive management and extended senior management and the company's financial performance.

How do you expect diversity and inclusion to continue to impact businesses in the coming years?

Diversity, openness, inclusion and transparency are vital elements for economic growth, development and wealth – not just aspects related to ethics or social issues – and the corporate world has started to consider them as a lever for success in a positive, direct, authentic way. We expect that this mindful approach will grow higher. We see the push for more diverse boards getting increasingly stronger – also from within the boards themselves.

What should boards be doing now?

Well, increasing diversity seems self-evident. However, acknowledging that this will be a process over at least a few years, there are well-proven measures that boards can easily adopt, like establishing a diversity committee and adopting a board diversity policy. By nature, boards are cautious and have been hesitant to adopt formal policies on diversity as well as to establish formal diversity committees. Many boards try to have it both ways, publicly endorsing board diversity while declining to adopt a formal diversity policy. Clearly, this approach will no longer be sufficient.

And going forward?

Going forward, adopting a board diversity policy will be encouraged by investors and considered a best practice. The chair of a board's nominations and governance committee should lead the committee, with the input of other directors, in creating the board's diversity policy. Two elements that investors will look for in reviewing diversity policies are 1) an annual report on the effectiveness of the diversity policy and 2) detailed disclosure of the current diversity characteristics of the board.

The council also takes on different roles and responsibilities, depending on the client’s needs. From mentoring a high-potential employee promoted into their first chief diversity officer role to consulting with a company who is not ready to commit to a full time D&I role but in need of a D&I strategy roadmap, Caldwell can put together a bespoke council to support the organization’s unique needs.

“We are focused on our primary purpose, which is to enable organizations to thrive and succeed by helping them identify, recruit and retain their best people,” said Caldwell chief executive John Wallace. “Businesses in every area of the economy are rethinking how best to use talent and leverage it in different ways to create tangible financial value, and Caldwell is on the forefront of this changing dynamic. We believe this expansion of our capabilities will help deliver long-term value by providing strategic insight, external accountability, and expert guidance in helping our clients to develop strategy and programs, and align goals, people and processes.”

Korn Ferry Names D&I Global Leader

Meanwhile, at Los Angeles-headquartered executive recruiter and leadership consultant Korn Ferry – the largest in the Americas and globally as ranked by Hunt Scanlon Media – the firm appointed Alina Polonskaia as global leader, diversity & inclusion solutions. She will be based in Toronto. “I am very excited about the impact Alina will have for our firm in the D&I space,” said CEO Mark Arian. “We are committed to helping clients have a positive impact on their workforce with newer and better approaches to diversity and inclusion. The addition of Alina will only help accelerate our efforts in this space.”

Ms. Polonskaia joins the firm from global organizational management firm Mercer, where she was a global leader of its diversity & inclusion executive peer networks. As part of her role, she

Bridging the Diversity Gap on Boards

Next-Gen Leaders: Advancing Women to the C-Suite

NOVEMBER 6, 2019 – HARVARD CLUB OF NYC



PREPARING A NEW GENERATION FOR EXECUTIVE LEADERSHIP

A stubborn paradox exists within boardrooms across America. Companies are appointing more women to board seats than ever before, yet the overall share of women directors is barely budging. While business leaders have gotten the clear message that diversity matters in the workplace, it is equally clear that **current methods of sourcing and selecting candidates is falling short.**

Peggy Alford, a senior executive with **PayPal** who was just elected as the first African American woman to join the nine-member board of social media giant **Facebook**, joins Hunt Scanlon Media in New York on November 6 to examine the disconnect between the business community’s intent to achieve greater equality on their boards and the realization of attaining that goal.

She will explore why **every company needs to cultivate a culture of inclusiveness** and she will outline steps for companies and recruiters to take to boost diversification at a faster rate.

Join Peggy at ‘Next-Gen Leaders: Advancing Women to the C-Suite!’ Women business leaders are looking for fresh pathways to the top . . . to help them get there we will draw on her expertise as well as top HR, talent, recruitment, and C-suite leaders from other blue-chip brands, including **IBM, The New York Times, Flyers, PayPal**, and a host of others.

SPONSOR OR SIGN UP TO ATTEND TODAY!

engaged senior HR and D&I executives from Fortune 500 companies across various industries. Before that, she was a principal with Oliver Wyman where she was focused on organizational transformation, and organizational effectiveness.

Heidrick & Struggles Commits to Diverse Candidate Supply

Heidrick & Struggles, a chief rival to the other two firms promoting D&I initiatives, has also stepped up its diversity game. The Chicago-headquartered recruiter reaffirmed its commitment to promoting diversity in board of director searches globally by agreeing that at least 50 percent of the initial slates of board candidates presented to clients will be diverse over the totality of the year.

Bridging the Gap

Developed in collaboration with Stanford's Rock Center for Corporate Governance, Heidrick's pledge is designed to increase the number of women and members of underrepresented groups considered by boards. "Now is the time to make public what we have been driving as a firm globally," said Krishnan Rajagopalan, president and CEO of the firm. "Today, we are making a pledge to our clients, candidates and employees: We commit that a minimum of half of the initial board candidates presented to clients globally on an annual basis will be diverse."

To accelerate this effort, Heidrick will identify and interview diverse director candidates, with an emphasis on prospective directors who have not previously served on a corporate board. Each year, the firm will measure results and seek new ways to broaden and enhance global diversity efforts across each board search.

"Our firm is committed to fostering a talent landscape as diverse as the world we live in to better serve our clients and represent our employees," said Mr. Rajagopalan. "As advisors to boards all across the globe, we recognize that identifying a diverse slate of candidates is an imperative and delivers on the deeper purpose and values of our firm."

"In the past year, 52 percent of our board of director placements in North America have been diverse," said Bonnie Gwin, vice chairman and co-managing partner of the global CEO and board practice at Heidrick. "This is an opportunity to build momentum globally by presenting the most diverse board options to our clients around the world."

Today, there is no talent shortage of diverse and qualified candidates, and there are many exceptional female and ethnically diverse executives who would make highly effective directors, she said. "Our latest data from the Heidrick & Struggles Board Monitor suggests that boards are shifting their refresh rates and opting to broaden the views, background and overall composition of the board to enhance diversity."

At Heidrick & Struggles, affinity groups for women, professionals of color and LGBTQ are giving people a chance to share experiences, mentor, advocate and engage internally as well as with external networks. The firm's regional diversity councils are charged with identifying critical issues on a local level and creating solutions tailored to each challenge and culture. Heidrick said that its "leaders foster and inspire an environment that celebrates difference. Their individual beliefs and passion for diversity reach beyond the firm." Search firms take note.

SECTION 4

AI Ushers in Big Opportunities
For Executive Recruiters

SECTION 4

AI Ushers in Big Opportunities for Executive Recruiters

Artificial intelligence is poised to become one of the most important business disruptors of our times. But too often people look only at the potential downsides of machines simulating human intelligence and overlook the positive impact and value that AI stands to deliver, particularly when it comes to organizational culture.

Once feared as making the role of the recruiter impersonal and robotic, AI is actually an empowerment tool, giving recruiters reams of new information they need to source and hire higher-quality professionals. Those are the findings of a global **Korn Ferry** survey of close to 800 talent acquisition professionals.

Nearly two-thirds (63 percent) of respondents said AI has changed the way recruiting is done in their 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 timely manner.

According to the 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 Zabkowitz, 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.” In the end, it all means big opportunities for recruiters.

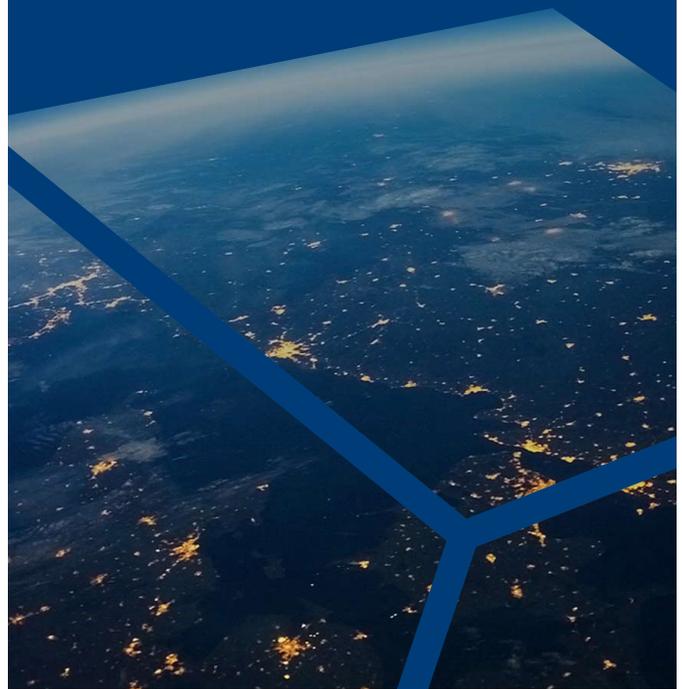
Making Placements Faster and with More Precision

AI is able to eliminate repetitive tasks that slow down business operations. Speeding up business processes enables recruiters to make placements faster than ever seen before. Along with speed, AI provides cognitive insight into a candidate’s ability to perform a job at a high level, said recruiting specialists who are focused on the power of AI. This will ensure that recruiters are matching the right candidate to the right job, every time. In addition to analyzing and matching, AI will 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, they said.

Franz Gilbert, Korn Ferry vice president of product innovation, said that data for data’s sake was not a solution for smart talent acquisition practitioners. “Recruiters need to refine their skill-sets and work



ODGERS BERNDTSON



Attracting the best talent
and delivering world-
class executive search and
leadership advisory services

62 offices across **29** countries

300+ partners in **50+** sectors

50 years of experience

odgersberndtson.com



GREENWICH HARBOR

— PARTNERS —

At Greenwich Harbor Partners we focus on **Digital Transformation in Media, Technology and Business Services.**

We specialize in recruiting c-suite executives and their direct reports in **General Management, Sales, Marketing, Communications and Customer Success.**

We are passionate about partnering with our clients to find outstanding senior executives with a demonstrated record of producing results.

Carrie Pryor

cpryor@greenwichhp.com
greenwichharborpartners.com

with the right kind of AI tools that will provide them with critical information such as compensation analysis and supply/demand reports on particular job categories in specific regions,” he said. “We use AI to provide hiring managers with tangible insights, not simply industry rules of thumb or anecdotal stories about similar searches.”

“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, 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.” At Acertitude, he said, the firm’s consultants continue to balance a hands-on, ‘human’ approach with data-driven tools and assessments.

Connecting People to Jobs Efficiently

As AI continues to change the recruiting and HR functions, talent acquisition platform **SmartRecruiters** recently released the latest addition to its talent acquisition suite: Recruiting Assistant. Using the latest developments in data science, Recruiting Assistant enables companies to find their ideal fit faster, freeing up recruiting capacity and reducing wasted ad spend. By processing large volumes of both internal company and external marketplace datasets, Recruiting Assistant screens, discovers and automates over a million candidate matches a month with over 3,000 companies globally, including Adidas,

SMART TOOL

Big Changes Coming to Executive Recruiting

NOT ACTIVELY LOOKING

In the past 20 years we have seen the impact of technology in almost every area of our lives – including how we search for work, build careers and manage our personal employment data. But the biggest changes are yet to come.

According to executive matching firm, Not Actively Looking, we can expect to see massive changes in how recruiters build relationships with potential candidates, how headhunters match those people to roles, and how search firms manage the information they hold about people.

IKEA, Visa and Bosch. This tool might be focused on lower to middle market positions, but it is likely coming to senior level and C-suite roles before long. Every executive recruiter will be impacted. Those who master their use of the technology and get a step on the connection are likely to see the greatest benefits.

“Recruiting Assistant heralds a new era for recruiters, where AI connects people to jobs more efficiently than ever,” said CEO Jerome Ternynck. “Drawing from millions of users across thousands of companies, our algorithms can predict what an ideal candidate looks like, at never-before-seen speeds. The machine also undermines inherent human bias, which really drives diversity.”

Artificial intelligence is transforming the face of workforces around the world. For executive recruiters and human resources departments, it has meant a growing number of new, specialized roles to fill and untapped talent to discover.

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. But other experts in the field take the

opposite view, saying AI will create jobs at every level, including highly skilled management positions. By 2020, says Gartner, AI will produce more jobs than it eliminates, with a net gain of two million new jobs by 2025.

AI is also enabling search firms to find and evaluate talent with greater accuracy and speed. New recruitment technology can sift through tremendous amounts of data to identify top prospects exponentially faster than any individual, or team for that matter. Some AI applications, meanwhile, already allow companies to predict how candidates will perform in a role. Others can assess a prospect’s character, or even the person’s honesty. And it can all be tailored for the nuances of any given organization.

Transforming the Search for Talent

Adoption of AI is at a very early stage, according to recruiters participating in a survey conducted by **Hunt Scanlon Media**. But AI and other assorted automated technologies, they said, are about to drastically alter the recruiting landscape and transform the search for talent. Recruiters generally say they see big changes coming in how they operate within this new ecosystem. Behind it all, they say, is how best to correlate, or match, candidates with jobs.

Survey data collected by Hunt Scanlon Media over the past year indicates that demand is rising quickly for greater evaluative and predictive accuracy in hunting down and 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 executive search sector will come to reimagine how

Hunt Scanlon Media presents

SOURCING TALENT WITH AI

How Automated Technologies are Transforming
The Search for People

Not all companies have embraced AI – but if you're in the **recruiting and talent acquisition** sector you know by now how integral artificial intelligence is about to become to what you do.

Hunt Scanlon has teamed up with the 7 best **AI Recruiting** thought leaders and we've captured their secrets on video!

In this amazing series of presentations made to 250 guests at the Harvard Club, they tell you what's here now, what's coming – and everything you need to know about how to adapt AI into your daily life as a talent acquisition leader or executive recruiter.

[ORDER YOUR VIDEO TODAY](#)



Q&A

How AI Allows for Faster Searches



Artificial intelligence and other forms of automation have already begun to transform businesses, and the recruitment firm partners who work with them to find their leaders. For recruiters, AI will mean the end to much of the hands-on, repetitive 'busy work' that goes with the job, allowing for faster searches as well as more time for nurturing relationships, evaluating candidates and pinpointing the best choice for any given role.

In the following interview, Steven B. Potter, CEO of Odgers Berndtson, discusses the impact of AI.

Steve, how will AI change the executive search industry?

In general, I believe AI will bring more opportunities for both employees and employers. It will be easier for all stakeholders to look for new opportunities and better matches as automation will increase effectiveness and also efficiency if applied the right way. As a result, we will have a more dynamic market. Having said that, AI is already today making companies more self-sufficient, specifically in experts and professional recruitments. Executive search, in an AI recruitment world, will still be very much dependent on our professionalism, human touch and expertise in handling high level executive recruitments.

How is AI transforming recruitment?

AI has already changed how recruiting is done today and will continuously do so. Primarily the initial phases are impacted. Searches can become broader and more automated, as high-volume processes like broader candidate mapping and initial screening can be completed in higher volumes and in shorter time frames through automation. Over time, AI will increase accuracy in developing the initial long list of the best potential candidates. This will lead to a better result for all parties.

Is AI better at pre-selection than humans?

Yes, in general, if correctly used. Better in terms of effectiveness and efficiency for high volume processes. AI is not biased, if not programmed to be biased. It's not dependent on the person's performance in that specific moment; it can take more parameters into account and match needs and skills better in order to deliver a good result.

What does the future hold for AI?

More innovation at even a faster pace, impacting much more people across the globe than today. The digital innovation will continue to drive costs down and make products and services more affordable and accessible, which I believe will lead to a higher quality of life.

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 overwhelmingly believe that school of thought. AI, ultimately, will affect each and every recruiter in how they source talent – but it is a fundamentally positive change for the recruiting sector.

BY THE NUMBERS

Corporate Spending on AI

Estimated corporate spending on AI hit **\$12.5 billion** in 2017 and is expected grow to over **\$46 billion** in 2020.

\$9.7 billion of that spending was in the United States.

Source: Russell Reynolds Associates

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."

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.

While they won't sport bionic arms and legs, recruiters will be empowered like never before by technology that makes them smarter, more efficient and connected. The recruiter of the near future will be able to find the right talent with the push of a button and possess the people skills to engage and convert top candidates into employees and workers. And that's not science fiction. In fact, a lot of the innovation is already here.

BY THE NUMBERS

Corporate Spending on AI

In the United States this year, companies will spend over **\$650 million** on salaries for **10,000** jobs related to artificial intelligence.

Source: Russell Reynolds Associates

Tools to automate search and screen are growing smarter and more refined with each iteration. According to Randstad Sourceright's Talent Trends report, candidate relationship management (CRM) platforms are like a Swiss army knife for talent leaders, automating many workflows and centralizing data for greater insights. Artificial intelligence is helping businesses personalize and customize candidate touchpoints to create memorable hiring journeys. People analytics deliver past performance data, but also predict future talent needs. It's easy to assume your life as a human capital leader will become easier. Think again.

“This rapid and powerful transformation may not be a clear win-win,” the report said. “While technology is changing how your business acquires talent, it's also the great equalizer — your competitors will have access to similar, if not the same, tools. This means

Executive Search Teams are achieving amazing things with Invenias



invenias 
by **Bullhorn**

LEARN MORE

Q&A

AI and the Human Touch



In the following interview, Rick DeRose, co-founder and managing partner of executive search firm Acertitude, shares the analytics and Big Data trends affecting the business world, search industry, and his firm, now and into the future. While these are thrilling days for technology, Mr. DeRose is quick to point out that the value of the human touch in executive recruitment and the need to balance data tools with people skills still matters most.

Rick, Big Data and analytics are emerging quickly onto the recruiting landscape. At what point did you identify this as a viable practice at Acertitude?

As business strategy conversations have turned from data to analytics to AI, our people strategy conversations have, too. We first saw these trends garner attention from CEOs in the early 21st century. Today, they're at the forefront of board agendas everywhere. The evolution started with clients adding individuals with these skillsets to a department. Now, we're helping clients build out entire digital, data, or analytics divisions with an executive leader. We also see private equity driving significant investments in this change.

Discuss the analytics talent pipeline.

While there's a growing pool of talented executives in analytics, we nearly always complement our slate with a 'challenger profile' – that is, an A player from a concentric circle who fits the key criteria but brings an outside function or industry perspective. We've found that including a challenger profile sparks some of the best dialogue around fit. Clients are looking for breadth and depth in the slate, especially as analytics becomes a priority for the entire business, not exclusively HR.

How do you work with companies as they build out these areas?

Companies have started looking at the impact of analytics through two strategic lenses: front-end capabilities and back-office capabilities. The impact on HR falls into the latter category. Back-office analytics are fundamentally changing how HR leaders source and qualify candidates; engage, develop, and retain employees; and shape company culture. For example, the head of analytics we're recruiting for a multibillion-dollar consumer products brand

will deploy analytics to identify patterns around top-performing salespeople. On the back end, that data can help talent acquisition predict the future performance and fit of candidates. On the front end, it can help in the research and development of new products for top salespeople, optimizing their revenue generation and providing insights to deepen customer engagement.

Nearly all organizations are being disrupted by digital, analytics, AI, automation and robotics. How has AI impacted the manner in which you recruit talent?

Digital transformation has been – and continues to be – a hot topic. 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. 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.

What's the future look like?

Technological innovation continues to disrupt and reshape markets everywhere. Not only does this mean that standalone roles like the chief artificial intelligence officer will be more prevalent, but it also means companies will come to depend on a mix of human capabilities and artificial intelligence. We're already seeing new titles enter the C-suite as workforce analytics and AI evolve. Some of these new titles 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. 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.

technology alone won't give you an edge. How you use it to accelerate people will. And most of your peers already acknowledge this."

Randstad Sourceright's researchers, which surveyed more than 800 C-suite and human capital leaders in 17 countries, confirms this. The top four

areas that talent leaders said should be mostly or completely automated are: candidate database search (51 percent), tracking HR data/metrics (51 percent), the creation and management of HR analytics (51 percent) and the initial screening of candidates (49 percent).

The Human Touch

“On the other hand, employers believe people skills and the human touch are still important when it comes to other tasks,” the report found. Down-selecting using video interviews (28 percent), interview scheduling of shortlisted candidates (27 percent) and engagement and management of talent communities (26 percent) are the top three functions that employers would like handled mostly by humans. That’s likely because each of these touchpoints provides another opportunity to reinforce personalization during the candidate journey.

“It is worth noting, however, that our data shows mixed feelings about these top areas for human involvement,” Randstad Sourceright said. For instance, while 28 percent said they would like candidate down-selection via video interviewing handled mostly by humans, nearly as many (26 percent) prefer the process to be mostly automated, with some human involvement. The same holds true for interview scheduling, where 27 percent said they prefer humans to manage this process and 28 percent would like to see the process mostly automated, with some human involvement.

“How much of the human touch is necessary depends on a number of factors, such as role types, urgency, volume and more,” the report said. “For example, an employer may schedule interviews with top candidates personally for the value of direct connection, but prefer to schedule initial interviews for an entry-level position using technology to accelerate the process. In either case, automation can help free recruiters from spending time on low-value tasks, allowing them to create stronger bonds with hiring managers and candidates, and resulting in increased conversions.”

Most of the survey respondents believe this as well. Sixty-eight (68) percent said knowledge workers

will be freed up to do more advanced work; and 66 percent said human workers will be more efficient, productive and innovative. Sixty-five (65) percent said the candidate experience will be positively affected, and smart technologies will open up new opportunities for talent. This outlook is further affirmed by 73 percent of human capital leaders, who said smart technologies will have as much, if not greater influence, on their organizations this year.

Here are five ways they say anyone in the field can accelerate their recruitment strategies with technology:

1. Optimize your investments. There are many technologies on the market, so choose wisely. One way to ensure the highest return is to consider any acquisition holistically. Thinking beyond time and cost savings, ask how a recruiting marketing platform or chatbot can lead to greater engagement and higher recruitment conversions. When building a business case, account for all the benefits and costs that might result.

2. Know when to automate. It’s tempting to automate as many steps in your recruitment function as possible, but technology isn’t always the best option for getting work done. Determine which tasks favor the human touch, such as those requiring empathy, a white-glove experience or subjective interaction. Also, consider that some technologies may be too cost-prohibitive at this point. (Over time this will likely change.) For those that currently don’t make sense, revisit their viability in six months, since technology development is accelerating all the time.

3. Seek help for clarity. Human capital leaders are being asked to be experts across many areas: processes, operations and the business, to name a few. Adding technology to the growing list is just one more demand asked of you. Look for support when it makes sense. You can gain the insights

you need from industry analysts, professional organizations, technology vendors, and your talent strategy or outsourcing partners. A recruitment process outsourcing (RPO) or managed services provider (MSP) will likely have deep expertise and the implementation experience you need to help facilitate your investment.

4. Help your teams transition. One of the most promising aspects of smart technologies is their ability to free up your workforce to focus on more strategic and value-added services. Help your workers redefine their roles post-implementation to keep them engaged and productive. Explain how tools will help them shift their focus to create greater value to recruitment outcomes.

5. Don't forget the candidate. If your goal is to enhance recruitment conversions, make sure your technology strategy also accounts for the candidate experience. Tools that enhance communication, make the application process easier, provide status tracking, serve content and engage job seekers in other ways should be part of your investment road map. Not only will these technologies help to create a more memorable hiring journey for talent, but they will surely improve your overall employer brand too.

Technological Innovation

“There has never been a better time for employers to explore the possibilities that technological innovation can bring to their recruitment processes,” said Michel Stokvis, managing director of the Randstad Sourceright’s global talent innovation center. “It is now so much easier to source and screen talent, but at the same time, there’s an added level of complexity. This requires companies to consider the overall hiring experience, and, more specifically, to determine the best mix of tech and touch to improve recruiting outcomes.”

WILTON & BAIN

A new perspective

We are a global search firm and talent consultancy, but we think like a growth business.

Our diversity of ideas and approach matches your ambition and innovation,

With Wilton & Bain there is no groupthink, just the constant pursuit of greatness,

That’s because we nurture clients, candidates and our own people so we all benefit.

We are Wilton & Bain.

Find out how to bring new thinking to your global search needs.

newperspective@wilton-bain.com

WHEN YOU REQUIRE ONLY THE BEST PEOPLE TO BREAK AWAY FROM YOUR COMPETITION

BLNelson Group EXECUTIVE SEARCH CONSULTANTS

BLNelson Group draws on their proven Business Intelligence Technologies, Databases, and Processes. We achieve unparalleled results in Finding, Recruiting, and Placing the Best Talent available.

We bring expertise and experience in finding the “Right People” for our clients.

INDUSTRIES SERVED

Financial Professional Services • Banking
Construction • Technology • Health Care
Not for Profits • “C” Suite Executives
Private Equity Portfolio Management

BLNelson Group LLC
Executive Search

“People are not your greatest asset. The “right people” are!”

- Blaine L. Nelson
President & CEO

www.blnelsongroup.com
214-632-7500
info@blnelsongroup.com



Alya Abdoun senior manager, business process solutions and human resources at **Kaiser Permanente**, explained that technology is made to support recruitment, not replace that function. “Recruitment tools should help a recruiter to be successful at their role,” she said. “They should streamline processes, allowing for simple engagement and tracking. They should provide reporting tools that not only support larger cost savings initiatives, but that can also contribute to workforce planning and understanding the talent landscape — not just within an organization, but in its talent pool.”

Digital Transformation is Here

A poll from the **World Economic Forum** reports that 87 percent of workers expect new technologies like artificial intelligence to improve their work experience. Furthermore, **McKinsey & Company** suggests that up to 375 million global workers will end up switching operational categories, due to job automation, forcing them to learn new skills.

Executive search as an industry has long been driven by the need to reduce the risk in senior hires within organizations by introducing research-based search methodologies and due diligence mechanisms to identify and attract the best and the brightest. This has enabled executive decision makers to make more informed hiring decisions based on a reliable body of evidence to mitigate some of the risk.

The core purpose of an executive search firm has remained much the same. But with the advent of new technologies and shifting tides in global labor markets, the way in which search firms add value to their clients continues to evolve, according to a new report by London-based executive search firm **Wilton & Bain**.

“Twenty-five years ago, the industry was characterized by information asymmetries, local/regional labor pools

and a reliance on consultant's Rolodexes to both identify and access talent in the market," said Gene Allmark-Kent, a partner at the search firm. "Client organizations sought to protect their best talent by keeping individuals hidden from the outside world and it was generally harder to get noticed."

Fast forward 25 years to the present day, the volume of publicly-available data has grown exponentially. Websites such as LinkedIn have provided professionals with a platform to promote their personal brands to a global audience and thought-leadership materials can now be distributed and targeted with minimal effort. "On the one hand, this has led to a breakdown in information barriers creating unrivalled visibility and access to professionals at all levels," said Mr. Allmark-Kent. "On the other, it has lowered the barriers to entry, making it easier for new executive search players to enter the market and take away market share from incumbents."

Consequently, executive search firms must innovate to remain ahead of the competition, and leveraging artificial intelligence will play a big part in creating a competitive advantage. "In my view, AI is likely to have a major impact in broadly two areas: expansion of consulting services and developing efficiency in automating time-intensive, repetitive tasks, said Yaroslav Writtle, an engagement manager at Wilton & Bain.

AI Doing the Heavy Lifting

The executive search process has a high administrative overhead that even today relies on significant manual processes, including desk research, report writing and administrative tasks, particularly in the early stages of the engagement. Given the access to information we now have, the creation of long-lists, identifying relevant candidates and formulating 'fit to profiles' is now becoming increasingly commoditized, said Mr. Allmark-Kent.

INVESTMENT

Riviera Partners Secures \$25 Million in Private Equity Funding



Private equity concerns continue to pour money into executive search firms as demand for senior-level talent remains strong. **Riviera Partners**, a recruitment provider specializing in C-level engineering, product and design leader placements, has closed a minority investment of \$25 million led by private equity firms Kayne Anderson Capital Advisors and ROCA Partners.

The financing will be used to fund Riviera Partners' continued geographic expansion, strategic acquisitions, enhancements to its "Sutro" proprietary recruiting platform and the addition of staff to meet the increased demand for its services. Riviera grew its revenues by nearly 48 percent this past year, to \$31 million, and is now ranked No. 18 by Hunt Scanlon Media on its Top 50 list.

"Technological advancement is the most important driver of company growth and value creation," said CEO Will Hunsinger. "Riviera places technology leaders that power this transformation for companies of all sizes, enabling them to deliver products and services that serve customers better than ever before."

Consequently, an opportunity exists to leverage AI to automate time-intensive, highly repetitive tasks. "For example, ML algorithms may be used to efficiently ingest, analyze and structure large amounts of publicly-available candidate data scouring sources such as social media networks, company websites, articles and whitepapers to help provide greater insight into specific talent pools or markets," said Mr. Allmark-Kent. "Not only is this likely to generate faster and more thorough results across a broader data cluster, but it will also augment the existing research efforts and free up more time for a consultant to focus on higher-value tasks that require a more human-centric approach."

If technology is making it easier for internal HR and recruitment teams to identify relevant candidates, how can executive search firms leverage AI to add value

to their clients in new way? “This will inevitably lead to an expansion in services that is made available to clients—from market benchmarking and analytics-underpinned selection processes providing tangible and unbiased set of recommendations, through to executive coaching and leadership development providing a unique set of tools to support the integration and development of executive hires,” said Mr. Writtle. All this will only strengthen the connection between recruiters and their clients, and in the end boost business opportunities for search firms.

Wilton & Bain has developed our own proprietary executive assessment tool, METIS, which leverages a blend of psychometric analysis, and qualitative interviewing to assess a candidate’s fit for a role, cultural alignment and core competencies. “Using this foundation, we are developing a set of predictive analytics tools that could be utilized to enhance leadership develop strategies by defining areas of personal development and long-term value the individual could cultivate within the client’s organization,” said Mr. Allmark-Kent.

Challenges & Limitations

“Further to this, we have also seen some of the Big Five executive search firms make steps in a similar direction to expand their services offering — for example, Korn Ferry’s acquisition of Hay Group — and this trend is only likely to continue, accelerated by technological change,” said Mr. Writtle. “Looking forward, executive search firms are positioned better than ever before to cultivate deeper partnerships with their clients as they become increasingly involved not only in the appointment process but in providing more end-to-end Human Capital advisory services to help executive hires succeed. ”

AI is still early in its development and adoption and that means recruiters must be aware both of the challenges and limitations this early-stage technology

WANT TO LEAVE YOUR FINGERPRINTS ON THE GLOBAL FIRM LEADING THE TRANSFORMATION OF THE EXECUTIVE SEARCH BUSINESS?



Come learn about:



ATHENA™



ACCOUNTABILITY • ACCURACY
TRANSPARENCY • VELOCITY



Dallas • London • New York • San Francisco
• Washington DC • Mumbai • Tel Aviv • Singapore
• Los Angeles • Cleveland • Palm Beach • New Delhi
• Denver • Moscow

kingsleygate.com

might bring. “Firstly, increasing volumes of public data does not correlate to either its accuracy or quality especially as many sources such as **LinkedIn**, **Glassdoor**, etc. are self-curated by individuals themselves,” said Mr. Allmark-Kent. “Therefore, a ‘trust but verify’ mantra should be an important consideration when developing inputs for machine learning tools.”

In a people business like executive search, however, it is important to remember that humans are predictably irrational. “An executive search consultant must play the role of analyst, trusted advisor and executive coach, which requires empathy and understanding to establish rapport with candidates, many of whom aren’t actively looking for a new role,” said Mr. Allmark-Kent. “Therefore, while technology provide us with a unique set of tools to deepen our understanding of people, it is unlikely to ever replace

an experienced consultant who will be able to build a personal connection to develop the required trust and enable a successful result.”

As technology continues to evolve, various use cases of AI are undoubtedly going to be applied to executive search with varying degrees of success. But one thing is for sure – the market is not standing still and change is coming. Executive search firms will be faced with a choice—either adapt to the changing landscape that AI and broader digital innovation brings or experience diminishing returns as agile competitors find ways innovative ways be better serve client needs. While technology provides a unique set of tools to deepen our understanding of people, it is unlikely to ever replace an experienced consultant who importantly will build the relationship and the person-to-person trust required to enable a successful result.

SECTION 5

World of Entertainment Choices
Create Field Day for Recruiters

SECTION 5

World of Entertainment Choices Create Field Day for Recruiters

Over the last 25 years, the sports, media & entertainment sector has grown into a formidable content-driven industry – and with it has come big business for executive recruiters across the globe. Historically, professional sports teams operated on a relatively modest level, with league officials, team owners, managers, and coaches surrounding themselves with people they knew and trusted from their own small worlds. Much like how company boards of directors have operated for time immemorial. College sports teams relied on in-house search committees and word-of-mouth recommendations. But like in corporate America, this dynamic is shifting – rapidly.

Familiarity, however, can also breed contempt. Teams with huge followings like the Dallas Cowboys, Real Madrid and Manchester United have seen their valuations soar into the billions of dollars. That's attracted search firms of every stripe and color. Seasoned recruiters now provide strategic planning advice, in addition to talent identification services, with the capability of applying their findings to speed along the process in the hunt for talent.

“When I started in 1995, there were virtually no HR directors in sports. HR was always handled by finance,” said **RSR Partners** managing director and head of sports industry practice Joe Bailey, a former CEO of the NFL's Miami Dolphins organization.

“The pipeline for talent has gone from average-level people to top flight professionals. The quality of the person that has gotten interested in sports, from an administrative standpoint, has really risen.”



V E N T U R A

Can your executive search firm tell the difference between a leader and a “suit”?



The most important aspect of hiring the “right” leader will not be found in a resume

Ventura Partners redefines executive search by utilizing a unique approach, integrating executive assessment into our search process to get at what’s behind the resume.

We have proven expertise in identifying organizational cultures and subcultures to assist our clients in hiring for fit.

Our cornerstone sits squarely on the convergence of the sports, entertainment and consumer industries.

and

our best-of-breed approach to the recruitment of CFOs for private equity-owned companies across all sectors.

We are a trusted partner and you have our full attention.

www.ventura-partners.com

310-734-2217

Sports Meets Entertainment

Many C-suite focused recruiting firms are now active in the sector and some specialize only in the sports field itself. These include, in addition to RSR Partners: **Turnkey Sports & Entertainment, Nolan Partners, SRiCheyenne, CarrSports Consulting, Korn Ferry, Harvard Group International, Prodigy Sports, Marquee Search, DHR International, Hartmann Mason, College Sports Solutions, Egon Zehnder, Heidrick & Struggles, Ascension Sports Partners, CAA Executive Search, Russell Reynolds Associates, Diversified Search, Odgers Berndtson, Eastman & Beaudine, Alden Associates, Parker Executive Search, and Collegiate Sports Associates**, among others.

According to Mr. Bailey, the biggest change facing the executive search industry is finding enough top-tier talent to keep pace as sports intersects with entertainment/media. “When you combine these sectors, it’s probably closer to \$500 billion in revenue in the U.S.,” he said. “That’s almost twice as large as the automobile industry.”

Sports franchises and college teams now compete as global brands in a world of entertainment choices that is being revolutionized by new digital platforms and technologies. eSports, for example, is the fastest growing category within the sector. Managing this growing complexity requires leaders with wider ranging skills and more diverse industry and functional expertise. It’s created a perfect storm for recruiters to step in and expand alongside.

Shifting their focus away from the playing field, dugout, sideline, front office and executive suite, specialized recruiters now focus on how sports consumers access their media content with an emphasis on targeting multi-faceted executives who can keep clients relevant - and in some cases, ahead of the pack - in a fast-changing marketplace.

DEDICATED SPORTS RECRUITER

Finding Preeminent Leaders



Ventura Partners, with offices in Beverly Hills, Chicago and Atlanta, serves an array of clients, including top-performing private

equity funds, well-known and industry-disrupting brands, and leading industrials. With 15 employees, the firm's practice groups include: consumer products & services, industrial, private equity, CFO services, board services, sports & entertainment and senior leadership assessment.

Ventura Partners is one of a growing cadre of search firms dedicated to the explosive growth sector of sports – focused on finding preeminent leaders in college and professional sports recruitment, and leading searches for college athletic directors, commissioners, premier coaches and senior executives across all sports. Ventura recently completed searches for Ole Miss, Clemson, Penn State, Texas A&M, Auburn, Iowa, Utah, Kansas State, Nebraska and Purdue.

For the first time, social media giant **Facebook** plans to live stream at least 20 **Major League Baseball** games this season that will be available to users in the U.S., the league announced. A few years ago, MLB embedded its video player directly into its Facebook page to live stream spring training games. Facebook also plans to offer an online version of fan interaction that takes place in the stands during games.

In another example of mixing sports and entertainment, **Amazon** paid \$50 million to live stream NFL Thursday night games this season. Amazon replaced **Twitter**, which live streamed Thursday night games last year. This year, Twitter will live stream MLB and NHL games.

Content-Driven Talent Wanted

"Everybody is producing or distributing content," said **Diversified Search** managing partner Tracy O'Such, whose responsibilities include running the firm's

global digital media, entertainment & sports practices. "It's not just, 'we have to get this to our cable operator for broadcast distributors.' We have to deal with the whole mobile infrastructure and the whole competitive piece coming from players like Facebook, **Google** and **Apple** creating their own content. They're going after producers from the cable and broadcast world because they want to create Apple TV. Facebook is creating their own programming because look at what **Netflix** has done. There's a million channels, and there's always something on."

Ms. O'Such's longevity in the industry and unique perspective makes her uniquely qualified to recruit senior-level talent in the media/entertainment sector.

"It's been a fascinating ride from my early days. I came out of the cable television industry when that was kind of the new technology," said Ms. O'Such, who grew up in affiliate relations selling content to cable operators. "Having worked in programming (now called content) at USA Network, I was in marketing there and with another cable operator. I started at a small boutique that just served the cable operators community and magazine publishing. It was the mid-1990s when people started requesting talent."

Ms. O'Such said Yahoo was one of her first clients. "They wanted me to help them find ad sales people because they were trying to make money," she said. "They wanted people who came from cable because they were versed at selling to advertisers until it became established enough to become its own category that was called New Media. Now you fast forward, they don't consider themselves media companies anymore. They want to be considered a technology business."

According to Ms. O'Such, the majority of multimedia companies have a "robust" executive search recruiting arm. "There are people like me who are executive recruiters who understand the art and

science of executive recruiting,” said Ms. O’Such. “We’ve become much more advisors and partners than we’ve ever been. We’re only getting hired to identify talent for really tough searches when the in-house group can’t solve it.”

Constant Change

The sports industry is being constantly reshaped by the seismic forces of globalization and growth of digital media platforms that includes social media, live streaming and over-the-top broadcasting. **The England & Wales Cricket Board**, a European organization with a loyal but aging fan base, was seeking a sports chief commercial officer to expand the appeal of the sport to a younger, digital savvy audience.

The search was conducted by **SriCheyenne**, a global sports and entertainment focused firm which has positioned itself to navigate new digital and data-driven business models and consumer platforms. SriCheyenne is a product of the merger of the Cheyenne Group, an executive search and consulting firm with a focus on media and SRi, formerly known as Sports Recruitment International, which specialized in sports, media, and entertainment. SRi had distinguished itself as a leader in sports recruitment; the Cheyenne Group had made its reputation doing top-of-the-house search and talent consulting for a range of broadcast, print and online content companies. Given the natural symbiosis of the sports and media industries, combining the two firms’ capabilities made perfect strategic sense.

“The successful candidate (at England & Wales Cricket Board) had previously been a senior marketing executive for a global consumer packaged goods brand with a track record of building innovative online/offline customer engagement teams and packages,” said SriCheyenne CEO Jay Hussey, who formerly led Odgers Berndston’s U.S. technology and digital transformation practices.

STERLING | MARTIN

associates

Executive Recruiting is What We Do Best

When associations and nonprofits are seeking the best and brightest talent to lead their organizations, they turn to Sterling Martin.

We have worked with leading national and international groups.

We understand the unique nature of these organizations, which is why they retain us to find their top leaders.

ORGANIZATIONS

Associations
Nonprofits

POSITIONS

Executive Directors
CEOs
Presidents
C-suite Executives
Directors
Vice Presidents

David Martin
dmartin@smartinsearch.com
www.smartinsearch.com





NPAworldwide™

Recruitment Network

**YES, we
recruit there.**



500

locations across
6 continents



**\$300
million**

total annual
member revenue



**12.5
million
candidates**

npaworldwideworks.com

THE HUNT FOR TALENT

Chief Operating Officer Placed at Big Ten Conference

BIG

Korn Ferry has placed Kevin Warren, chief operating officer of professional football's Minnesota Vikings, as

commissioner of the Big Ten Conference. He will start on Sept. 16 to take advantage of an opportunity to transition as the new season begins alongside commissioner Jim Delany, who will officially step down on Jan. 1 following a 30-year career with the conference. The search was led by Jed Hughes, Korn Ferry's vice chairman and global sports sector leader. Mr. Warren is the 1st African-American commissioner of a Power 5 conference.

"Kevin is a visionary leader, an experienced, successful and highly respected executive, and a skilled communicator who is uniquely positioned to continue the traditions of excellence that have become synonymous with the Big Ten Conference," said Michael A. McRobbie, president of Indiana University and chair of the executive search committee. "Over a remarkable and pioneering career, he has developed a reputation among his peers and colleagues as an individual of enormous character, integrity, knowledge and passion, who has dedicated the majority of his professional career to the empowerment of young people and the positive impact athletics can have on improving lives and our society."

New Wave

Mr. Hussey's background is typical of new-wave recruiters joining the sports executive search industry. He boasts more than 15 years in executive search with leading global firms, including in addition to Odgers, Russell Reynolds Associates and Egon Zehnder. Prior to his role at Odgers, he was founder and managing partner of NineSeven Partners, an executive search and talent consulting firm which he merged with Odgers in 2015. Before his career in search and assessment, Mr. Hussey served as president of Digitas West, the regional operating unit of Digitas, Inc., a publicly traded technology and marketing services company.

THE HUNT FOR TALENT

US Olympic Committee Finds CEO



Executive search firm **Spencer Stuart** has recruited Sarah Hirshland as the 12th CEO of the United States Olympic Committee (USOC). She brings a unique

and proven set of skills and experiences to the USOC at a time of transformation and change for the organization. "The USOC is at a critical time in its history and requires an energetic, creative and inspiring leader who is capable of building on past success while making sure that the athletes we serve are protected, supported and empowered in every possible way," said Larry Probst, chairman of the organization. "I'm thrilled that Sarah has accepted the position and thankful to the diverse slate of candidates who participated in our process to hire the very best person for this important responsibility."

Ms. Hirshland, who will start her new role at the end of August, currently serves as chief commercial officer for the United States Golf Association (USGA). In this role, she is responsible for the organization's global media and content distribution, corporate partnerships, merchandise and licensing, marketing, communications, community outreach and Golfer Handicap Information Network. Among her accomplishments at the USGA, she established a centralized marketing function, transformed relationships and service offerings with the Allied Golf Associations, oversaw media rights negotiations, secured and managed global corporate partnerships and guided the transformation of tournament management services.

Like many of his peers, **Korn Ferry** vice chairman Jed Hughes utilizes his extensive list of contacts to secure an impressive list of clients encompassing a variety of sports.

Mr. Hughes' background and level of respect developed as a college and pro football coach has led to numerous high-profile hires such as Michigan football coach Jim Harbaugh, **Seattle Seahawks** general manager John Schneider, SEC commissioner Greg Sankey, Oregon basketball coach Dana Altman,

Toronto Raptors general manager Masai Ujri, **Cleveland Browns** head coach Hue Jackson, and Major League Baseball commissioner Rob Manfred.

Mr. Harbaugh, who was recruited from the NFL's **San Francisco 49ers**, is a Michigan alumnus and considered among the top coaches in college or pro football. Recruiting him to Michigan was a major coup and a perfect example why Mr. Hughes is so successful.

Building Relationships

"It all goes back to relationships," said Mr. Hughes, who also served as defensive coordinator at UCLA and was an assistant coach with the Minnesota Vikings, Pittsburgh Steelers and Cleveland Browns. "You won't find anyone out there that's close to matching what we've done and the impact we've had in sports, whether it be collegiate or professional, abroad or in the United States. The reason we continue to get searches, especially in professional sports, is that owners call their friends and tell them we know what we're doing. Whether it's ownership or college presidents, it's very critical who you're building relationships with. Those are the people making the decisions.

"If they don't trust you, they wouldn't talk to you," said Mr. Hughes. Even the most skeptical of clients trust Mr. Hughes when faced with a challenging hire. After firing three head coaches in four seasons, Cleveland Browns owner Jimmy Haslem reached out to Mr. Hughes before hiring Mr. Jackson in 2015.

"We've used Korn Ferry a lot in our other lives and had gotten to know Jed," Mr. Haslem, CEO of Pilot Flying J, told Cleveland reporters. "Actually, when we first bought the team (in 2012), he approached us. He's around at NFL meetings, and we've talked to him a lot. I just think it will help us run a better process than we have in the past."

It was the first time the Browns organization made public it was using a search firm since returning to the NFL in 1999.

“Jed has a tremendous amount of contacts,” said Mr. Haslem, whose net worth is valued at \$3.7 billion. “He’s been involved in both college and pro football for literally his entire life.”

Navigating Disruptive Change

The explosive growth and demand for talent and people in the sports industry can, to a great extent, be attributed to an increased interest in collegiate and professional sports. “An increase in revenue increases the need for a higher level of professionalism,” said DHR International director of global marketing and public relations Lauren Finch. “While a source of entertainment, sports organizations must function as Fortune 500 businesses, and this need for professionalism showcases the need for an executive recruiter who can assist in their searches for highly sought-after candidates.”

That’s where executive search firms can add a lot of value – not just in identifying and recruiting talent, but also in helping sports industry executives gain practical insight into how other organizations and other industries have navigated similar disruptive changes.

Globalization

The proliferation of search firms serving the sports sector is creating a business international in scope. U.K.-based sports specialist **Nolan Partners**, working primarily with sports-related clients from Europe, Asia and the Middle East, last year introduced a North American operation with offices in Los Angeles and New York.

Chad Biagini, the firm’s U.S. managing partner, has expansive executive search experience representing American clients, including the NFL, NHL, Major League Baseball, Major League Soccer, WWE, and Ultimate Fighting Championship.

ridgewaypartners

Partners in Leadership Global Executive Search

Ridgeway Partners is a global advisory firm specializing in executive search, board appointments and succession planning for a select group of multi-sector, domestic and international companies. With offices in New York, Boston, and London, and research support across the world, our network is truly global.

Our clients range from privately held companies to Fortune 100 companies. We have built long standing relationships with our clients because of the exclusivity of the relationship we offer, our responsiveness, our discretion and our track record of success.

Ridgeway By The Numbers

98%

Completion Rate for executive and board searches over the past decade

900+

Executives placed in over ten countries

175+

Combined years of search experience among our partners

35%

Of our placements have been Minority Executives or Women since 2010

Learn more at
RidgewayPartners.com

One of Nolan Partners' more notable assignments involved filling 40 positions in coaching and scouting for the prestigious U.K.-based Manchester United soccer club of the **Premier League**. The firm also serves sports clients in Hong Kong, Japan, and West Africa.

"I've always admired Nolan Partners' reputation and success around the world in the industries of sports and entertainment," said Mr. Biagini, who has placed over 200 senior executives in a variety of industries, including media/entertainment and technology and previously served as managing director at Harvard Group International. "It's not a generalist firm where sports is just a small, flashy badge on the lapel, and whose consultants split their time across several other industries. That was important to me. Sports and entertainment is what we do all day, every day."

Executive search firms provide an invaluable service to clients by conducting its searches in relative privacy. Typically, one candidate will be hired from a deep pool, resulting in a search firm impressing heavily on candidates and clients the concept of confidentiality to avoid putting those candidates in a position that might negatively affect their current roles. Good search firms will reach into less obvious talent pools to find outside-the-box candidates.

Matthew J. Schwartz, president of MJS Executive Search, said the recruitment process must be a two-way street. It's critical for employers to give candidates the freedom to ask questions and to learn as much as they need as they move through the recruitment process. "It is important that a candidate has the opportunity to interview the organization as much as they are interviewing them," said Mr. Schwartz. "The more the candidate is aware of the opportunities, as well as the challenges, the better equipped they will be to be effective in their new role."

THE HUNT FOR TALENT

Utah State Selects New Head Football Coach



Glenn Sugiyama, managing partner and global sports practice leader at **DHR International**, assisted in the placement of Gary Andersen as head football coach for Utah State. Matt Wells recently left the school to take on the head coaching job at Texas Tech. "We welcome Gary and Stacey and their family back to the Utah State family," said John Hartwell, director of athletics. "His care-factor for his players, coupled with his recruiting philosophy and plan to win, are keys to the continued success of Aggie football. His knowledge of the state of Utah and our program are unparalleled and we feel those attributes will greatly aid in the continued growth and success of Aggie football."

Mr. Andersen, currently associate head coach and a defensive line coach at the University of Utah, was head coach for Utah State from 2009 to 2012 with a record of 26-24. He was the Western Athletic Conference Coach of the Year in 2012. In all, Mr. Andersen has been a Division I head coach for 10 years and brings 30 years of coaching experience with him back to Utah State. He has been involved in 12 bowl games, including four New Year's Day bowls. Following his four years as Utah State's head coach, Andersen spent two seasons as the head coach at the University of Wisconsin (2013 to 2014) and three years as the head coach at Oregon State University (2015 to 2017) before signing on with the University of Utah in January.

Full Circle

Mr. Hughes, who handles some of the toughest searches – those requiring A-list candidates who can improve the reputation of a losing organization, or transform a good program into a championship team – acknowledged that it isn't always as easy as he makes it look.

"In 1987 my dad died, I got divorced, and I ended up getting fired twice that year in Pittsburgh and Cleveland. I was blackballed from the NFL. I had 187 interviews and ended up working for a small assessment company. Being able to get back in the NFL after being fired twice in a year makes you feel like you can do

anything. When somebody calls me, I return the call. I remember what it was like getting fired and people thinking you're poison and you're contagious."

He said he started his career in sports, and he's going to end it in sports. "It's come full circle," said Mr. Hughes. "We've done work with all the leagues, in all sports, and so I know they respect us. But, it's like anything else, you have to continue to do good work, you have to continue to be trusted. If you're not trusted, you're not going to get called. In this business, we're all only as good as our last completed search."

eSports Recruiting Expanding Fast

eSports is a relatively new form of entertainment best known for its use of organized video game competitions between professional players. Taking the executive search industry by storm, eSports has recruiters scrambling to identify senior-level talent to meet the rising demand.

A number of non-traditional sports sponsors and executives have entered the eSports industry, which is projected to reach a value of \$1 billion by 2019. Buoyed by an ever-growing young audience of fans and participants, a number of global companies are showing interest.

Odgers Berndtson created an eSports recruiting practice by combining its sports and gaming businesses. The firm recently hired Scott Dodkins, believed to be the first senior hire into European executive search from the interactive gaming industry to help drive growth through digital channels and new technologies such as augmented and virtual reality.

"eSports is growing in the U.S. and Europe. Teams in the NBA are buying into eSports teams," said London-based Odgers Berndtson associate Caroline Lacey, who announced the firm recently completed one of its first searches in eSports. "Businesses don't

CASE STUDY

Launching a National Search



TD GARDEN The TD Garden and parent company, Delaware North, launched a multi-million dollar major

development project along with the City of Boston and state of Massachusetts in 2016, dubbed "The Hub on Causeway." The 1.5 million square feet of mixed-use retail, office, hotel, residential and expansion of the TD Garden was to fall under the guidance of President Amy Latimer and her TD Garden executive staff. As a result, **Prodigy Sports** was asked to launch a national search for a Senior Vice President, Business Operations to manage the TD Garden as well as oversight of The Hub on Causeway project.

RESULT "The TD Garden has engaged Prodigy Sports to fill several senior executive positions within our organization for a number of years. From the beginning, Prodigy has proven to be a true partner. They've taken the time to immerse themselves into our organization, embracing our culture and each of our job requirements so that they could turn around the most qualified candidates. With our SVP, Business Development search, Prodigy was timely, service-oriented and extremely thorough in their work. Their extensive network and industry relationships turned up excellent candidates to fit our needs and assist to make our project a success. As a result, we landed a superstar in Louise Murray."

necessarily just want people with eSports knowledge. They need a business expert that has a ton of experience growing an industry."

However, companies are discovering that senior-level talent is hard to find. "We're actually talking to two people right now who actively recruit in eSports, trying to convince them to join us," said Harvard Group International managing director Chuck Cain. "All the traditional firms in sports and multi-industry firms like us are trying to find the way there."

Recruiting Top Athletic Leadership Talent

The success of college athletics is a priority on campuses across the country. Head coaches and athletic directors are critical hires for programs that

Q&A

How Executive Search & Recruiting is Impacting Sports



In this interview, Jamie Crittenberger discusses what executive search firms bring to sports entities, how he plans to utilize his background in his new role with Odgers as well as how the firm looks to grow its sport practice in coming months.

Mr. Crittenberger serves as partner of the global sports practice for Odgers Berndtson, the seventh largest search firm in the Americas. He is a partner in the global sports practice and leads the firm's U.S.-based professional sports initiatives and specializes in leadership advisory for league, team, brand, property, and media clients. After 20 years working with sports, entertainment, and hospitality organizations across the consumer sector, he understands the demands of CEO and functional roles and connects diverse industry talent pools.

We continue to see sports teams from all over the world turn to executive search firms to find their next generation senior leaders. What impact and value do you think search firms bring to the sector?

In my view, there are four key areas of value and impact that search firms bring to global teams and leagues: First, there is stability brought to a search through a consistent process. Teams receive the benefit of an insightful and veteran sports advisor who has seen what works and doesn't work in the recruitment of talented and coveted senior leaders – pacing, confidentiality, background checking, referencing, sourcing, and overall timing. Good searches take time and energy. Not all teams have the resources required to dedicate to a vigorous search. Second, search firms are adept at bringing a diverse slate of candidates to the process. Diversity can have many forms – gender, race, ethnicity, of course; but also geographic and professional diversity. Third, and this is only

possible when a search advisor has the trust of the team or sports property, is the ability to offer an objective point of view on the attractiveness of the role and an assessment of the organizational culture. In other words, what is the view of the organization to the outside industry, and how will the team's reputation help or hinder a thoughtful process? The seasoned advisor pushes back and offers candid feedback to a client. Finally, a good search firm working in the sports space will bring sophistication across sectors and industries that will match up well with the non-sports world.

What types of searches will you be handling and how will Odgers look to expand its sports practice?

It is an exciting time in the global sports business across the league, team, venue, property, revenue, and content realms. Changes in fan consumption patterns, distribution of content, technology, legalized gambling, and eSports are evolving every day, making it hard to keep up. There is active and sophisticated ownership in the industry, including consistent arrival of new private equity players across a wide spectrum. The proliferation of new global leagues, a focus on athlete care and safety, and the challenges to monetization of assets across new mediums all require industry practitioners to stay current or be left behind. So, the opportunity for growth at Odgers Berndtson, with a truly global practice and a large team of industry veterans with both broad and specific knowledge, is enormous. Our U.S.-based sports team is growing alongside the rest of our firm. While I have experience across the spectrum of sports and entertainment, I will focus on the professional side of sport, both in the U.S. and overseas, and on the convergence of talent in the sports, media, and entertainment sectors. It is certainly an interesting time to be positioned at the center of the industry.

generate hundreds of millions of dollars annually. To ensure that success, colleges and universities are turning to executive search firms to secure top athletic leadership.

The big money that has come into big-time college athletics draws a lot of attention - not to mention competition among search firms vying for business. The University of Texas paid \$267,000 to Korn Ferry when it hired head football coach Charlie Strong. Among 28 colleges and universities with openings for a head football coach entering the 2016 season, 16 reported using a search firm with an average fee

ranging around \$70,000 based on information from 11 schools.

Reducing Risk

"The margin for error in these searches is razor thin and the need to make successful hires is paramount," said DHR International managing partner and global sports practice leader Glenn Sugiyama, whose firm led the search for the University of Pittsburgh's new athletic director and also handled athletic searches at Colorado State, Fresno State, San Jose State, Kansas and Syracuse. "Search firms mitigate the risk involved

THE HUNT FOR TALENT

Southern Conference Seeking Commissioner



Executive search firms **College Sports Solutions (CSS)** and **Buffkin / Baker** are working together to find the next commissioner for the college athletic Southern Conference. Atlanta-based College Sports, which will manage

the search, was chosen for its expertise in finding athletics leaders, while Buffkin/ Baker, based in Brentwood, TN, offered prowess in tapping top academic talent. The search is being led by Jeff Schemmel, founder and president of Collegiate Sports Solutions.

"After careful vetting of search firms, the Southern Conference Commissioner search committee chose CSS to manage the search process," said Brian Noland, chair of the president's council and president of East Tennessee State University. "The committee was very impressed with not only the successful searches that CSS has completed but also the vast experience of Jeff Schemmel as an athletic director and major conference official. When you add the expertise of Buffkin/Baker on the academic side, the search committee felt CSS was the right fit for this search."

"The Southern Conference is one of the premier FCS conferences in the country," said Mr. Schemmel. "Men's basketball had a breakout year in 2018-19, ending as the 12th ranked RPI conference in the country. The conference is nationally recognized for the academic quality of its member institutions and their commitment to the academic success of the student athlete. We are honored and excited to assist the Southern Conference's efforts in identifying its next leader who can build on this success and chart the course for even greater achievement in the future."

and allow institutions to make the very best hire with as much information as possible."

The relationship between college athletics and executive search firms is rapidly expanding and now extends beyond merely recruiting. Seasoned recruiters are providing strategic planning advice with the capability of applying their findings to speed along the process in the hunt for talent.

"We advise on organizational design and strategy and top team performance in addition to just executive

DRI

Direct Recruiters, Inc.

**RELATIONSHIP-FOCUSED
EXECUTIVE SEARCH FIRM
SPECIALIZING IN BUILDING
CUSTOMIZED EMPLOYMENT
SOLUTIONS**

AREAS OF SPECIALIZATION:

- ▶▶ **INDUSTRIAL AUTOMATION**
- ▶▶ **HEALTHCARE IT**
- ▶▶ **GOVERNMENT & SECURITY
TECHNOLOGIES**
- ▶▶ **PACKAGING**
- ▶▶ **LEGAL**
- ▶▶ **ENERGY & SUSTAINABILITY**

**WE INSPIRE
GREATNESS BY
HELPING OTHERS
WIN**

CONTACT US:

**www.directrecruiters.com
440.248.3370**

Take Your Recruiting to the Next Level



Manage talent networks and collaborate in real-time.

Thrive TRM folds the best elements of applicant tracking and relationship management systems into a single, seamless cloud-based system.

Improving hiring outcomes for enterprises, executive recruiters, VC/PE firms and their portfolio companies.



Learn more at
www.thrivetrm.com

© Copyright Thrive. All Rights Reserved.

SPORTS RECRUITING LEADER

More Than 1,000 Placements



Founded in 1996, Turnkey Search is a specialized talent recruitment/ executive search firm focused on

recruiting C-level, senior-level and mid-management level talent for sports, entertainment and media enterprises. Over the past 20-plus years, Turnkey Search has filled more than 1,000 positions across these three sectors. The search firm helps teams, leagues, stadiums, arenas, theaters, college athletic departments, events, sponsors, agencies, media companies, private equity firms and other clients identify, recruit and hire top management talent.

Turnkey's clients include the University of Alabama, the Atlanta Hawks, CitiGroup, the University of Denver, Louisiana State University, the University of Michigan, the Milwaukee Brewers, the University of Mississippi, Monumental Sports & Entertainment, the University of Nebraska, the Oakland Raiders, Richard Childress Racing, RocNation, Rutgers University, the Tampa Bay Lightning, Temple University, Ticketmaster, Townsquare Media, the United Center, VStar Entertainment Group and the Washington Nationals.

search. We have a lot of capabilities that go well beyond recruiting," said RSR Partners managing director Joe Bailey.

Schools Cashing In

Some search firms have the capability to reach beyond the recruitment of coaches and athletic directors and help schools cash in with lucrative multimedia deals.

A recent example of the big money available in college athletics occurred when Auburn University signed a 10-year, \$120 million exclusive partnership deal with Fox Sports for multimedia rights and sponsorship sales. The University of Utah signed a 10-year multimedia rights agreement with Learfield, potentially tripling the school's previous multimedia arrangement. College Sports Solutions, an Atlanta-based search firm specializing in college athletics, helped broker both deals.



INTERSECTION GROWTH PARTNERS

We do one thing:
build leadership
teams for the most
innovative firms in
financial services.

hello@intersectiongp.com
intersectiongp.com
SF | NYC



THE HUNT FOR TALENT

Filling C-Suite Marketing Roles in the NFL



The NFL and its teams continue to look to specialist recruiters to fill top C-suite marketing roles. Recently, Turnkey Search, a subsidiary of **Turnkey Sports & Entertainment**, placed Alex Chang as chief marketing officer of the San Francisco 49ers. Managing director Diana Busino led the search along with recruiter Allie Crone. A veteran of almost two decades in major brand marketing, Mr. Chang has become an influential player in the sports marketing industry over the last eight years while with American Express, IMG, Wasserman and Samsung Electronics America.

The search firm also recruited Meredith Starkey as chief marketing officer of the Carolina Panthers. Ms. Crone also led that assignment. Ms. Starkey joins an elite and growing group of women in C-level positions across the sports industry. “The Panthers are laser focused on gender equity and overall diversity,” said Mr. Perna. “We need more teams like the Panthers. Female stars like Meredith won’t jump to team-side unless they know ownership is serious about empowering these roles. This ownership gets it and that’s going to benefit the Panthers, the Carolinas and the NFL.”

“Multimedia rights in college athletic departments can be multi-million dollar revenue sources for these schools,” said College Sports Solutions founder and president Jeff Schemmel. Auburn’s initial request that Mr. Schemmel’s firm perform an operational review of its athletic department “blossomed into additional service-related multimedia rights,” he said.

College Sports Recruiting

Universities have been turning to search firms in greater numbers to fill their top coaching vacancies. Turnkey Sports & Entertainment recently placed Juwan Howard as the men’s head basketball coach for the University of Michigan, a plum assignment. He is a former Wolverine All-American and NBA All-Star. Mr. Howard replaces John Beilein, who is joining the NBA to coach the Cleveland Cavaliers. The appointment of Mr. Howard follows a comprehensive

national search led by Turnkey managing director Gene DeFilippo.

“A basketball head coaching search is intense,” said Turnkey chairman Len Perna. “Within 24 hours Gene had canvassed the entire pro and college basketball landscape, spoken to more than two dozen coaches and their agents, and had all the key facts.”

But Juwan Howard was at the top of the search firm’s list from the start, he said. “His No. 1 asset is that he is a squeaky clean, model citizen, highest integrity individual who is respected across basketball. With all the stuff in college basketball these days, including the FBI investigations, we knew Juwan is beyond reproach. At the University of Michigan, that’s always the top priority – doing things the right way. Some of the other candidates from college ball – you never know what might surface down the road. It’s a risk. But with Juwan, we knew we were getting a clean, honest, outstanding role model and family man.”

Juwan Howard also happens to be one of the hot, rising coaches in basketball, Mr. Perna said. “After 19 years as an NBA player, he wasn’t handed anything as a coach. He didn’t start as a bench coach, the way other star players do. Juwan worked his way up to being a top NBA assistant coach. That takes hard work, persistence, humility and smarts.”

Mr. Perna also noted that Mr. Howard had returned to Michigan to complete his degree. “Many NBA players don’t do that,” he said. “So Juwan isn’t a flash in the pan. He has worked his way up in basketball and athletic director Warde Manuel felt that he would be an outstanding representative of the University of Michigan.”

Unfinished Business

Mr. Howard has not forgotten his collegiate days as a member of the university’s illustrious 1991 recruiting class, dubbed the Fab Five. “At one point

during my interview of Juwan, he said that as great as the Fab five had been, they never won a national championship,” Mr. Perna said. “He, Chris (Webber), Jalen (Rose), Jimmy (King) and Ray (Jackson) have always felt they had some unfinished business. Juwan wants to finish that mission and win that national title for the entire Michigan community. When you have a candidate who brings that level of passion, well, it just put Juwan ahead of other candidates.”

Mr. Howard spent the last six years with the Miami Heat. While an assistant for the last five years, he worked under Erik Spoelstra and helped the Heat win three division titles and one Eastern Conference championship. He spent his first year as an assistant coach/player development coach. Prior to coaching, Mr. Howard had an accomplished 19-year NBA playing career capped off by winning NBA championships with the Heat in 2012 and 2013. Prior to his professional career, Mr. Howard spent three years, from 1991 to 1994, in Ann Arbor.

“We have found someone with high integrity, great character and a coach who has unbelievable knowledge of the game of basketball,” said Mr. Manuel, the University of Michigan’s director of athletics. “Juwan has proven himself to be a tremendous leader, a wonderful communicator and a developer of talent. We couldn’t have asked for a better role model for the young men in our program. We are excited to welcome back a member of the family to Ann Arbor.”

“As a ‘Michigan Man’ I know the place our program has in college basketball and I embrace the chance to build onto that history and lead us to championships both in the Big Ten and national level,” Mr. Howard said. “We will continue to develop young men on the court, in the classroom and in the community that our fan base will continue to be proud of. I cannot wait to get started.”

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 17,000 executive search consultants at more than 4,000 recruiting firms in North America and another 4,500 overseas, spanning Europe, Asia, Africa and the Middle East, and everywhere else in between.

To round out our study this year, we invited 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: private equity and the big talent squeeze; the pressing need to recruit African-American men to the C-suite; why interim leaders are in demand; searching for the nation's top academic leaders; and why now is the time to have a CHRO on your board.

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.

PRIVATE EQUITY AND THE BIG TALENT SQUEEZE: A VICTIM OF ITS OWN SUCCESS?

Sonal Agrawal (Accord India), Simon Bailey (The Inzito Partnership), Stephen Dallamore (Search Partners International), Thomas Heyn (Jack Russell Consulting), Mark Mulvanerty (Diversified Search) and Anna Schauman (Novare Group) Discuss How the Private Equity Sector is Fighting for Leadership



Last year, the global private equity sector reported a record \$3 trillion in assets under management and outperformed traditional investments by significant margins. Deloitte's 2019 'Investment Management Outlook' puts the amount of global PE dry powder (undeployed capital) at a record \$1 trillion, signaling another stellar year for this alternative investment class.

But experts are sounding the alarm. In a market awash with capital from investors seeking refuge from low interest rates, lackluster hedge funds and volatile equities, past growth is not necessarily a guarantee of future success. There are new players on the block, such as sovereign wealth funds and large pension funds, who are increasingly in direct competition for acquisitions with traditional PE companies. Adding to the uncertainty, borders between PE, investment banks and asset managers have become more and more blurred. When it comes to finding the right people to navigate these crowded waters, corporates are fighting back in a bid to protect their best and brightest from the allure of the PE payday. The race for quality deals it seems is matched only by the race for top talent.

So where to from here? What are the implications for the industry? And how can PE raise the bar when it comes to finding the right leadership to continue adding value to their customers? These are the questions we put to our global partners who have spent two decades working closely with PE clients in mature markets such as the U.S., the U.K., Germany and Sweden, and in developing economies such as India and South Africa.

Old Battles, New Tactics

“A war for private equity talent has been raging for years but it is fair to say that attracting and retaining top leadership in portfolio companies is brutally competitive at the moment,” says Mark Mulvanerty, who heads the PE practice for Diversified Search / AltoPartners USA, ranked by Forbes as one of America's top five executive search firms in 2018. “Private equity firms have done an excellent job of attracting talent with the end-game promise of wealth creation tied to value generation. However, public companies have begun to counter these measures in both the acquisition and retention of superstar talent. This has vastly contributed to the tightening of the talent pool.”

It's a sentiment echoed by London-based Simon Bailey, Partner and Head of the Financial Officers Practice at

The Inzito Partnership / AltoPartners UK, the UK's leading boutique executive search firm: “One of the biggest challenges we have is to persuade our PE clients to broaden their search parameters. I typically handle CFO appointments, and our clients nearly always start by asking for an experienced CFO from another PE backed business in an analogous field, which means we are often asked to work to an incredibly tight candidate specification, which is akin to being asked to look for a seven-legged sheep in this market. We try to advise clients to consider exceptional candidates from more diverse backgrounds. Over the years, there was some resistance to candidates from corporate backgrounds despite them often being exceptionally well qualified. There is still a view out there that corporate people are less likely to make the transition successfully.”

The CFO is a crucial hire for portfolio companies given that they are not only the custodians of the strategy and exit plan but also responsible for managing both performance and control as well as IT or other functions. A person who has successfully done all of this before and is willing to do it again, can pretty much name their price.

“PE clients are often keen to manage cost and are reticent to pay richer cash packages in addition to offering skin in the game. Highly experienced, skilled people in their

forties and fifties have financial obligations that they usually can't put on ice for five years until an exit strategy is executed. PE clients now realize they have to pay market-related packages to compete with banks and blue-chip corporates," said Mr. Bailey.

This narrow approach to talent is reminiscent of the dot-com era when the preferred C-level candidate profile called for a CEO or CFO who had helped lead a successful Initial Public Offering. "We have seen a shortfall of talent at the C-level across industries in private equity-backed settings. The best advice we can give is to partner with executive search professionals who really know the portfolio industry and who have access to an array of top talent at their fingertips. This enables us to move quickly and relatively inexpensively, especially when it comes to outstanding candidates who may not have successful private equity transaction experience but hit on the other primary talent requisites for the role and are best positioned to optimize value," added Mulvanerty.

Show Me the Values

In Sweden, where a mature PE industry punches above its weight relative to its population and attracts a sizable amount of international capital, competition is equally fierce but with an added focus on sustainability, both from prospective C-suite executives, and investors with Environmental, Social and Governance (ESG) mandates.

Anna Schauman, AltoPartners Global Operating Committee Member and a partner in the Novare Group / AltoPartners Sweden who heads up the banking and finance portfolios, is concerned by the lack of IT competencies, both at strategic and operational level, especially around programming, analytics, digitalization and data mining, management and storage.

Globally, the shortage in IT skills is driven both by a need to understand the highly-specialized niche markets of portfolio companies that play in the technology space, as well as at PE level where there is a need to address the digital gap in their own companies. One such example is the growing trend to offer customized offerings for individual investors in other asset classes such as hedge funds, real estate and private credit, which are not generally part of the traditional

PE basket. This in itself creates new tech issues around the integration of human knowledge with AI, machine learning (ML) and Natural Language Processing (NLP) to inform investment decisions, as well as implementing systems for reporting and billing to support new investment products. This is a challenge for an industry still heavily reliant on the Excel spreadsheet.

And if you're lucky enough to attract top IT and systems talent, your remuneration needs to match your value proposition.

"Candidates want to believe in what they're doing. Swedish companies have a long tradition of being good corporate citizens and a company's value proposition adds an entirely different dimension to the recruitment process," she said. "We work closely with our clients to ensure that they have all their internal processes in place to allow us to move quickly once we identify a suitable candidate. One of our biggest value-adds is to help the client agree on the profile and to do this, we like to meet as many of the decision makers as early as possible in the search. This affords us a deep understanding of their requirements and also to identify any internal dynamics that might derail the process at a later stage. We also coach our clients about what to expect from the market and what they need to do to make their offering as attractive as possible, because in the current market PE clients can no longer rely purely on the promise of future wealth," she noted.

Bargain Bonanza In South Africa

In South Africa where both private and listed assets are trading cheaply relative to their underlying value, Stephen Dallamore, AltoPartners Global Chairman and Managing Director of Search Partners International (SPI) / AltoPartners SA, said the talent crunch is less at the portfolio company level, and rather in the PE funds themselves.

"In PE the exit strategy is everything. You need to be able to see the exit strategy even before you make the offer and this requires a very particular set of skills, particularly around how to break down key business drivers, how to model the financials and economics of a company, and how to discern where the biggest sources of value creation might be in a potential portfolio company, as well as the ability

to manage due diligence and many different stakeholders under tremendous pressure and deadlines. Unlike their counterparts in corporate finance, PE executives have to live with their mistakes so the pressure to get it right is enormous,” he noted.

“The right leadership is a game changer. Its impact on financial performance, and market valuation has been well documented and when your entire business model depends on how well you execute the exit strategy, then leadership is one thing you can’t afford to get wrong. This is where having an executive search partner who understands your business model is critical. At portfolio level, the key is to find a search partner that understands your sector and who can successfully navigate the relationship between the PE investors and the employees in the acquired company,” he added.

The Rise of the Super-Entrepreneur

Sonal Agrawal, AltoPartners Global Operating Committee Member, AESC Main Board Member and Managing Partner of the Accord Group India / AltoPartners India, has seen the rise of PE activity first hand, with a quarter of Accord’s revenues in India now flowing from PE or PE portfolio work. Regarded as one of the leading executive search consultants in India (and named one of the world’s 150 Most Influential Headhunters by Business Today), she runs the PE practice for Accord, bringing in sector or functional partners, as required.

The rapid growth of the PE industry in India over the last 10 years has given rise to exponential demand for senior advisors who bring in deep industry knowledge and connectivity in niche markets such as healthcare and financial services. Board members who can provide strategic and governance oversight, as well as market access and connectivity, are also hot property right now.

Deal sizes are getting bigger, driven by a surge in control-oriented transactions, mainly by the founders of businesses, or first-generation families, who don’t have succession plans in place, as well as from corporates who find themselves having to divest of non-core assets in a bid to reduce debt and deliver decent returns on equity. These non-core assets find a natural home in PE.

This has given rise to a new breed of super-entrepreneurs who thanks to PE, now have the wherewithal to run their own company in the absence of undeveloped capital markets. This is driving economic growth in India and Sonal’s role is often to source these go-getters who are able to move the needle in terms of strategy and growth. “PE is no longer leaving the recruitment for portfolios to the old boy network, and is increasingly using retained search for better hiring outcomes. Leadership roles can be a deciding factor in attracting other talent to the enterprise so we put a premium on influencer skills,” she noted.

But its seldom plain sailing in India’s emerging PE market and regulatory obstacles and sudden changes to government policies are common. One project involved keeping 28 distinct searches in a holding pattern for months, while a regulatory battle raged around the project, only to see the deal fall through.

Ms. Agrawal also said that a key component of her recent briefs is to be able to represent and position lesser known funds and portfolios based on their potential rather than their existing operations. “We recently assisted a well-known domestic PE firm with a project to overhaul its portfolios. We were put on an annual retainer and ran multiple searches, with a Managing Partner functioning almost as an extension of the firm. “In that case it’s as important for us to be comfortable with the PE owners and to understand their business model and their objectives for the business – we need to believe the story, before we can sell it,” she said.

Respectability at Last? PE in the German *Mittelstand*

Understanding the business model is what excites Dr. Thomas Heyn, AltoPartners Global Operating Committee Member and Managing Partner at Jack Russell Consulting / AltoPartners Germany, in Munich, whose intimate knowledge of the IT industry gives him an edge when it comes to adding value to PE clients in this space. “The client is looking for an expert who has done this before. In PE there is no room for training and learning on the job – if you want that, go to the corporate world. PE clients are buying experience – people who’ve proved they can do it, and who have enough gumption and guts to put skin in the game and do it again”, he said, referring to a recent search

for a global PE fund in search of a CEO to head up a newly acquired software company in Germany.

Despite being very different markets, Germany's PE experience has parallels with India when it comes to presenting solutions for founder-businesses facing a succession problem. "Very often the owner is looking to retire and wants a safe pair of hands to grow the business," he noted, referring to the pool of family-owned, small and midsize engineering and manufacturing companies with revenues ranging from €5 million to several hundred million euros that form the backbone of Germany's economy, employing more than 15 million people and contributing more than a third of the country's economic output.

PE provides not only funding, but perhaps more importantly, fresh momentum, access to new markets, new ideas and new resources in the form of research and development, that these small companies wouldn't have on their own. So, while PE in Germany has come a long way since the early 2000s when then-vice chancellor Franz Müntefering branded them a "swarms of locusts" who "suck the substance" out of companies in pursuit of short-term gains, PE companies will never be motivated by altruism.

"For all the positive growth this brings, it's not Pretty Woman," cautioned Dr. Heyn. "The main objective is to make money. Plain and simple. So yes, if caring about the values and the culture of an acquisition will achieve that, then they will certainly focus on that. But it's not out of some altruistic ambition to make the world a better place – if PE companies

can achieve the multiples without having to wear a soft glove, I have no doubt they would. It's purely pragmatic."

Summary

In an increasingly crowded and competitive PE space, finding and retaining talented leaders is as big a priority as growing the business. Given the new kids on the PE block, it's not just PE firms looking for nimble, numerate, big-picture influencers who have succeeded in their niche industry and can transition into a new company and shape the culture in a way that will motivate and inspire people to take the business to the next level. Such talent is rare and can afford to be picky about the company they keep. Added to this is the need to close the IT gap – both internally in terms of cutting-edge systems to support investment decisions and build better client relationships; and externally to effectively use the data that digitalization provides while also dealing with threats to cyber security. As markets mature therefore, so do the need for PE firms to view talent acquisition as a continuous process, broadening their search horizons and adapting recruitment strategies to suit the business cycle and the environment, and to pay attention to trends outside of their industry.

Building a relationship with an executive search partner who understands your business model, who knows where the boutique talent resides and who can call upon a global network of partners with deep sectoral, geographical and technological areas of expertise, can make all the difference.

A MOREHOUSE MAN STEPS UP

Dale E. Jones, CEO of Diversified Search, Examines the Pressing Need to Recruit And Retain African-American Men in High-Level Positions of Power



Improving diversity is a mission that must be adopted by the corporations and nonprofits we serve. But how do we, as a search industry, best help those firms get there? The first step for any search firm is to deliberately and intentionally choose a path toward enlightenment, seeking to understand the unique and complex experiences of African-American men in the corporate world — men who find themselves in the majority demographic when it comes to gender, while existing as a complete outsider when it comes to ethnicity.

After that, we must accept blame and make corrections, explore potential and not someone's track record, do away with unconscious bias, and set a new course where our legacy does not have to be tied to our past. Let's take a closer look inside one of the burning issues of our times.

Last month, the graduation ceremony at my alma mater, Morehouse College, became a viral sensation. While delivering the commencement address, billionaire venture capitalist Robert Smith made his now-famous pledge to erase the student loan debt of the entire 2019 class.

If you squint your eyes long enough at the videos which made the rounds on Good Morning America and elsewhere, you'll see a dapper (graying) gentleman in the crowd who looks a lot like me. In fact, it is me. As a Morehouse trustee, I was lucky enough to have a front-row seat for Smith's pledge. I am one of the many alumni whom Smith challenged to help future generations of Morehouse men. His words did not fall on deaf ears.

Although the pledge drew the headlines, I was struck by several other themes of Smith's commencement address, and how much they relate to the most pressing problem facing the corporate search industry today. Particularly the pressing need for the recruitment and retention of African-American men in high-level positions of power.

Unshakeable Values

Smith called this issue out directly in his speech. "We need you to become the C-suite executives who change corporate cultures ... and make diversity and inclusion a core and unshakeable value," he said. He implored this bright crop of soon-to-be professionals to earn their respect, raise their hand for assignments, and most of all, to maintain a healthy sense of self-worth so that they know in their bones they're deserving of a seat at the table, wherever they end up.

While I consider all of his advice to be germane to early career-seekers, following that wisdom is not always enough to get ahead in corporate America — at least, not when you're a black man.

The dispiriting statistics speak for themselves: There are currently only three black male CEOs of Fortune 500 companies, the lowest number since 2002. Between 1980 and 2014, the number of black men in management-level positions at U.S. firms with 100-plus employees grew from a measly three percent to a whopping . . . 3.3 percent. At smaller companies, only 6.7 percent of the nation's management jobs are held by African-Americans (of any gender), according to the latest figures from the Bureau of Labor Statistics. Although there has been recent progress on diversifying corporate boards, the same stalwarts tend to be chosen, instead of cultivating a wider, ascending pool of prospective African-American men.

Sadly, my own career trajectory — containing both C-suite and board experience — has proven to be the exception, not the rule, for highly educated African-American men keen on corporate careers. Improving diversity is a mission that must be adopted by the corporations and nonprofits we serve. But how do we, as a search industry, best help those firms get there?

The first step for any search firm is to deliberately and intentionally choose a path toward enlightenment, seeking to understand the unique and complex experiences of African-American men in the corporate world—men who find themselves in the majority demographic when it comes

to gender, while existing as a complete outsider when it comes to ethnicity.

Greater awareness of these experiences must be brought into conversations up and down the talent acquisition ladder. There are ways to institutionalize this mindset beyond mandatory diversity trainings, which have grown in popularity despite researchers pointing to their inefficacy. One option is to create a diversity and inclusion officer among the leadership ranks of the search firm, either officially or unofficially. Just someone who could do a diagnostic audit by working with HR to solicit feedback from past candidates who were African-American men and grasp their experiences, both positive and negative, to inform best practices in diverse executive recruitment.

Accepting Blame, Making Corrections

At the start of this journey, the search industry must accept a degree of blame for how the C-suite demographics look today. Proponents of boosting corporate diversity have criticized companies who rely on unsolicited hiring practices and in-house referrals to recruit candidates, arguing these age-old practices work to perpetuate the status quo. (More often than not, individuals' networks reflect their own demographics, thus leading to hegemony.) But have we as an industry been any better? In order to recruit more, better candidates of color, the search industry needs to get more diverse itself. Who is doing the recruiting influences the outcomes, just as much as client firms' preferences do.

Change won't happen passively. Smith said it best: "When Dr. King said 'The arc of the moral universe bends toward justice,' he wasn't saying that it bends on its own accord. It bends because we choose to put our shoulders into it — together — and push." That's step one.

Step two is cleaning up certain practices in the search industry that are common, albeit discriminatory, and disadvantaging black men in the recruitment process. For example, vetting candidates based on their social media activity or Google image results, which allows biases to seep in, need to go.

Another way to influence the hiring of more black men in the upper echelons of management is to realize the power we have as trusted advisors to our clients. We can

not only make the case for individual candidates of color to fill these executive openings, but also become better advocates for why diversity makes the best business sense. Companies with more diversity on staff outperform their peers, according to a 2018 McKinsey report. "For every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes rise 0.8 percent," McKinsey reported.

Perhaps more importantly, these demographic shifts pay off exponential over time: research shows it becomes easier to recruit and retain top-tier minority talent once you demonstrate that commitment in a few individuals.

Potential, Not Track Record

It's the right thing to do for our clients, and our own industry. Already, the search industry specifically focused on minority recruitment has grown into a billion-dollar industry. Fortune 500 companies spend \$2.5 million, on average, each year recruiting minority candidates. It's in the best interest of both recruiters and corporations to understand the value of hiring diversely.

Perhaps the most essential change the search industry must push for, which is also the hardest step, is to start placing more emphasis with our clients on candidates with potential above a proven track record. This will make a lot of people squirm. But as Smith said during his Morehouse speech, one of the enduring lessons of his career has been the importance of taking "thoughtful risks."

Identifying potential can be tricky, no doubt. The search industry needs to do a better job of proactively cultivating relationships with alumni networks (particularly from HBCUs), African-American Chambers of Commerce, and mid-career professionals. Developing deeper relationships with candidates of color will help with understanding their unique and indispensable strengths. Doing so, I believe, will help any recruiter come to see that Horatio Alger myths are, for the most part, a fallacy that make people feel good.

Ridding Unconscious Bias

The best and brightest don't always automatically rise to the top — we must make an effort to find them, to give them a chance. When surveying candidate pools, overt racism

would never be tolerated at any reputable search firm. What is tougher is the fight against unconscious bias, which still lurks in the minds of too many hiring executives. Finding great leaders means vaulting past stereotypes and myths.

Otherwise, we may miss the next Robert Smith in our midst. “The window closed for others just as fast as it opened for me,” he said in May. “That’s the story of the black experience in America. A fleeting glimpse of opportunity and success, just before the window is slammed shut.”

Times are changing. In August, the banking giant Citigroup, after seeing African-American diversity backslide in senior positions for eight consecutive years, announced in an internal memo that it was pledging to increase those numbers over the next three years by hiring and promoting more diverse candidates into management-level jobs. Last summer, hundreds of CEOs — from companies such as Dow Chemical, Home Depot, and Walmart—signed on to create a safe workplace environment that’s conducive to ongoing dialogues about diversity and unconscious bias,

while pushing those results out to corporate leaders across the country.

Our Legacy is Not Our Past

Despite a legacy of exclusion that we’re all fighting to correct, the coming years present an opportunity like never before to bring more black men into the fold of corporate leadership. Smith’s message was ultimately an optimistic one. “Despite the challenges we face, America is truly an extraordinary country,” he said. “Today, for the first time in human history, success requires no prerequisite of wealth or capitol; no ownership of land, natural resources, or people. Today success can be created solely through the power of one’s own mind, ideas, and courage.”

Smith’s gift was deeply meaningful to a generation of Morehouse men. When he turned to the alumni, myself included, challenging us to do more, I immediately knew how I could help: I could recruit. All of us in the search industry, the people who find America’s next great leaders, should be inspired to take up Smith’s call to action.

IN THE INTERIM: WHY TEMPORARY LEADERS SHOULD NOT BE PLACEHOLDERS

**Jim Zaniello, President of Vetted Solutions,
Explains the Importance of Interim Leadership**



Interim. The word alone triggers all sorts of connotations. Impermanent. Transitory. Placeholder. A period of uncertainty and disruption. But when it comes to leadership, "interim" can have a much different meaning. It can mean adjustment and adaptation. Stability and optimism. Maybe most of all, opportunity.

Top experts in talent management and leadership recruitment agree that filling an interim leadership position can be a significant opportunity for an organization – if approached with a mindset based on the principles reflected in the second definition of "interim."

"Transitions are inevitable in any organization," according to Robert Moran, the CEO of the Ancora Group and a respected consultant, speaker and author on interim leadership. "Organizations are dynamic, not static. The only real question is how best to deal with it. More and more people are seeing the special value of using an interim leader to "pause" and skillfully manage that transition as a roadmap to the best possible future for their organization."

Catherine Brown, vice president of Vetted Solutions, shares that assessment of the value of interim leadership. The interim leader's job isn't to serve as a placeholder, or to simply mark time, she observes. It's to step in aggressively to analyze the situation, to build a collaborative effort to fix problems and avoid loss of organizational momentum. "The interim leader is an agent of change for the better, so the eventual new leader can step in quickly and effectively to take the organization forward in the best interests of all its stakeholders," she notes.

When is Interim Leadership Needed?

The need for interim leadership can arise for any number of reasons, planned or unplanned. Sometimes an interim leader has the luxury of stepping into a planned or expected situation. A leader may be approaching retirement, or leaving for personal reasons. The organization's succession planning process may have determined that no ideal candidate for the post currently exists, and more time is needed to develop and identify a specific level or type of management talent.

Directors or a CEO know that leadership change is coming, but they don't want to feel rushed in making decisions on

such a critical element of organizational performance. They don't want to lose momentum while the search for new leadership is underway. They want to make sure the stage is set for leadership success.

But other, less benign, situations also may come into play. The business model needs to change. The organization may face a difficult financial environment. The competitive landscape may be in turmoil. A particular crisis may suddenly pop up. In short, the organization may be in serious need of a fast, comprehensive look at the kind of leadership needed to thrive in dynamic times.

These worst-case scenarios have many common characteristics, according to Moran. There is poor communication, blaming, and inadequate sharing of information. Decision-making processes work poorly, or don't exist. People skillfully seek to avoid taking responsibility and resist stepping up to define problems and present possible solutions.

An interim leader provides the luxury of comprehensive stage-setting. It is a mechanism for dealing with any potential leadership issues, and better defining the precise nature of the leadership needed moving forward.

B.K. Allen has served as an interim leader on multiple occasions. "Was I just a placeholder? I never had that experience," she says. "I realized I was in a change-management position."

The challenge is exciting, she adds. It's never the same. And it's always more than is presented on the surface. "If you go in thinking you are a caretaker, you had better ask 'what am I not seeing,'" she says.

So What Makes a Good Interim Leader?

Sean Conaton is founder of Strategy Compass, a management consulting firm based in the Washington, D.C. metropolitan area. He has direct experience as an interim leader. In a very real sense, good interim leaders have to check their egos at the door, he observes. Interim leaders pave the way for the success of others – the eventual new leader, certainly, but also the organization and all its stakeholders.

“The first thing to remember about being an interim leader is, ‘this isn’t about me.’ It’s about the organization and the incoming executive,” he notes.

The interim leader is expected to be more than just a good general business manager. He or she also must function as an effective analyst and strategist, a team-builder and stabilizer, a problem-solver and change agent, a resource and support for the board or CEO – and more.

The interim leader puts the house in order, so the new leader can focus on moving forward rather than looking backward. “My job as an interim leader is to shorten the ramp-up time for the person who follows me,” he adds. The challenge is to put things in order without tying the future leader’s hands.

Mr. Conaton expands on this key point. “The interim leader has to look at the world through a different lens. Every day, the interim leader has to ask the question, ‘what am I going to do today to pave the way for the person who comes after me. What am I going to do to make the new leader – and the organization – successful? How do I get the house in order so that person hits the ground running?”

Moran and Brown also agree on the importance of building trust and establishing a team spirit in creating the path to effective leadership and superior organizational performance.

Interim leaders at the C-suite level must manage in three directions simultaneously, both note. They must interact with the CEO to support that person’s duties and responsibilities. They also must manage down, with a clear focus on all the people who make up the organization. And at the same time, interim leaders must interact laterally with

other functional managers. In short, interim leadership involves constructive, positive trust-based relationships with everyone who contributes to organizational performance and success.

“The interim leader must look at anything and everything that affects the ability of the leader to lead, and the organization to thrive. Nothing can be off-limits,” Mr. Conaton adds. “Revisit all the sacred cows and test the common assumptions and accepted cant. Look at everything and take nothing for granted. An interim leader from the outside brings a certain kind of objectivity and perspective that makes that easier to do,” he adds.

That means the interim leader must be more than just experienced and knowledgeable about the organization, and the purpose it serves. A good interim leader will be intellectually curious – willing to ask a lot of “why” and “why not” questions, Ms. Brown notes.

What makes interim leaders successful?

“You must have the trust of people around you. Not just the directors, or the CEO, but also your peers and subordinates, and all the stakeholders. They all need to have faith that you are acting in the best interests of the organization, and their best interests, too. Trust is absolutely critical,” she observes.

Moran especially emphasizes the critical role of trust in effective interim leadership. During his stints in six interim roles, he is asked the same thing: Can I trust you? “They listen to what you say, but they also watch what you do,” he notes.

Mr. Conaton suggests one important tool in earning trust is effective communication. To earn that trust, communication is key. Find the right way to connect with others, and keep people informed. Stand by what you say. Make the exchanges constructive rather than confrontational or challenging. As he puts it, “Find a way to say ‘yes, and...’ rather than ‘yes, but...’”

Robert Moran agrees. “This is a 360-degree exercise,” he says. Interim leaders need to reach out in all directions – to listen and learn, and to make people see that they are part of any change process that may be underway. Sometimes leaders simply fail to recognize the incredible knowledge

that already exists within an organization, and its capacity to heal and improve. Interim leadership presents a special opportunity to tap into that – and build greater loyalty and engagement in the process.

Another key attribute cited by all: bravery. Good interim leaders are truth-seekers, and truth-tellers. “Sometimes the board or the CEO needs to hear things they may not like to hear but need to hear anyway,” notes Mr. Conaton. “It takes a certain degree of confidence – call it bravery – to do that. It’s a lot easier to be brave when you know you are there in an interim capacity, not as a candidate or as the permanent leader.”

Ms. Allen says the best interim leaders also are good psychologists. Recognize that this is a period of stress for everyone. There is great uncertainty. People are worried. They may be confused. They need to know that someone understands that and is addressing it.

Mr. Moran agrees with the importance of that empathetic quality. “People crave stability,” he notes. They resist change, consciously or unconsciously. Guiding growth and adaptation involves change to processes and procedures, perhaps even in the culture. “It can be a big, big challenge. An interim leader needs to recognize that and to have the courage and abilities needed to drive that change for the better, tough as it may be,” he says.

“One of the magical elements of interim leadership is that people want to get better,” he observes. Tapping into that sense of shared commitment to improvement can be a powerful lever in shaping the organization’s ability to do great things.

Where Do We Find These Leaders?

Where do interim leaders come from? Anywhere, really, according to the experts.

A lot of the good ones to me seem to be baby boomers, observes Ms. Allen. “They tend to be people who have reached a stage in their lives where they feel free to follow their particular ambitions,” she says. They want to get out and apply what they’ve learned in a new and meaningful situation.”

Search firms tend to be expert at spotting those people – knowing where to find them, and how to identify those

with the capacity to perform. Plus, search firms that are made up of people with real-world experience as leaders in organizations – especially associations and non-profits – really know what to look for.

“A good interim leader can bring so many different experiences and perspectives – and so many more options to the table,” Ms. Brown adds.

Ms. Allen also adds a point relevant to the rising awareness of leadership qualities and capabilities of women. “I don’t think it is a stretch to note that almost all the key qualities of effective interim leaders that we have talked about are strengths that women display every day in the workplace.”

So Why Does Any of This Matter?

There is no doubt of the growing awareness of interim leadership as a valuable tool for building organizations of sustained high performance.

Kevin Keller is chief executive officer of the CFP Board, the organization serving and advancing the interest of the certified financial planner community. He also brings direct experience with interim leadership – and the insight to recognize its value to his organization.

The interim CEO for CFP Board prior to Keller’s arrival made many of the tough decisions and took decisive actions that greatly enhanced his ability to step in quickly and focus on the future, he acknowledges. “These aren’t easy jobs. But they are critical,” he adds.

The experience led Keller to embrace interim leaders in other organizational positions. “It’s really a thinking partner for me – someone I can count on to be objective and to think hard about the important things affecting our ability to serve our members,” he says. “It gives me time to test ideas and approaches to doing our jobs better.

Mr. Keller adds that CFP Board’s succession plan explicitly calls for use of interim leaders in the event of an unplanned chief executive departure.

Ms. Brown points to another extremely valuable practical benefit of interim leadership: better leadership recruiting.

Effective interim leaders help organizations better define the precise type of leadership needed for sustained superior

performance – the skills, attributes and qualities exactly right for the organization's leadership roles. That increases the probability of success in the partnership with executive search firms in finding candidates most likely to step in quickly with meaningful contributions to the organization's success. It helps search firms pinpoint exactly the right person for each position.

She and others also highlight the special nature of associations and non-profits, and the implications for interim leaders. Such groups tend to have a more diverse set of stakeholders than commercial organizations, and to be dependent upon members or individuals who share a common set of goals and ambitions. "There are lots of voices to be heard, and viewpoints to be considered," as Mr. Keller puts it.

Mr. Moran expands on his point. "There's a high degree of ownership in associations," he notes. "You really have to listen. The job of reaching out and connecting with everyone is huge," and demands exceptional communication – and diplomatic – skills, he adds.

'Doing good' is a powerful motivator, he notes. But sometimes it has to be tempered with practical

organizational management. Finding that balance is a tough job sometimes – and interim leadership can be an effective tool for finding it, without burdening the incoming new leader with a difficult decision on a contentious organizational change.

Interim leadership is a fascinating and complex topic, Ms. Brown concludes. "Done correctly, interim leadership offers so much to almost any organization – certainly ones that are focused on finding and developing the best possible leadership, for today and tomorrow. There are a lot of talented people thinking very hard about interim leadership right now. I know all of us at Vetted Solutions certainly are."

In Short...

'Interim' means more than 'placeholder.' Its real definition is 'seizing opportunity' – the chance to turn transition and change into the better leadership that drives better performance.

The only real question: are you ready to make interim leadership work for you?

HAVING SERVED ACADEMIC INSTITUTIONS, WE UNDERSTAND

Shawn M. Hartman, M.B.A., VP and COO of Academic Search, Examines the Biggest Differences and Most Acute Challenges in Higher Education Search



Confusion abounds in the marketplace regarding academic executive search versus corporate search work. Every search is unique, and each finds its own path. We can, however, draw some generalizations about the differences and similarities in search work.

When Academic Search was founded more than 43 years ago, we were the sole provider that focused exclusively in higher education. Since then, several firms that specialize in higher education have jumped into the arena – and almost every commercial firm now features a higher education practice or division. Much of the standard higher education search process today is rooted in the early work of Academic Search work.

Many, if not most, senior consultants who conduct searches for colleges and universities have spent time in higher education, often at multiple institutions. We have served as faculty members, administrators, and executives on campuses – and that experience provides us with special insights. This critical eye enables us to better assist hiring authorities in evaluating campus culture and identifying leadership potential.

Most of our searches are conducted under normal circumstances or during a natural transition in leadership. Occasionally, however, searches may follow very public disruptions or take place during challenging times. In these often-fraught searches, higher education search consultants can help candidates and campuses manage expectations for the search and wade through the politics, personalities, and perspectives that may disrupt or hinder the process.

Having sometimes lived through these experiences ourselves, Academic Search's consultants not only provide a unique perspective on the situation, but they share a general passion for higher education and a strong view of the mission of the institution. Our work is not about simply doing a search to find the best candidate, but rather is focused on leading the institution through challenges and managing change with a critical eye. We are deeply invested in the success of the higher education sector.

Don't Call Us Headhunters

If you want to see search consultants at a higher education firm squirm, call them headhunters. We do not consider ourselves as such, because our role and larger mission is one of managing and informing the search process, in partnership with the institution. Search committees (campus and corporate alike) do much of the initial screening and

selecting candidates for interviews. What sets us apart from corporate search consultants is that we are frequently asked for insights on or knowledge about candidates, and we even use our extensive higher education connections to improve the candidate pool.

For example, in one recent campus search, the search consultants were asked whether they knew of anyone else (not already in the pool) who should be considered for the position. The search consultants recommended three additional individuals who, as it turns out, were named as the three finalists. Our search consultants' service in the academy provides them with exceptional insights into campus culture and unrivaled expertise in evaluating candidate credentials.

Our higher education search process is deliberate, individualized for each client, and avoids "recycling" candidates from one search to another. We do not view any search as a simple transaction to fill a seat, but a rather as a shared effort--a deliberate process designed to position the campus and candidate for success and a smooth transition. In many corporate searches, human resources officers fill this function. In higher education administrator searches, it is the responsibility of the search firm to run a process with these outcomes in mind. Often campuses do not even include on the search committee a representative from the human resources team.

We take pride in the feedback we receive from our campus search efforts. We frequently hear from candidates who were not selected that our rejection letters "are the nicest rejection letters" they have received. Candidate development and care is our primary concern. We aim to keep the candidates fully informed of their status and we

provide valuable feedback when we can. Candidate care varies greatly among firms and because higher education is a relatively tight-knit industry, word travels. Candidates will spread the word about which search firms are the best to work with.

Radical Democracy

A higher education search can involve almost everyone on a campus. One of the most valuable innovations our predecessors at Academic Search created was “the pre-search visit,” during which the senior consultant spends time at the institution, sometimes more than two full days, to speak to and hear from individuals across the campus. The visit includes individual constituency meetings as well as open forums for anyone on campus to participate in the discussion of what the entire search process should look like and what attributes and qualifications an ideal candidate should possess. For example, if we are searching for a new vice president for enrollment management, we seek insights from librarians, faculty, students, and administrators, even though they may not work directly with the person being hired. Shared governance is a lived reality for our campuses, one that we embrace and welcome.

To facilitate the inclusion of the campus community, a search committee is almost always convened. The search committee is usually comprised of various representatives from academic affairs, student groups, student affairs, and other campus administrators. The composition of these committees might be prescribed by union contracts or state higher education policy directives for public institutions. The committees can be appointed or even elected. Working together with the search consultant, the committee will often do the initial screening for the hiring authority. The decision as to which candidates to bring to campus for interviews is then based on the search committee’s recommendation. That brings us to the next difference in academic versus corporate searches--timing.

Time

As with so many things in higher education, searches take much longer than in other sectors. The academy tends to act with deliberate consideration and broad consultation, with thoughtful attention to mission and values. The partnership

between the search firm and the institution is designed to both honor the culture of higher education and to facilitate a search process that will work best for that institution.

Enough time needs to be factored into the search process for the committee to meet; reach agreement on what attributes, traits, skills, and background they are looking for in candidates; recruit the candidates; and evaluate their credentials. Academic-related positions are certainly tied to an academic calendar, providing reduced flexibility. Spring calendars are especially tricky. With holidays, spring break, and graduation, the calendar becomes a challenge to manage. If we are working with a faith-based institution, several additional holidays might need to be considered when creating a search calendar. It is not unusual for an academic-related search to take five or six months. We often work with new campus human resource professionals who come from the corporate world who are astonished at the amount of time it takes to recruit a new campus administrator. At times we work with a strategic partner to put an interim placement on the ground to allow us the time needed to conduct the permanent search.

Sunshine Laws

For private campuses, the private sector, non-profit associations, etc., searches are not necessarily open to the public. However, public institutions and the government sector are subject to open record or sunshine laws. While we applaud the goal of these laws, they do present recruiting challenges. Privacy in searches is often paramount. High-profile campus administrators may be concerned about losing their jobs if it becomes known they have expressed interest in a position at another campus—a concern that may dictate where they apply.

For example, we were in the midst of conducting a presidential search for another public institution at the exact same time that another national, prestigious public institution was doing a similar search. The public institution was in a state with exceptionally aggressive open record laws. Our pool had almost six times the number of applicants than did the public university, including almost two dozen sitting presidents. Clearly, presidential candidates prefer to search for positions that are not subject

to sunshine laws. Confidentiality is a critical concern for our candidates and most campuses recognize that.

Tensions about transparency and disclosure in higher education search certainly exist. With a shared governance model, there is much greater expectation for input and feedback. The search is expected to be more of a group process than an autocratic decision. This is especially true for presidential searches. We work extensively with our search committees to address confidentiality concerns such as not using candidate names or emailing or posting online details of the search. This would be true for anyone in the public sector search space. These are unique challenges that are not easily recognized by private industry.

CVs vs. Resumes

It is not uncommon for academic candidates to submit a forty-page curriculum for a position. These CVs are personally reviewed by search committee members--there is no resume reader or algorithm driving the review of a CV for an academic search. A cover letter for a higher education application is often longer as well. Each institution produces a profile outlining a leadership agenda that needs to be addressed by the incoming appointee. That profile may outline a multitude of items that a candidate will try to respond to, resulting in a lengthy cover letter.

In addition to long CVs and cover letters, these higher education applications typically outline the candidates' past work and look back at accomplishments and challenges they addressed during their career. These applications are not as forward facing as those typical of the corporate sector. Higher education has a reputation for being slow to change, and the search for leadership within institutions often reflects that trait.

Further, many campuses ask us to help them address the issues of privilege and classism when reviewing CVs. They recognize the inherent bias that can often come with reviewing a CV rather than a resume, just as a resume reader or AI interface confirms bias. The role of the search firm, in partnership with the committee, is often to help individuals on campus understand how to build a diverse candidate pool and advance equitable consideration of that pool.

Not So Different

We would be remiss if we did not highlight the ways in which executive search in higher education is like searches in other sectors:

- We all care about our clients and want the best for them
- Some searches pose big challenges that we pride ourselves in navigating
- Bad weather, in all forms nowadays, can derail a search process
- Navigating social media can be a minefield
- We are seeing growth and specialization in executive search
- Managing client expectations and marketplace conditions is a constant challenge
- Confidentiality is always a goal and expectation
- Maintaining the highest ethical standards is mission critical for a search
- The human resources team is an important partner in the search
- There are high expectations of the search committee and hiring authority
- Candidate due diligence is crucial
- Search firms are committed to equity and inclusion
- Executive search consultants love what they do

Executive search is a challenging endeavor, regardless of sector. Some of the search difficulties faced in higher education are not unique. Ensuring equity and inclusion, due diligence, and a host of other issues certainly cut across sectors and are a strong focus of our work.

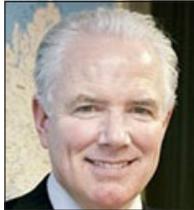
However, higher education search offers a fun and dynamic engagement that features some unique nuances, particularly the strong commitment to mission and values. For our team, serving in higher education is a calling--we are committed to the academy and strive always to give back through our efforts to recognize and recruit exceptional talent for senior positions.

WHY NOW IS THE TIME TO HAVE A CHRO ON YOUR BOARD

Mike Magsig, Managing Partner, Global Board & CCE Practice and Jerry McGrath, Managing Partner, Global Human Resources Practice at DHR International Discuss Why Every Board Needs a Top-Performing HR Leader



Mike Magsig



Jerry McGrath

Few would argue against the vital importance of a robust business strategy in establishing direction and planning growth for a company. Strategy, however, represents only half the formula for corporate success.

Without a forward-looking human resources plan, a subset of the business strategy designed to maintain and engage the people required to execute the strategy at every level, even the best strategy is of little use.

Carefully folded into that human resources plan, if done properly, is a thoughtfully constructed compensation plan that will provide incentives geared to attracting new talent as well as developing, rewarding, and retaining current talent.

Given the rapid transformational change occurring in business today and the need to adapt quickly, the best human resources plans also entail ongoing succession planning for all mission-critical positions, including at the top of the house for the CEO and the executive team most closely linked to the overall corporate strategy.

Culture Drives Performance, Leadership Drives Culture

If this sounds something like a position description for a chief human resources officer (CHRO), that's not mere coincidence; it's what CHROs focus on daily. But these duties are also increasingly deemed crucial aspects of board oversight and at the heart of the board's responsibilities. Yes, they are that important now, because success in executing the human side of the business will ultimately determine how successful the strategy is. And that is the reason boards should consider adding a CHRO to their ranks.

Boards have traditionally focused on financial performance, easily quantifiable, rather than the harder-to-grasp people issues described above. But corporate disasters of the last several years—peaking in 2018—have changed all that. Just ask companies like Uber and Wells Fargo about lessons learned on the importance of these human, cultural issues in the CHRO's bailiwick in driving performance and maintaining or destroying reputation and shareholder value. A culture that yields desired results starts at the top—with the board and the CEO—with a focus on promoting a workforce

philosophy and practices that appropriately reward and motivate employees and reassure shareholders.

Making the Essential Culture Connection

Among directors, the company CEO, as the top operating executive, should have his or her arms around these issues that make a company an attractive employer and impact the bottom line. For directors to get a complete picture, however, especially of any potentially serious issues, many boards would benefit from having a CHRO on the team. That's because CHROs are trained to maintain a holistic view of culture, even more than the CEO, and to keep a finger on the corporate pulse day in and day out.

The right culture for a particular company undergirds strong performance while the wrong culture can derail it. Boards should increasingly be seeking the guidance of CHROs, not merely as advisers on these matters, but as full-fledged team members on the board. Ensuring boards have an ongoing connection to cultural issues should now be considered essential to the board's role in overseeing and managing risk.

But apparently not every board member has had exposure to top-performing CHROs, who likely play a more integral role in crucial, enterprise-wide issues than anyone else in the organization, with the exception of the CEO. In-depth understanding of company strategy and larger industry shifts are givens. Leading CHROs today are businesspeople at their core who have knowledge and access to all the levers known to accelerate performance. They are experts on shaping a culture conducive to performance excellence aligned with the strategy, including everything from CEO succession to building bench strength at all levels. They

must also possess state-of-the-art knowledge on effective compensation practices designed to reward desired outcomes, as well as recruiting and branding practices geared to attracting top talent. Having a CHRO as a director would help ensure that these critical issues are addressed and managed regularly by the board.

Why Still So Few CHRO Directors?

It's not difficult to make a logical argument for having CHROs on boards in a time of rapid business and corporate cultural transformation, but it is still rare to see a CHRO director.

According to DHR's own research, only 28 active CHROs are currently serving on the boards of Fortune 1000 companies.

There are a number of reasons for that, both historical and practical. Since their inception in the early twentieth century and until fairly recently, boards have been an exclusive club dominated by CEO members. But that picture has changed dramatically in recent years. For one thing, there are not enough CEOs to populate every board, and for another, as valuable as CEOs still are as directors—prized for their broad knowledge and operating experience—leading boards have learned to appreciate the value of functional expertise on their team. Just as any baseball team could not be successful if all members were pitchers or third basemen, no matter how talented, similarly, boards that perform most effectively and provide the greatest value cover a number of functional bases.

Another reason there are still so few CHRO directors is a lack of appreciation for the professional contribution the best HR executives make to an organization. HR has certainly evolved as a function in recent years, yet many CEOs and directors still see HR as the chiefly administrative function it once was—one viewed as impeding rather than enabling progress, as opposed to

the proactive, strategic, visionary role the best CHROs now play in their organizations.

Other functional experts are now common, valued members of the board team. No board could properly, or legally, function without financial experts as members and on audit committees, making CFOs much-sought-after directors. But CHRO board candidates may be harder to identify, and, further, it is often harder to "sell" these candidates to boards, especially if they are perceived as lacking the crucial broad business experience and acumen required in any director, as well as prior board experience. Needless to say, any director filling a needed functional expertise spot on the board must bring the same level of business judgment to the table as others on the board, as they will be weighing in on myriad issues and decisions, not merely those that touch specifically on their expertise.

Recruiting a CHRO for the Board

Finding a CHRO for your board who is a good fit and will add value to the company and existing board takes some work and a strategy carefully tailored to your individual board. The best place to start when considering adding directors to the board, including a CHRO, is with the company strategy.

Begin by trying to isolate specific challenges that the strategy suggests down the road. Perhaps a merger, acquisition, or spin-off is planned, where having the right people matched with key roles will be paramount to success. Perhaps there's something else that will require organizational change and the cultural expertise to make it work. Or perhaps it's the now perennial board priorities of CEO succession planning and executive compensation—more complex than ever with recent changes in the law.

Look to other companies, whether in the same industry or an industry that has previously dealt successfully with similar challenges, and examine the background and experience of the CHRO. Further investigation may help reveal how valuable a resource the CHRO was to his or her own board and whether external board experience is documented. In most cases, however, there won't be prior board experience given the still small number of CHROs serving on boards.

Functional Diversity, Part of a Wider Spectrum

Boards have operated as closed societies for generations. Even when there are established, valid reasons for expanding membership, change may take time. In reality, adding CHROs and their needed expertise to boards is yet another aspect of a broader diversity challenge boards are facing. The underlying premise of that broader diversity, which many have referred to as diversity of thought, is that boards that comprise diverse teams—by ethnicity, geography, gender, age, and functional expertise—are far more effective and provide greater value than those where members are more homogeneous. Diversity of thought leads to richer discussions, more creative solutions, and better decision-making.

That doesn't mean this change is easy. One corporate governance expert likened change on corporate boards to watching a glacier melt at thirty-two degrees. Even assuming the temperature has been cranked up to thirty-eight degrees, change is happening, albeit somewhat more slowly than many would hope.

Acceptance and embracing of all shades of diversity are accelerating. It's here to stay, not merely because of external pressure, but because boards themselves now realize what an asset true diversity represents.

Value Add of a CHRO Director

"Culture matters," according to a recent article in the Harvard Law School Forum on Corporate Governance and Financial Regulation, "because a strong, positive culture provides a framework not only for risk mitigation, but also for both short- and long-term value creation. On the other hand, a damaged or broken culture can create dysfunction throughout the organization and create risk to critical assets, including brand reputation, intellectual property, and talent. As recent developments demonstrate, these and other impacts can destroy value and, ultimately, the organization itself."

Serving as a director is not a full-time job, even on the best boards, and with fewer than a dozen board meetings a year, much can happen between meetings to erode culture, greatly elevating risk. There has traditionally not been a natural "keeper of the culture" on the board, the

way financial risk is monitored by the audit committee for example. Culture is elusive, unlike numbers, and harder to quantify and grasp.

A CHRO on the board can oversee internal resources and ensure proper systems and safeguards are in place to foster an effective culture. Moreover, this individual can make sure all relevant information filters directly up to the board and is represented in real time on the board's risk oversight dashboard. The CHRO director should also be able to recommend direct board actions to model and communicate the desired culture.

No Better Time

We acknowledge the risk of adding directors who often have no proven track record of previous board service, but that risk can be greatly mitigated both before and after recruitment. During the recruitment process, through rigorous interviewing and referencing, the nominating committee and board chair can thoroughly vet candidates, including for fit with both company and board culture.

Once recruited, to ensure a new director—particularly a first-time director—gets off to a good start, build in adequate orientation and training, including the possibility of a veteran director as mentor. That acceptance of a new director, who may be different from previously recruited directors, is an important message to send to both prospective additions and to the current board. Some CHROs we've spoken to are sensitive about being pigeonholed merely as HR experts when they hope to contribute more broadly alongside those they anticipate will be director peers. And we have heard from directors that it is often the newest member of the board team, viewing information through a fresh set of eyes with no assumptions, who asks the most important questions at board meetings.

It's surprising how few boards as yet are leveraging the expertise of CHROs. It's especially surprising given the multitude of organizational and cultural challenges companies must increasingly deal with, as well as primary board duties of succession planning and executive compensation. Wise boards will turn this to their advantage, attracting top CHRO talent as directors while there is still a plentiful supply. And because the HR function has served as

a route up for many women, it's not unlikely that in recruiting a CHRO, boards can simultaneously enhance desired gender diversity.

Admittedly, there may be a learning curve for any board to accept new directors from other fields and functions, but that expertise will make the board stronger and more effective, from which the company and its entire array of stakeholders will benefit. With the help of a CHRO director,

boards can more effectively provide oversight of crucial culture issues and prevent the sort of corporate derailments that have been all too frequent in recent years. Finally, with greater attention paid to cultivating and overseeing a productive culture, directors will have to worry less about irreparable damage to corporate and personal reputation, including responding to the dreaded question, "Where was the board?"