Executive Talent

The Global Quarterly from the AESC

Issue Five

Evolving from an 'expert for hire' to a trusted advisor

How inclusion yields innovation

Cybersecurity: What Keeps CEOs up at Night

BIG SOCIAL DATA
Predicting the Future of You

PLUS! Exclusive extract from McKinsey Global Institute's new book

A Message from Karen Greenbaum, AESC President & CEO

Welcome to the new issue of *Executive Talent* magazine. You may notice a few changes from previous issues. Firstly, the name. When we launched *Search Magazine,* the name made perfect sense for us, but as our members continue to develop deeper and more meaningful advisory relationships with their clients, we wanted to broaden the focus.

The second big change is that each issue will now focus on a specific theme. For this issue we are covering the topics from AESC's Global Conference, which we hosted in New York City on the 15th and 16th April. We welcomed more than 130 executive search professionals from 21 countries to the Global Conference and it was a great success.

In the following pages you will find a summary of the issues debated at the Global Conference, supplemented with additional opinions from experts in their field. Several of the articles are accompanied by the video footage from the conference and we encourage you to make the most of the multimedia format.

Our lead feature on page 12 covers the part creepy, part exciting world of Big Social Data. Many organizations are already leveraging Big Data for consumer insight, but this article looks at how algorithms will be able to scan the social media profiles of executives to generate predictions about their leadership characteristics and personal life. While the technology has tremendous potential, how can we safeguard against error when the algorithms are wrong or misleading?

One of our keynote speakers at the Global Conference was Richard Dobbs, Director of the McKinsey Global Institute. He presented the firm's predictions for the next 50 years of business, touching on the skills that executives will need to navigate such change. We are delighted to print an exclusive extract from Richard's new book, *No Ordinary Disruption*, on page 18, as well as an interview with Richard about how these trends may disrupt the professional services sector.

We are also delighted to highlight the recipients of our annual awards – Jim Hertlein, John Salveson, and Anneke Ferreira. Turn to page 28 to read our exclusive interviews with the award winners.

Some other highlights of this issue include: Andrew Sobel's guide for how to elevate yourself from an expert to a trusted advisor (page 24); a discussion around how inclusive cultures yield greater innovation (page 6); how The 30% Club has targeted business-led change for greater diversity (page 8); and a continuation of our cybersecurity coverage, discussing the enigmatic role of the Chief Information Security Officer (page 10).

We hope that you enjoy reading this issue as much as we have enjoyed putting it together. As always, please do let me know if you have any feedback on this issue or have an idea for future topics you would like us to cover. Our next issue will focus on leadership consulting, so please send in your ideas for articles now!

EXECUTIVE TALENT

The Global Quarterly from the AESC

Issue 5

AESC
The Association of Executive Search and Leadership Consultants
www.aesc.org

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Advanced Certificate in Executive Search & Leadership Consulting

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A virtual learning experience now accessible to more AESC members worldwide!

Experience a Dynamic Learning Environment

This six-month, MBA-level virtual certificate program is designed exclusively for Executive Search and Leadership Consultants. The program takes participants through a rigorous learning experience by using cutting-edge theory and industry best practices to apply to their client assignments. Cornell University's ILR School professors will take an integrated approach to teaching, which will include virtual lectures, interactive learning, group activities, and case studies.

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The program is designed for senior-level Executive Search or Leadership Consultants. If you are looking to step up your game and move your business forward, this program will be an excellent choice in helping you navigate your future course. The AESC will review each applicant's experience to maintain the appropriate level of participants in the program.

Registration

Course begins January 10, 2016. To register for the course, or for questions concerning this program, please contact Brian Glade at +1 212 398 9556 ext. 226 or bglade@aesc.org. All participants should register for enrollment by October 1, 2015.

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- Business Strategy and Market Positioning
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AESC Education

Cybersecurity

Trends in technology, geopolitical landscape, connectedness all fuel growth in cyber security says Joe Nocera of @PwC_LLP #aesc2015 #CISO

- Cynthia Hunt, Witt/Kieffer (@CynthiaLHunt)

Diversity and The 30% Club

Get away from "Who do we know" to "what skills do we want" says Celia Brown at #aesc2015 to get more women on boards @WomenCorpDirs

- Davia Temin, Temin and Company (@DaviaTemin)

Big Social Data

Drilling down through social data can predict your future before you will know what will happen #future #iicpartners #aesc2015 @TheAESC

- IIC Partners (@IICPartners_Ltd)

Social Media Highlights from AESC2015

The Global Conference was the AESC's most discussed event on social media. During the two days more than 150 tweets were sent using the hashtag #AESC2015. We have picked out our favorite tweets from each session below.

Management Intuition for the Next 50 Years

4 forces making intuition wrong: industrialization & urbanization, disruptive tech, aging world, greater global connectiveness #aesc2015

- Margaret Pederson, WomenCorporateDirectors (@PedersonAmirexx)

Innovation and Inclusion

Acquired diversity is essential for innovation. Listen. Move good ideas along innovation pipeline #aesc2015 @laurenchivee @PearsonPartners

- Renee B. Arrington, Pearson Partners (@ReneeBArrington)

To view a complete list of our favorite tweets from the conference, click here.

Inclusion is the most important skillset of our time

Speaking at AESC2015, Lauren Leader-Chivee, founder and CEO of All in Together, drew the correlation between inclusion and innovation. Here is a selection of the high points from her presentation.

The power of difference

There has never been a more important time for the conversation about the links between innovation, inclusion and diversity.

Inclusion is probably the most important skillset of our time. Not only do we need inclusion to drive better business performance, but the reality is that most of the up-and-coming generation will not work in companies that don't have inclusive cultures. We see it now with generation Y. They would rather move home with mom and live in the basement than go to work for Goldman Sachs. They believe that if they go to work for Uber, or Facebook, or Google, that they will be heard and they will have an opportunity to contribute in a way that they won't at most companies.

We need a set of leadership skills to unlock the power of difference. We're calling it acquired diversity, which is the idea that certain types of life experiences have enormous value because they lead you to being a different kind of leader – to being inclusive, to help manage risk in more open ways, to actually welcome and look for feedback.

"Inclusion is probably the most important skillset of our time"

Session
Inclusive Innovation

Speaker:
Lauren Leader-Chivée, Founder and CEO of All in Together

I'm not advocating that the answer to all of our problems is that we have to replace x with y. I'm not saying we have to push companies to replace their white male executives with women and diverse candidates. What I am saying is that in order for us to get the benefit and the full potential for innovation in our organizations, we need both. We do need diversity in leadership and decision making roles, but we also need leaders, no matter who they are or what they look like, who actually appreciate and know how to leverage and engage the power of difference.

Diversity of thought and acquired diversity

In some organizations the discussion around diversity of thought winds up obscuring some of the real value of acquired diversity. You don't get the innovation payoff just from having a bunch of different people from different business units. You could certainly argue that if you have somebody from IT and somebody from marketing, you have diversity of thought and different experiences. But the thing that really is the differential is not just about how you think, but how you behave, how you lead, and how you interact with others.

"It is not an even playing field for ideas"

Is it enough for all of us to go to work and stick a bunch of women and people of color in chairs? Do we automatically get a better outcome in the marketplace by doing that? I suspect maybe not. For any of us who have been the 'only' in a room, just being in a chair doesn't mean that your insights are heard, appreciated and make a difference.

It turns out that it is not a level playing field for ideas. In the competition for great ideas and innovation, it turns out that a huge percentage of innovation and business ideas and market growth strategies get left on the cutting room floor every day. Not because of the value or the quality of those business insights, but because of who had them.

A huge part of our capability for innovation is sitting inside our businesses already and we're ignoring it.

Diversity at the IMF: A case study

In 2008 the IMF, which is of course tasked with mitigating global financial risk, put out a really extraordinary paper essentially denying that there was any threat to the global economy of a massive disruption. They put out this paper about three weeks before the collapse of Lehman Brothers. They were so chastened as an organization by this embarrassing lack of judgment and lack of ability to see something that many people did see coming, that they undertook an internal review.

Within the IMF there were economists from emerging markets, more junior in the organization, who were essentially jumping up and down and saying something terrible is about to happen. At the managing directorship of the IMF, it turns out that they could not see it. One of the major culprits of this systemic blindness was in fact that all of the managing directors at the IMF were white men. But more importantly, they had all gone to a collective three business schools. They had all been working together for more than 20 years. They were all from mature economies. They were incapable of hearing, even with compelling data, the arguments coming from within their own organization. When Christine Lagarde took over the IMF she really set to work looking at how they could transform not just the representative diversity in terms of the leadership ranks of the managing directors, but also what they needed to do culturally to create the kind of environment where dissent could be heard. ■

"Diversity is a huge priority for us"

Following The 30% Club's panel session at the Global Conference, AESC members Russell Reynolds Associates and Stanton Chase discuss why they decided to join the business-led diversity initiative.

The 30% Club launched in the UK in 2010 with a goal of 30% women on FTSE100 boards by the end of 2015. Since then the group has expanded to Hong Kong, East Africa, United States, Ireland, Southern Africa, Australia, and Malaysia. Further chapters will be launching in Canada, Italy and Poland later this year.

Despite the name, The 30% Club does not believe in quotas. Its members take voluntary steps towards the greater gender balance on boards, and believe that business-led change is the right way forward. At the Global Conference, Helena Morrissey, founder of The 30% Club and chief executive of Newton Investment Management, said: "In the UK we wouldn't have achieved what we have done without the executive search community."

Her comments were echoed by Sheila Penrose, chair of Jones Lang LeSalle, board member at McDonalds and member of The 30% Club, who said: "Thank you for the work that you do on our behalf. Executive search firms have created succession plan matrixes that fit in with management ranks and have proved very useful."

The 30% Club's members are mainly chairmen and chief executives of publicly-listed companies and professional services firms – including Warren Buffet, Sir Win Bischoff, Stuart Gulliver, and Sheryl Sandberg. In October 2014 the AESC became members of The 30% Club. In addition, two AESC member firms – Russell Reynolds Associates and Stanton Chase – are members of The 30% Club. Below, they discuss why diversity matters to their firms and what appealed to them about The 30% Club.

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For any AESC members interested in finding out more about membership of The 30% Club, please contact Cate Faison at Bloomberg on cfaison6@bloomberg.net or visit The 30% Club website at http://30percentclub.org.

Session

Inclusion - Diversity as a Business Imperative: Chair/CEO Panel

Moderator:
Helena Morrissey, CEO; Newton, Chair, The Investment Association; and Founder, 30% Club

Panelists:

- **Benito Cachinero-Sánchez**, Senior Vice President, DuPont Human Resources
- **Celia Brown**, Executive Vice President and Human Resources Director, Willis Group Holdings
- **Sheila Penrose**, Chair of Jones Lang LaSalle and Director of McDonalds

Clarke Murphy, chief executive at Russell Reynolds Associates, says: "Diversity is a huge priority for us and has been for 25 years. 20% of our management committee is female, 30% of partners are female and just over 40% of client-facing staff are female. For us it goes beyond gender as well. We have promoted the LGBT community to great success, within our firm and with our clients. It is something we're very proud of. Also our board practice in the US is run by two African Americans, which points to the commitment to diversity.

"We're outperforming the statistics for female board members. When 27% of our successful candidates in board searches are women, while 17% of board directors on Fortune 500 boards are female–it would appear that we are recruiting more diverse, successful candidates than exist in those populations. I hope it's because we have a more open-minded culture.

"The 30% Club is a business-led commercially-led leadership-led effort. It is not political. It is not governmental. It is not populist. It is business leaders and investment leaders saying 'this is important and we must help accelerate progress.' If you have great leaders joining in, things will happen. The 30% Club, having shown its progress in the UK, has a higher chance of making an impact.

"I think there was a reset button after the financial crisis. Clients realized that the first candidates who came to mind were often growth-oriented executives who weren't necessarily the people to work in a more complex world. Six years later you have managers with experience of brutal competition, brutal changes in business models, brutal changes in operating models. They have been through more in the last seven years than many people have been through in 15-20 years. We've got possibly the best pool of diverse candidates for executive roles and board roles than ever before, and not because we set diversity goals, but because the world is so complex to succeed in."

Mickey Matthews, international chairman and managing director at Stanton Chase, says: "For us this is both an internal and external issue. It would be easy for us to say that diversity is important because it could be a differentiator for our clients, but for us it means much more than that. If we champion diversity internally, we'll do the right things for our clients. We have to listen to different viewpoints and different strategies. We focus on two 'E's and two 'I's within our firm and with our clients: education, encouragement, influence and initiating a dialogue. We're using this as a framework to present to clients and make the business case for new thinking, innovation and better customer insight."

Lyn Cason, director and global co-chair of the diversity practice at Stanton Chase, says: "Once you have competition to be one of the leading diversity employers in your industry, there are a lot of things that you start to do to measure and track your progress. You look at whether this is on the agenda of the CEO and the chairman, and whether this is led by HR or tied into the KPIs and compensation of the leadership team.

"If our workforce mirrors the customers that we serve and the customers that our clients serve, we can better answer our client's needs and perform better as consulting partners."

Beata Sokolowska-Pek, managing director and global co-chair of the diversity practice at Stanton Chase, says: "What is fascinating about The 30% Club initiative is there is a desire to change reality without enforcing any legal changes. Therefore you really have to have a sense of mission and really take steps to educate your clients."

What Really Keeps CEOs Up at Night

We live in an era of technological insecurity. What can we do to make sure our clients have the right talent to meet their cybersecurity needs?

Cybersecurity breaches pose the third largest threat to organizations today, according to a recent global survey of C-suite executives by the consulting firm Protiviti. Two years ago, cybersecurity ranked seventh on the list of top threats. PwC estimates that there were 42.8 million breaches worldwide during 2014, a 48% increase compared to 2013. The speed and sophistication of these breaches has surprised the business world, with high profile casualties including Sony, Target, and JP Morgan. In many instances, organizations have more comprehensive insurance for fires, floods and ice storms than they do for cyber security breaches and data attacks.

While North Korea's hacking of Sony and Iran's hacking of American billionaire Sheldon Adelson have gathered headlines, it is incorrect to assume that this issue only affects large organizations or that it only happens in the United States. Hackers do this for many different reasons, whether it is financial, ethical, political, for the prestige of breaking into a high profile website or database, or simply for entertainment. Similarly, hackers can be external or, in the case of the NSA, internal.

Anthony Batchelor, Partner at Odgers Berndtson, explains that "information security is moving from the boardroom to the bedroom. In Canada we keep hearing about situations where people have their personal information hacked and are asked to pay a ransom." Batchelor says that many of these incidents go unreported for a long time, as individuals are too scared or embarrassed to approach the necessary authorities. Any organization that holds data about its clients has an obligation to keep that information safe, to protect their customers and their reputation.

Risks have risen exponentially

Technology has facilitated giant leaps in innovation, akin to the industrial revolution, and trends in software as a service and cloud computing have enabled organizations to cut costs and drive efficiency. But the price we pay for this more interconnected world is greater instability, as Graham Willis, managing partner at Watermark Search International, explains. "The growth of big data sets and the technologies to interrogate this data means that the risks associated with third-party illegal access have risen exponentially." During the AESC's recent Global Conference, panelist Stephen Ward, chief information security officer at TIAA-CREF, explained that the role of a CISO has changed dramatically in recent years, to handle the greater data insecurity and the growing corporate concern. "Five years ago we were scrapping for a $5 million budget. Now we're given hundreds of millions," he said.

Cybersecurity is no longer just about compliance with regulators, although in heavily-regulated sectors like financial services this is still a factor. "We're seeing a tremendous amount of variation from company to company," says Matt Aiello, partner at Heidrick & Struggles. The requirements of the role depend on an organization's products – a consumer technology brand may search for a CISO with a software engineering background to shore up customer-facing products, a financial services firm may look for someone with a government security background in the NSA, CIA, or GCHQ, while healthcare organizations may search for white collar "ethical" hackers to build defenses.

Session
Innovation - New Top Roles: Cybersecurity

Moderator:
Joseph J. Nocera, Partner, PwC

Panelists:
- **Marene N. Allison**, Vice President and Chief Information Security Officer, Johnson & Johnson
- **Stephen Ward**, Chief Security Officer, TIAA-CREF

"This is such a fast moving topic that I don't think we've landed on what the perfect CISO looks like," Batchelor says. "That's why creating this function hasn't taken off in companies as quickly as people thought it would. The smarter companies will look at the composition of their board and have an information security board member who will interact with the CISO. You need someone waking up and thinking about information security from a strategic level, as well as someone from a tactical level." This can be seen in the cases of Kris Lovejoy at IBM and Pat Reidy at CSC, both of whom have made the step up from CISOs to a more strategic cybersecurity position that is further embedded with the rest of the business. By adding a layer of cybersecurity expertise above the CISO – either at the board level or overseeing a function that encompasses physical security, risk and compliance, for example – there will be greater consistency between organizations, greater professionalism from the cybersecurity experts, and more strategic thinking around the trade-offs of security and enterprise.

"It is a very difficult role to fill right now"

But with so much variety currently around what is being expected of CISOs, Joe Nocera, partner at PwC, says, "it is a very difficult role to fill right now. It requires a number of skills and experiences that are difficult to find in a single individual." So what are the desirable traits of successful CISOs?

Matt Comyns, cybersecurity practice lead at Russell Reynolds Associates, says: "The role has traditionally required technology leaders to serve as urgent responders, but they must now be ahead of the curve, developing a clear vision of how hackers' tactics will evolve, becoming proactive innovators. While technology roles always have and always will call for relentless attention to process and detail, they must also demonstrate real agility – the willingness and ability to pivot and respond to changes in the threat environment." Similarly, a CISO must have an ability to be externally facing, dealing with concerns of colleagues, customers, regulators, governments, law enforcement agencies, crisis management firms and investors where applicable.

But, despite interfacing with so many stakeholders and staying up to date with the latest trends in cybersecurity, perhaps the most important expectation is that CISOs will be business-savvy enough to understand when to take calculated risks in the name of enterprise, and when to tighten the reigns. For instance, McKinsey estimates that banks are currently losing $300 billion a year globally because of delays in product launches caused by security compliance, which is impractical and positions cybersecurity professionals as obstacles to progress. "A compliance-based approach where everything must be protected is too overwhelming and also destroys more business value than it saves," says Paul Chau, head of Korn Ferry's Asia Pacific CIO center of expertise. "The CISO must be a strong communicator and business relationship builder, able to work and influence across business silos and get people to engage and 'do the right thing,' and to understand the necessary trade-offs."

"A Tour of Duty"

All told, these factors combine to make the role of a CISO appear as a thankless task. They are on the front line in the war against cybercrime, potentially in the boardroom briefing directors in language that resonates with them, reassuring their peers that they are not an inhibitor to progress, and often prove to be the scapegoat when a breach does occur.

So who would put themselves forward for such a high-profile and demanding role, and why? "The role is incredibly demanding and high risk, so we see CISOs considering other career paths and viewing the role as a 'tour of duty'," says Aiello. This language lends itself to individuals with a military, secret service, or security background. But, due to the inconsistencies with the role itself from one organization to the next, there is no definitive consensus on what background makes for the best CISO. From speaking to a range of executive search consultants in this field, some good places to start include: CIOs, cybersecurity 'lifers', governance and compliance, risk, technology product specialists.

If CISOs can find a way to contribute to strategic boardroom conversations, while staying up to date with the latest tactical developments, and still be seen as an enabler of business growth, they have the potential to supersede the importance of the CIO or CTO. But, it remains to be seen whether there is a large enough talent pool of individuals with the technical aptitude and leadership skills to meet the demand for cybersecurity expertise. It seems that the role will reach an inflection point in the coming years – a sink or swim moment for the position and the individuals hoping to make their name from it.

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BIG SOCIAL DATA

Predicting the future of you

The combination of social media and predictive analytics could transform the way we assess leadership potential. But at what cost?

Session

Big Social Data: Your Online Persona can Predict Hidden Attributes

Speaker: Jennifer Golbeck, Director of the Human-Computer Interaction Lab

How many times have you bought a gift for a loved one online? Perhaps you're busy at work and don't have time to go shopping. Or, if you're anything like me, perhaps you've forgotten how soon a gift is due and you're looking for a quick solution. Either way, you can select, buy, and pay for an item in less time than it takes to walk to the shops. And every time you use it, the website becomes more intelligent. How many times have you been surprised by the accuracy of Amazon or Alibaba's recommendations to you? I sometimes wonder whether Amazon knows my family better than I do!

Now imagine that those algorithms could be used in executive search and leadership consulting, both for search firms and for candidates. Imagine that an algorithm in a database or on a social networking site could provide you with valuable information about cultural fit, required skills, and leadership traits. Or for candidates, imagine that a social networking site could provide you with a probability score for a promotion, based on various career and training opportunities available to you.

Many executive search and leadership consulting firms are already gathering tremendous swathes of data that will yield this depth of intelligence, not to mention the vast amounts of information being amassed by consumer social networking sites, like LinkedIn and Facebook. "There is a whole field of science that is interested in how you assemble the most effective teams," says Jennifer Golbeck, director at the University of Maryland's Human-Computer Interaction Lab. "People want to know how well an individual is going to perform in their job. There are algorithms to infer personality traits around effectiveness that can get results without a search firm even interviewing someone."

The science of executive search is evolving rapidly, with development and research in areas such as psychology, sociology, and anthropology. Golbeck estimates that in the next five years we will see companies launching off-the-shelf products that leverage Big Social Data algorithms to predict individual performance. But she cautions that there will be "growing pains" during the implementation of these tools.

Growing pains

Back in 2012 the American retailer Target hit the headlines as they predicted a teenage girl's pregnancy and started marketing to her before she had told her father. The retailer can predict whether an individual is pregnant with 87% accuracy if they purchase these three seemingly random objects: a large handbag, vitamins, and a brightly colored rug. This is a startling insight into the depth of consumer intelligence provided by these algorithms and the slightly scary Orwellian marketing tools available.

Through analyzing a range of social media sites, executive search and leadership consulting firms will benefit from the same depth of information about candidates. But is there any tension with discrimination, privacy, civil rights, and equal opportunity laws? Social media is increasingly being used to screen candidates, and is also being used during the background checking stage. Employment law hasn't yet caught up with this, as Jim Hostelter, AESC's general counsel, explains. "It is a rapidly emerging issue from a legal point of view. There is no question that when you access information on the internet all of the usual laws apply." But what happens if you check a shortlisted candidate's social media profile and discover they have an undetected drinking problem, that they are having an extra-marital affair, or that they routinely get into online arguments? Or what if the candidate reveals an ugly opinion – racism, anti-Semitism? How do you walk the tightrope between presenting the information to the client without breaking discrimination laws?

The right to privacy?

Some would argue that those who use social media sites forgo some degree of privacy – that by sharing their holiday photos with their friends on Facebook instead of in a physical photo album, they are opening themselves up to intrusion. It's an evolution of the argument that celebrities forgo the right to privacy once they become famous.

Executives have two options: they can continue posting online and ignore any privacy concerns, or they can purge everything they have on existing sites and avoid social media use in the future.

In the first scenario executives open themselves up to the chance that conclusions can be reached that they have no control over. Golbeck explains that social algorithms can already predict a range of things about an individual – political opinions, religious beliefs, who their spouse is, whether they drink, smoke, or use recreational drugs – without any of this being explicitly stated anywhere online. These predictions don't currently have a profound impact on our lives because they are mainly used to tweak the adverts that we see online, but if these technological leaps were adopted in executive search, it would require a tremendous amount of responsibility from search firms to use this information responsibly, maturely, and accurately.

> **How do you walk the tightrope between presenting the information to the client without breaking discrimination laws?**

In the second scenario, where executives purge everything and ignore social media, an individual becomes conspicuous in their absence. Many people will be reluctant to follow this option. Personal brand is increasingly a differentiator for candidates, as well as a way to get the attention of executive search firms, and social media is the biggest branding amplifier available today. But there is an even more uncomfortable reality with this option. Last year Janet Vertesi, a Princeton sociology professor, decided to try and hide her pregnancy from the world. She had seen the stories about Target predicting pregnancy and, along with her husband, undertook an experiment. They didn't post about the pregnancy on social media (in fact, when her uncle sent her a Facebook message to wish her well, she deleted the message and unfriended him – more on messages later), they paid for everything in cash, and they used a discreet web browser called Tor – typically used for buying drugs and

other illegal activity. The inciting incident arrived when they wanted to purchase a stroller on Amazon. Her husband bought $500 worth of gift cards for the online retailer, paid for in cash. The transaction triggered an alert to the authorities to report suspicious activity. "Many people say that the solution to this discomfiting level of personal-data collection is simple: if you don't like it, just opt out," Vertesi wrote recently in *Time Magazine*. "But as my experience shows, it's not as simple as that. And it may leave you feeling like a criminal."

Human interpretation

Although employment law has been slow to react to social media as a recruitment tool, and even more sluggish to anticipate what predictive analytics could mean, there are other areas of the law where this is being challenged. In Europe, the debate around "the right to be forgotten" – the idea that an individual can request that something about them is removed from search engine results if it is unfavorable – has forced the likes of Google to change the way their search engine functions. In this instance the debate has oscillated between freedom of expression versus right to privacy. Google and Facebook are also defending themselves against class action lawsuits in the United States, charged with using the information in private Gmail emails and Facebook messages to inform targeted marketing. Both instances are relevant because if privacy rules become tighter as the use of predictive algorithms increase, the data is less accurate. The phrase 'you don't know what you don't know' comes to mind.

The final concern around predictive data is that it overrides human judgment. Golbeck describes an incident from the 1990s in the healthcare sector, where new technology was released that analyzed kidneys and diagnosed disease with pretty good accuracy rates. As use increased the doctors favored it over their own judgment in the marginal cases, leading to misdiagnosis. "Every algorithm has error in it," Golbeck explains. "As computer scientists we are fine with that, but if you start using these algorithms to predict people's potential and their leadership traits, you need to keep in mind that you're getting a similar quality of results as your Amazon or Netflix recommendations. The decision on whether or not to hire someone should never come from just one algorithm."

In the same way that the profession has evolved to embrace sourcing and candidate identification through social media, it will most likely do the same if predictive social algorithms become mainstream during the next five years, as Golbeck predicts. There is no doubt that this technology could have a positive impact on the quality of executive placements. It will be incumbent upon the search firms themselves to walk the tightrope of technology evolution and legal risk. "It is a balancing act," Hostetler says. "But the really good search firms will understand how to use this technology, avoid legal vulnerability, and navigate risk." As ever, the firms that behave with integrity and excellence, while avoiding conflicts of interest, will reap the rewards of this exciting (and scary) new technology.

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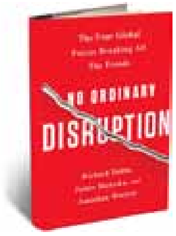
Jim Rowe in Washington, DC, 202-887-9100, jrowe@mintzgroup.com
Peter Lagomarsino in San Francisco, 415-765-9900, plago@mintzgroup.com
Kelsey Froehlich in London, +44 (0)20 3137-7004, kfroehlich@mintzgroup.com
Jessica Pyman in Hong Kong, +852 3182-7535, jpyman@mintzgroup.com

"The CEO role of the past is now impossible to do."



Richard Dobbs, director of the McKinsey Global Institute, explains how we will have to recalibrate our thinking about leadership skills and executive careers to adapt to the economic disruption of the future

AESC: In *No Ordinary Disruption* you outline the four global forces that will underpin the next 50 years of economic activity, with each one being greater in significance than the Industrial Revolution in the United Kingdom. It is fascinating, but how do you propose people interpret these predictions and adapt accordingly?

There is a set of capabilities that you need to start building in order to deal with this huge disruption. Firstly, you must be externally focused, so that you understand the changing world around you. Secondly, you need to build agility into your organization to adapt quickly to the changes that you observe. Finally, you have to have a positive outlook. These disruptions will create a lot of opportunity that an optimist will identify, whereas pessimists will only see the damage to their existing business model. To spot this opportunity, there needs to be more reliance on data and analysis, and less on intuition.

We read about how the pressure on CEOs in particular continues to rise. There have been a number of high-profile instances of chief executives having to take time off due to stress or workload pressures. The trends that you have identified appear to be underway and the ground seems to be moving under the feet of a lot of sitting CEOs. What do they need to do to adjust today, let alone during the next 50 years?

The CEO role of the past is now impossible to do. The challenge for the CEO is to think about building a team. They need to have a strong CFO who can pick up a lot more of the work that the CEO would have done historically, whether that's resource allocation, where you put your talent, or where you put your M&A money.

And as we think about how the world will change, there will be a need for a different set of skills. The CEO will need a really good HR Director who understands Big Data and can identify and attract the best talent. The talent pool isn't big enough for this if you're only looking at HR Directors. You have to look at existing business leaders who have a track record for people leadership and move them over.

We often hear that international experience is beneficial for an executive. Two of the disruptive forces you identify are technology and great connectivity, which will continue to make the world a smaller place. Will executives and executive search consultants have to look at careers differently in the future?

Successful executives will need to do three things very well. Firstly, they are going to need a much better sense of technology and how disruptive it will be. Secondly, customers and investors are going to be from emerging markets. It will be very hard to operate without knowing what is happening in these markets. Thirdly, the nature of people's jobs will change during their lifetime. For example, radio took 38 years to reach 50 million people, so seasoned print journalists didn't have to adapt to it. Twitter took nine months to reach 50 million people. With the way that technology is disrupting things, employees will need to retrain in their lifetime. Building the DNA to learn new skills is going to be much more important.

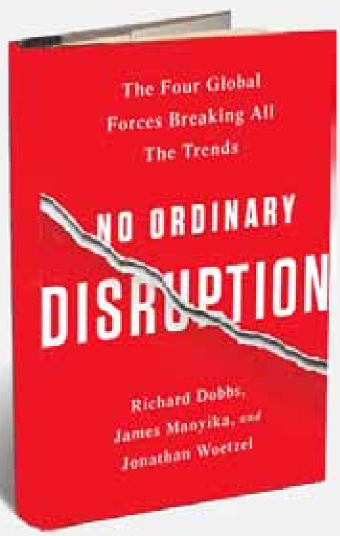
You describe how in the decades ahead, half of the world's economic growth will come from 440 cities – and many of these, like Kumasi in Ghana or Santa Catarina in Brazil, would be difficult for today's executives to identify on a map. Professional services can often struggle to establish a footprint in emerging economics as the clients are not accustomed to paying for services, rather than products. What advice would you give to executive search firms in light of the moving economic center of gravity?

Executive search is not the only service sector that faces this problem. We have to educate our clients and prove ourselves in these markets, in the same way that investment banks and law firms have to. My advice is to find a few high profile companies, conduct a search on their terms, but make it very clear that you are doing it at a different price. If they come away from the experience and understand the value of your work, then you've made your point ■

Session
Management Intuition for the Next 50 Years

Speaker: Richard Dobbs, Director, McKinsey Global Institute

No Ordinary Disruption:
The Four Global Forces Breaking All the Trends



In *No Ordinary Disruption: The Four Global Forces Breaking All the Trends*, the directors of the McKinsey Global Institute (MGI), the flagship think tank of the McKinsey & Company global management consulting firm, interpret masses of illuminating data from the MGI's twenty-five years of research to guide us through the next two decades of a dramatically different future. With an urgent call to action to reset our intuition to an era of discontinuity, Richard Dobbs, James Manyika, and Jonathan Woetzel dive deeply behind current headlines to analyze six emerging trends caused by four disruptive forces transforming the global economy.

Thank you to the McKinsey Global Institute and PublicAffairs for permission to republish this extract from *No Ordinary Disruption.*

Click here to find out more about the book.

The McKinsey Global Institute's latest book outlines four global trends for the future of business, each one more significant than the Industrial Revolution in the United Kingdom. Below is an exclusive extract from the opening chapter, called 'An Intuition Reset'.

Managing a complex organization isn't easy in the best of times. It's especially difficult when the news continually reminds you that everything you thought you knew about how the world works seems to be…wrong. Or at least a little off. Dramatic changes come from nowhere, and then from everywhere. Major shifts can blindside even the most circumspect among us — first slowly, and then all at once. The fortunes of industries, companies, products, technologies, and even countries and cities rise and fall overnight and in completely unpredictable ways. Just consider some of the ways in which events on the ground have upended long-held assumptions, long-term projections, and basic beliefs about how things are supposed to work in the global economy:

- For years, the global retailing industry looked to American consumers, the most powerful and prolific in the world, as a proxy for the health of global shoppers. On Cyber Monday — the day after the Thanksgiving weekend — the media provided saturation coverage of the annual e-commerce binge. On December 1, 2014, Americans spent a record $2.65 billion online. However, just weeks before, a much more significant online shopping bomb exploded. November 11 (11.11) is China's Singles Day — an unofficial holiday that has rapidly become a contrived occasion for consumption. Conceived in the 1990s by single college students as an anti-Valentine's Day, it is now an occasion for conspicuous online shopping in the world's second-largest economy. On November 11, 2014, Alibaba, China's biggest e-tailer, recorded sales of more than $9.3 billion, a record for a single day anywhere in the world.

- In October 2013, the US Energy Information Administration made a stunning announcement. The United States, until recently an energy hog struggling with declining fossil fuel production, would surpass Russia as the world's largest producer of hydrocarbons in 2013. Yes, production of natural gas and oil had been rising sharply, thanks to the advent of fracking. But the pace of growth took the agency by surprise. Just a year before, it had projected that the United States wouldn't surpass Russia until 2020. In North

Turn to page 17 for an interview with Richard Dobbs, director of the McKinsey Global Institute, and co-author of the book.

Dakota alone, oil production increased twelvefold between 2004 and 2014, helping to reverse a decades-long decline in population.

- On February 19, 2014, Facebook acquired WhatsApp, a five-year old startup, for a stunning $19 billion. The instant-messaging app, started in mid-2009 by two former Yahoo employees, had enlisted 450 million users — more than Twitter and more than the entire population of the United States. But many Wall Street bankers weren't familiar with the company. The free mobile-messaging application had its greatest appeal — and greatest number of users — in emerging markets. Facebook was able to easily afford the massive price thanks to its successful, swift pivot into mobile. From essentially zero in early 2012, Facebook grew its mobile advertising to 66 percent of total advertising revenue in the third quarter of 2014.

- On September 24, 2014, the world took in a familiar scene of jubilant scientists at a mission control center celebrating a technical achievement. But this was different. The control center was in southern India, not southern Texas. And many of the scientists wore brightly colored saris. The team at the Indian Space Research Organization was celebrating its successful placement of a spacecraft into orbit around Mars. "We have gone beyond the boundaries of human enterprise and innovation," Prime Minister Narendra Modi proclaimed, taking his rhetorical cues from *Star Trek*. "We have dared to reach into the unknown." The most astonishing feature of the venture may have been its cost: a mere $74 million. Modi noted that the whole effort cost less than Hollywood spent making the science-fiction film *Gravity*. Aloft for nearly a year, the Mangalyaan was the embodiment of India's culture of frugal innovation. Using lightweight instruments, employing components adapted from other uses, and applying engineering prowess to bring down costs, India managed to become just the fourth country whose space organization successfully placed a spacecraft in Mars's orbit—and the first country to do so on its first attempt.

These big, important stories incorporate common threads that are by turns bewildering and delightful. Speed, surprise, and sudden shifts in direction in huge global markets routinely impact the destinies of established companies and provide opportunities for new entrants.

> "Ours is a world of near-constant discontinuity. Competitors can rise in almost complete stealth and burst upon the scene"

In fact, ours is a world of near-constant discontinuity. Competitors can rise in almost complete stealth and burst upon the scene. Businesses that were protected by large and deep moats find that their defenses are easily breached. Vast new markets are conjured seemingly from nothing. Technology and globalization have accelerated and intensified the natural forces of market competition. Long-term trend lines, once reliably smooth, now more closely resemble sawtooth mountain ridges, hockey sticks (a plateau followed by a steep ascent), or the silhouette of Mount Fuji (rising steadily, then falling off). Five years is an eternity.

This new normal — a world in which China leads the globe in holiday consumption, the United States is the largest oil producer, a mobile messaging app is worth $19 billion, and India is a leader in space exploration — presents difficult, often existential challenges to leaders of companies, organizations, cities, and countries. The formative experiences of many senior leaders came during a period that was uniquely benign and placid for the global economy. With good reason, the twenty-five years leading up to the 2008 financial crisis came to be known, in the words of economists James Stock and Mark Watson, as the "Great Moderation." Interest rates fell, helping to drive up the price of assets, whether stocks, bonds, or houses. Natural resources became ever more abundant and cheaper. Jobs were plentiful, and a seemingly endless supply of trained workers stood ready to fill them. When technology and trade disrupted and upended industries, most of those affected were able to find work in other sectors. As surely as night followed day, the value of our homes and investments rose each and every year. In developed economies, parents generally assumed that their children, upon becoming adults, would be more prosperous than they were. Whatever consumers and governments couldn't afford to buy with cash, they could pay for with borrowed funds. There were blips and bumps along the road, to be sure, but by and large, the tale of the Great Moderation was one of continuity and persistent trends.

That familiar world is no more. The financial crisis of 2008, the deepest economic contraction since the Great Depression, and a host of disruptive technologies, trends, and developments have conspired to ruffle the calm. Many of the long-standing trends that made life so pleasant for investors and managers during the Great Moderation have broken decisively. After nearly three decades, in which interest rates fell, the cost of capital cannot get cheaper, and it could rise over the next twenty years. After a prolonged period of falling and steady prices for natural resources, the cost of everything from grain to steel is becoming more volatile. The demographic surplus the world enjoyed as working-age populations grew and China joined the global trading system is likely to turn into a demographic deficit as population growth grinds to a halt and the world's labor force ages.

Although inequality between countries continues to shrink, in many parts of the world, individuals — particularly those with low job skills — are at risk of growing up poorer than their parents.

That's just the beginning.

A radically different world is forming. The operating system of the world's economy is being rewritten as we speak. It doesn't come out in a splashy new release. It evolves, unfolds, and often explodes.

Four Great Disruptive Forces

We believe that the world is now roughly in the middle of a dramatic transition as a result of four fundamental disruptive trends. Any one of these disruptions, by itself, would probably rank among the largest economic forces the global economy has ever seen—including industrial revolutions in advanced economies. Although we all know that these disruptions are happening, most of us fail to comprehend their full magnitude and the second and third order effects that will result. Much as waves can amplify one another, these trends are gaining strength, magnitude, and influence as they interact with, coincide with, and feed upon one another. Together, they are producing monumental change.

The first is the shifting locus of economic activity and dynamism — to emerging markets like China and to cities within those markets. The emerging markets are going through the simultaneous industrial and urban revolutions that began in the nineteenth century in the developed world. The balance of power of the world economy is shifting east and south at a speed never before witnessed. As recently as 2000, 95 percent of the Fortune Global 500 — the world's largest international companies, including Shell, Coca-Cola, IBM, Nestle, and Airbus, to name a few — were headquartered in developed economies. By 2025, when China will be home to more large companies than either the United States or Europe, we expect nearly half of the world's large companies — defined as those with revenues of $1 billion or more — will come from emerging markets. "Over the years, people in our headquarters, in Frankfurt, started complaining to me, 'We don't see you much around here anymore,'" said Josef Ackermann, the former chief executive officer of Deutsche Bank. "Well, there was a reason why: growth has moved elsewhere — to Asia, Latin America, the Middle East."

Perhaps equally important, the locus of economic activity is shifting within these markets. The global urban population has been rising by an average of sixty-five million people over the last three decades, equivalent to adding seven Chicagos a year, every year. Nearly half of global GDP growth between 2010 and 2025 will come from 440 cities in emerging markets — 95 percent of them small- and medium-sized cities that many Western executives may not even have heard of and couldn't point to on a map. Mumbai, Dubai, and Shanghai, yes. But also Hsinchu, in northern Taiwan, which is already the fourth-largest advanced electronics and high-tech hub in the China region. And Brazil's Santa Catarina state, halfway between São Paulo and the Uruguayan border, which is now a regional hub for electronics and vehicle manufacturing and home to billion-dollar companies such as WEG Industrias SA. And Tianjin, a city that lies around 120 kilometers southeast of Beijing. In 2010, we estimated that the GDP of Tianjin was around $130 billion, making it around the same size as Stockholm, the capital of Sweden. By 2025, we estimate that the GDP of Tianjin will have risen to around $625 billion—approximately that of all of Sweden.

The second disruptive force is the acceleration in the scope, scale, and economic impact of technology. Technology — from the printing press to the steam engine and the Internet — has always been a great force in overturning the status quo. The difference today is the sheer ubiquity of technology in our lives and the speed of change. In their bestseller The Second Machine Age, Erik Brynjolfsson and Andrew McAfee of the Massachusetts Institute of Technology dubbed the current era the "second half of the chessboard." Brynjolfsson and McAfee give a modern twist to an old story about the power of exponential growth. Pleased with the invention of chess, a Chinese emperor offered the inventor his choice of prizes. At the outset, the inventor asked the emperor for a single grain of rice to be placed on the first square of the chessboard, two on the second square, four on the third, and eight on the fourth. The amounts doubled with each move. The first half of the chessboard was fairly uneventful. The inventor received spoons of rice, then bowls, then barrels. One version of the story has the emperor going bankrupt and being replaced by the inventor, as sixty- three doublings would have ultimately totaled eighteen million trillion grains of rice — enough to cover twice the surface area of the earth. "There have been slightly more than thirty-two doublings of performance since the first programmable computers were invented during World War II," the futurist and computer scientist Raymond Kurzweil has noted. As fast as innovation has multiplied and spread in recent years, it is poised to change and grow at an exponential speed beyond the power of human intuition to anticipate.

Processing power and connectivity are only part of the story. Their impact is multiplied by the concomitant data revolution, which places unprecedented amounts of information in the hands of consumers and businesses alike, and the proliferation of technology-enabled business models, from online retail platforms like Alibaba to car-hailing apps like Uber. Thanks to these mutually amplifying forces, more and more people will enjoy a golden age of gadgetry, of instant communication, and of apparently boundless information. Technology offers

"For the first time in human history, aging could mean that the planet's population plateaus"

the promise of economic progress for billions in emerging economies at a speed that would have been unimaginable without the mobile Internet. Barely twenty years ago, less than 3 percent of the world's population had a mobile phone and less than 1 percent were on the Internet. Today, two-thirds of the world's population has access to a mobile phone and one-third of all humans are able to communicate on the Internet. Technology allows businesses to start and gain scale with stunning speed while using little capital, as WhatsApp did. Entrepreneurs and startups now frequently enjoy advantages over large, established businesses. The furious pace of technological adoption and innovation is shortening the lifecycle of companies and forcing executives to make decisions and commit resources much more quickly.

The third force changing the world is demographics. Simply put, the human population is getting older. Birth rates are declining and the world's population is graying dramatically. Aging has been evident in developed economies for some time. Japan and Russia have seen their populations decline over the past few years. The demographic deficit is now spreading to China and will then sweep across Latin America. For the first time in human history, aging could mean that the planet's population plateaus in most of the world. Thirty years ago, only a small share of the global population lived in the few countries with fertility rates substantially below those needed to replace each generation — 2.1 children per woman. But by 2013, about 60 percent of the world's population lived in countries with fertility rates below the replacement rate. This is a sea change. The European Commission expects that by 2060, Germany's population will shrink by one-fifth, and the number of people of working age will fall from fifty-four million in 2010 to thirty-six million in 2060, a level that is forecast to be less than France's. China's labor force peaked in 2012, due to income-driven demographic trends. In Thailand, the fertility rate has fallen from 5 in the 1970s to 1.4 today. A smaller workforce will place a greater onus on productivity for driving growth and may cause us to rethink the economy's potential. Caring for large numbers of elderly people will put severe pressure on government finances.

The final disruptive force is the degree to which the world is much more connected through trade and through movements in capital, people, and information — what we call "flows. Trade and finance have long been part of the globalization story. In recent decades, there's been a significant shift. Instead of a series of lines connecting major trading hubs in Europe and North America, the global trading system has expanded into a complex, intricate, sprawling web. Asia is becoming the world's largest trading region. "South-south" flows between emerging markets have doubled their share of global trade over the past decade. The volume of trade between China and Africa rose from $9 billion in 2000 to $211 billion in 2012. Global capital flows expanded twenty-five times between 1980 and 2007. More than one billion people crossed borders in 2009, over five times the number in 1980. These three types of connections all paused during the global recession of 2008 and have recovered only slowly since. But the links forged by technology have marched on uninterrupted and with increasing speed, ushering in a dynamic new phase of globalization, creating unmatched opportunities, and fomenting unexpected volatility.

Resetting Intuition

The four disruptions gathered pace, grew in scale, and started collectively to have a material impact on the world economy around the turn of the twenty- first century. Now they are disrupting long- established patterns in virtually every market and every sector of the world economy — indeed, in every aspect of our lives. Everywhere we look, they are causing trends to break down, to break up, or simply to break. The fact that all four are happening at the same time means that our world will change radically from the one in which many of us grew up, prospered, and formed the intuitions that are so vital to our decision making.

Discontinuities such as these could be seen as bringing only doom and gloom. But this would be wrong — by a long shot. Indeed, the same forces that lifted one billion people out of extreme poverty between 1990 and 2010 will help propel another three billion people into the global middle class in the next two decades. This improvement in the economic status of so many people would save even more lives than the eradication of smallpox, one of the greatest medical achievements of the twentieth century. The rapid spread of technology will empower individuals and consumers in unprecedented numbers. Increasingly, companies will find that technology drives the marginal cost of delivering a new product, servicing a new customer, or completing a transaction toward zero. And as more people connect to the global communications and commercial systems, the force of network effects will make those systems more valuable — and create more value for those who can tap into them. As a result, the new world will be richer, more urbanized, more skilled, and healthier than the one it replaces. Its population will have access to powerful innovations that could address long-standing challenges, create new products and services for a growing consuming class, and present opportunities for a global entrepreneurial class. In many ways, we live in an age of recurring miracles.

These developments can play havoc with forecasts and pro forma plans that were made simply by extrapolating recent experience into the near and distant future. Many of the assumptions, tendencies, and habits that proved so successful have suddenly lost much of their resonance. We've never had more data and advice at our fingertips — literally. The iPhone or the Samsung Galaxy contains far more information and processing power than the original supercomputer. Yet we work in a world in which even, perhaps especially, professional forecasters are routinely caught unawares.

That's partly because intuition still underpins much of our decision making. It's human nature, and our intuition has been formed by a set of experiences and ideas about how things worked and are supposed to work. Changes were incremental and somewhat predictable. Globalization benefited the well-established and well connected, opening up new markets with relative ease. Labor markets functioned quite reliably. Resource prices fell. But that's not how things are working now — and it's not how they are likely to work in the future. If we look at the world through a rearview mirror and make decisions on the basis of the intuition built on our experience, we could well be wrong. In the new world, executives, policy makers, and individuals all need to scrutinize their intuitions from first principles and boldly reset them if necessary. This is especially true for organizations that have enjoyed great success.

> "The new world will be richer, more urbanized, more skilled, and healthier than the one it replaces"

We have to rethink the assumptions that drive our decisions on such crucial issues as consumption, resources, labor, capital, and competition. We shouldn't discard experience and instinct, but rather augment them and adapt them to what we can see happening right ahead of us. We must think differently about strategy, constructing business plans, approaching markets, assessing competitors, and allocating resources.

The developed world used to drive consumption. As the huge, developed economies — Japan, the United States, Europe — went, so went growth in consumer spending. No longer. Now, the large new army of middle-class consumers in the emerging world propels global spending growth. China's e-tail market, which has grown at a compounded annual rate of 110 percent since 2003, is already the world's second largest, after that of the United States. By 2020, China's e-tail market, led by Alibaba and the legions of Singles Day shoppers, could be as big as today's markets in the United States, Japan, the United Kingdom, Germany, and France combined.

Commodity prices fell by almost half during the twentieth century in real terms, an astonishing development given that the global population quadrupled and global economic output expanded roughly twentyfold, massively boosting demand for different resources. Why? Technological breakthroughs opened up access to resources and increased the efficiency of extraction. Companies enjoyed lower raw materials costs. More and more households had access to relatively inexpensive and abundant energy and food. But that trend began to break in 2000. In the first ten years of the new century, the price declines of the previous one hundred years were completely erased as soaring demand from emerging economies coincided with depleted reserves of many resources. The US fracking boom notwithstanding, from grain to copper to oil, it is costing more to find, nurture, and harvest resources.

Thanks to the actions of central banks, a host of disinflationary pressures, slack investment in the developed world, and a rise in savings, for thirty years the cost of capital has fallen progressively — for governments, for companies, and for consumers. Between 1982 and 2013, the yield on the ten-year US government bond fell from 14.6 to 1.9 percent, a decline of 87 percent. This era of progressively easier money is very likely ending.

The US Federal Reserve has already started the process of tightening monetary policy. Emerging economies are in the throes of a capital-intensive infrastructure boom exceeding that of the rebuilding of wrecked economies in the aftermath of World War II. The surging demand for capital comes when the world's savings are falling as people age and governments have to borrow more.

For decades the general trends were for the global labor force to rise and for more of the global labor force to be connected to the global system. What's more, thanks to a rapidly expanding economy in emerging markets, the new hands were able to find places to work. Across the globe, employers were generally able to find employees with appropriate skills.

Between 1980 and 2010, 1.1 billion adults entered the twenty to sixtyfour year-old age bracket and joined the world's labor force. But due to a host of demographic factors, global labor force growth will fall by nearly one-third by 2030. At the same time, technology is roiling labor markets as never before. Computers, which historically replaced manual and clerical workers, such as stenographers and bank tellers, are now beginning to replace knowledge and skilled workers, like journalists and stock analysts. By 2025, in fact, computers could do the work of 140 million knowledge workers, and robots could do the work of another 75 million people. And yet there will still be high demand for skilled positions in engineering, software development, and health care. Four out of ten respondents in a McKinsey survey reported that they currently couldn't find the talent they need. This means that we're likely to see a strange dichotomy. By 2020, on our current trajectory, businesses could be short of 85 million workers with college degrees or vocational training; at the same time, 95 million lower-skilled workers could be unemployed.

In the past, executives typically knew their main competitors at home and abroad, and they could often catch up to new competition that emerged. But competitive intensity has reached an entirely new level because of technology that gives the advantage to small, entrepreneurial companies over large, established businesses with high fixed costs. Today, new competition is coming from a wave of rapidly growing newcomers that are simply not on the strategic radar and that don't appear on the radar until they have gained critical mass. These newcomers play by a different set of rules. They have much lower cost bases, faster time to market, a ruthless understanding of their Western competitors, and a willingness to accept lower returns. The market position of Unilever's OMO laundry products in Kenya isn't being challenged by Procter & Gamble. Rather, OMO is under attack from Toss, made by Kapa Oil Refi neries, Ltd., a Nairobi-based company that has shifted from industrial to consumer products.

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While it is full of opportunities, this era is deeply unsettling. And there is a great deal of work to be done — in resetting our collective intuition, in developing new approaches to high-growth markets, and in becoming more agile as a way of dealing with breaking trends. The chapters that follow build on the efforts to understand trends by the McKinsey Global Institute (MGI), the economics and business research arm of the management consulting firm McKinsey & Co. Our thinking stems from McKinsey's work with companies and organizations around the world; meaningful conversations about the challenges and opportunities inherent in our world with corporate, government, and NGO leaders; deep, proprietary quantitative research by MGI over the last twenty-five years; and extensive and diverse personal experiences. One of us has lived in China for more than a quarter century, one of us has been based in Silicon Valley since 1993, and one of us has, since 1988, spent time in London, Mumbai, and Seoul. We have all been forced to continually reset our own intuition. The chapters that follow are divided into two broad sections. In the first four chapters, we describe the four great disruptive forces that are altering our world. In the final six chapters, we describe how you can — and should — respond to the challenges these forces present to key facets of modern leadership.

Analyzing the intelligence from these diverse sources and experiences has led us to the management imperative for the coming decade. Realize that much of what we thought we knew about how the world works is wrong. Get a handle on the disruptive forces transforming the global economy. Identify the long-standing trends that are breaking. Develop the courage and foresight to clear the intellectual decks and prepare to respond.

These are lessons that apply as much to policy makers as to business executives.

After all, urbanization, technology, and greater global connections are putting the same pressures on government that they are on business. In domains as diverse as labor, fiscal planning, trade, immigration, and resource and technology regulation, the emerging world will be exerting pressure on political, governmental, and NGO leaders and forcing them to reset their own intuitions.

We're not here simply to alert readers to perils or to flog the many wonderful opportunities that lie before us. Rather, we'll offer guidance on how you can reset your internal navigation system.

That process can't begin soon enough. In all the areas of the world economy that we discuss in this book, there is an urgent imperative to adjust to new realities. Yet, for all the ingenuity, inventiveness, and imagination of the human race, we tend to be slow to adapt to change. Behavioral economists throw around terms like recency bias and anchoring. Physicists point to the powerful force of inertia. Cynical analysts might refer to "pro forma disease" — because the last three years looked a certain way, the next five years will look much the same. However we identify it, there is a powerful human tendency to want the future to look much like the recent past. On these shoals, huge corporate vessels have repeatedly foundered. Revisiting our assumptions about the world we live in — and doing nothing — will leave many of us highly vulnerable. Gaining a clear-eyed perspective on how to negotiate the changing landscape will help us prepare to succeed. ■

Evolving from an "Expert for Hire" to a Trusted Client Advisor

Andrew Sobel, president of Andrew Sobel Advisors Inc., shares a series of tips and methods to become a trusted advisor in the eyes of your clients

There is a paradox or dilemma in becoming a trusted client advisor. On the one hand, you must develop a deep expertise in order to build your brand, attract clients, and do great work on specific issues. On the other hand, you have to be more than just an expert to your clients, because expertise is a commodity. Many search consultants can find and present candidates, for example. But what separates out the truly great search consultant from the average one, at least in the eyes of clients?

What I have found is that you need to shed the expert mindset because it will hold you back. When it comes to developing long-term relationships, it can be your greatest enemy. You see, clients hire experts, but they keep advisors.

Here's what I mean.

Harry Truman, who was president of the United States after Franklin Roosevelt, once said, "An expert is a fellow who's afraid to learn anything new, because then he wouldn't be an expert anymore"—which gets at the notion that when we're experts we want to stay within our narrow expertise at all times.

Shunryu Suzuki was a famous Zen teacher who came to the United States from Japan in the late 1950s. He wrote a book called *Zen Mind, Beginner's Mind,* in which he says: "In the beginner's mind there are many possibilities, but in the experts there are few."

In other words, when we have the expert mindset we can become narrow and closed-minded in our outlook. We see limitations, not possibilities. We are risk averse. When we have the advisor mindset, however, we provide clients with an expansive outlook on their problems.

Let me contrast these two mindsets by comparing experts with advisors.

Experts tell — after all, as an expert you have important knowledge that must be communicated. In contrast, advisors ask great questions and listen. The great artist Picasso once said: "Computers are useless. They can only give you answers." Management sage Peter Drucker once said he was no longer a consultant but rather an "insultant," a distinction reflecting the difficult, provocative questions he asks his clients. As professionals, we are trained to provide answers, but in many important respects, thought-provoking questions that help clients reframe their issues are more useful.

Experts are for hire to the highest bidder. Advisors have selfless independence. They are devoted to their clients but they balance that with objectivity and the willingness to say "no." To be an influential advisor to your clients, you must look after their interests but also offer independent views, even if they are opposed to beliefs your clients hold dearly.

When you have the expert mindset, you think of yourself as a narrow specialist, whereas advisors are deep generalists. A deep generalist has a core specialty—a deep expertise—but they complement this depth with breadth—with more general knowledge about business and management and the broader context in which the client operates. Even if you have a highly-specialized area of practice, you still need to have a breadth of knowledge around your expertise so that you can contextualize your advice and avoid myopia. Advisors focus on learning in three different arenas. First, they continually refine and improve their knowledge of their core specialty; second, they become deeply knowledgeable about their clients and the "ecosystem" that surrounds them; third, they eagerly engage in broad-based "personal learning" that could include studying a foreign language, collecting antique clocks, repairing cars, or playing a musical instrument.

Experts have professional credibility, advisors build deep personal trust. There's a difference. Credibility creates respect for your knowledge. Clients

Speaker:
Andrew Sobel, President, Andrew Sobel Advisors Inc

believe that your data is accurate and your information useful. But when clients trust you on a personal level, they know you will always come through for them. Trust, which is the glue that holds together every long-term client relationship, is much deeper than credibility. It's a client's belief that you will act in their best interests and personally uphold the highest standards of integrity and competency, both inside and outside the office. When a client trusts you, anything is possible—your recommendations carry more weight, and when you propose an additional sale, your client sees sincerity, not salesmanship.

Experts analyze, advisors synthesize. Experts tear a problem down into its constituent parts and analyze each one. Advisors are also good at analysis, but more importantly, they synthesize—they help clients see the big picture. To some extent, good analysis is a commodity, but good big-picture thinking is much rarer and it is treasured by clients. Our educational system emphasizes good analysis — breaking down a problem into pieces and analyzing each bit separately. Synthesis, in contrast, is big-picture thinking — finding patterns, identifying key issues, framing ideas in a way that clarifies them, and creating new ideas out of old data. Synthesis provides the new perspectives that clients are always looking for.

Experts also tend to be reactive. They wait for the call. And if they are proactive, it's all about selling their particular solution. A common complaint that clients make to me is that their external service providers do not sufficiently connect to their agenda of critical priorities. Whatever work you are doing for a client, no matter how technical or specialized, you must always relate it to your client's broader agenda of three to five major priorities or goals. So advisors are proactive—they are agenda setters who seek to understand, shed light on, and improve their clients' most important goals.

This distinction is not academic. It has very practical implications. For example, when you have the expert mindset, you are only comfortable holding a client meeting when you have a specific idea to propose or something to deliver to the client. Advisors, in contrast, lower their threshold for a client meeting and end up with more face time with their clients. They know that they can go and have a great conversation with their client by talking about what they are seeing in the marketplace and asking some thoughtful questions about the client's evolving priorities.

Here are six immediate things you can start doing — or do more of — that will put you more firmly in the client advisor, versus expert for hire, role:

1. Thoroughly explore and understand your client's priorities and goals before you accept an engagement.

2. Spend time preparing more thoughtful questions for your client meetings.

3. Stop bringing so much paper to meetings. Try using a short, half-page outline to guide a client discussion, rather than lots of slides or charts.

4. Get to know your clients as people. Try to understand where they come from, what their values are, and how they like to make decisions.

5. Don't say, "My client knows what I do and will call when he has a need." Be proactive and regularly go to see him with ideas and suggestions.

6. Add value between searches. This is the most important thing you can do, as an executive search consultant, to generate more leads and be seen as a trusted advisor.

Become a Proactive Agenda Setter

Have you ever been in a meeting with a client who seemed distracted? Perhaps you noticed their eyes wandering, or saw them reach for their smartphone. Or, have you tried to get an appointment with an executive who just wouldn't make room in their schedule for you?

In both cases, the problem is the same: you are not connecting with and showing how you are relevant to the client's agenda of critical priorities.

To become a trusted advisor, you've got to demonstrate that what you do is strategic to your client's business. You have to show that you are proactively focused on their most important goals.

When a client views you as part of growth and profits, they can't get enough of you. When you're just a necessary cost, like buying gas for your car — a task no one loves – you can be cut at any time. That's the heart of the difference between the order-taker and the agenda-setter.

Everyone has an agenda of three to five priorities or goals that they are focused on in their organization. It's rarely more than five, because it's hard to have eight or nine absolutely critical priorities going on — after five they tail off in importance. And usually it's not less than three. Most executives will tell you they have three to five. As we'll see in a moment, every client also has a set of personal priorities.

Your job is to understand, inform, and ultimately shape and influence your client's agenda. If you don't do this, you will remain an expert for hire — an "order taker" who will never truly have a seat at the table for important discussions.

You begin by learning about a prospective client's agenda first through secondary sources, and then through direction conversations. Eventually, when

Your job is to understand, inform, and ultimately shape and influence your client's agenda.

you've earned some trust and respect, you can be bolder about sharing your own perspectives on their agenda.

Every client is different when it comes to their tolerance for having their agenda challenged by an outside advisor. So make sure you modulate your approach based on an understanding of your client's temperament. Someone who is brand new in the job, for example, may be more open to strong views on how they should move forward, whereas someone in the middle of a successful tenure at their role may not look kindly on someone who is overly assertive.

Finally, some clients are absolutely firm on their overall strategy and direction. That doesn't mean you cannot be an agenda setter. In that case you should focus on the implementation agenda — the key plans, programs, human resources, methodologies, and so on that all go into successful execution.

In most organizations, you typically have two levels of agendas that you have to understand. First, there is the company or overall organizational strategy. Whether you're serving a small business or a large corporation, you should always know what the three to five key elements of the strategy are.

Remember, when a client says, "I would like to recruit a new head of marketing," that is not his or her "agenda." That is a symptom or subsidiary need that has been stimulated by their agenda. Your job is to be responsive to the immediate need, but also to push beyond it and uncover the higher level agenda that is driving the request.

What is your value proposition? How do you describe what you do?

You should describe yourself in a way that articulates how you help your clients. Yes, you are an executive search consultant. But that is a description of your activity—it's a convenient label people have put on you. What you really do is more like "helping your clients find and develop the extraordinary talent they need to grow their business."

Another way I like to put it is this: "I help my clients address three fundamental questions. These are:

1. What are the leadership needs of your future strategy? To grow your business over the next three to five years, what kinds of leadership talent will you need?

2. What leadership talent do you have today, and what is the gap between what you have now and what you need to achieve your goals?

3. How will you bridge that gap and acquire and develop the required talent?

How do you act like a trusted advisor when you're dealing with a lower-level purchaser or procurement person who is mainly focused on price?

There are two answers to this. First, you do what you'd do with any other executive: you try and understand what their agenda is — what they are trying to accomplish. Now, the best procurement professionals are trying to get good value for their companies — and value has two sides, price and benefits. Can you help educate them about what you do and how you will add value? Can you help THEM do a better job at buying search services? Some clients are indeed mostly focused on price. The question for you is, do you really want to do business with people who only care about price or who make their decisions mainly on price? These clients are treating you like a commodity.

The second answer is that you need to eliminate this problem at the source. That is, you need to create more sole-source leads for yourself. Here are some strategies for increasing your sole-source business:

- Strengthen your differentiation in the marketplace. Focus on a very specific area of your industry or a particular type of talent.

- Build your brand by strengthening your visible thought-leadership. In your area of specialty, do more publishing, speaking, writing, and so on — and, get your thought leadership out in front of clients and prospects.

- Work your network more thoroughly. Segment it: stay in touch with the "critical few" (your 20-25 most important contacts) and your "middle few" or VIP prospect list (50-100 people) on a regular basis. Add value don't just send them announcements about the latest search you completed!

- Ask for referrals on a regular basis from your best clients. ■

AESC Education

Researcher Certification

The AESC Certified Researcher/Associate (CRA) curriculum is a comprehensive program of online courses and interactive forums. Covering the complete search process from name generation through pitching and qualifying candidates, the curriculum raises the level of skill, ethics and professionalism within the industry. For more information, please contact Toby Gowan tgowan@aesc.org.

Join this global group of elite search professionals today and apply to become certified!
Some of the firms who have enrolled individuals to become certified include:

StantonChase International · Davies Park Executive Search · Boyden · cejka search · Odgers Berndtson

AESC 2015 Forums

AESC Forums bring together executive search professionals who are responsible for various aspects of the executive search process and want to increase their profesional skills and knowledge.

The Forums provide cutting-edge professional insights in a dynamic, non-competitive, interactive environment. The focus is on sharing best practices, emerging research techniques and tools, and different approaches to the challenges faced by researchers, associates, and other search professionals as they carry out their duties. For more information or assistance with registration, please contact Toby Gowan at tgowan@aesc.org.

July 27	AESC Forum: Asia - Pacific	Sydney
September 18	AESC Forum: EMEA	London
October 1	AESC Forum: Americas	New York
November 2	AESC Forum: India	Mumbai

The 2015 AESC Award Recipients

Gardner W. Heidrick Award

Recognizing outstanding contribution to the executive search and leadership consulting profession

Jim Hertlein

Jim Hertlein entered the practice of executive search following 23 years in private industry in engineering, management and human resources positions. In 1994 he joined Boyden Global Executive Search in the Houston office, where he focuses on the energy and process industries, as well as the high technology enterprises. He is currently active in Boyden's Board Services and Global Industrial Practice, and previously served as Leader of the Global Industrial Practice.

Jim has served on the Boyden board for the last six years and was the recipient of the Boyden Bowl Award in 2014. In addition to his experience at Boyden, Jim has served as treasurer and chair of the AESC's Americas Council – where he sat for six years – and as director, treasurer and chair for the AESC's Global Board of Directors.

Eleanor H. Raynolds Award

Recognizing an individual who combines excellence in executive search and leadership consulting with a strong commitment to volunteerism

John Salveson

John Salveson has more than 30 years of experience consulting with a broad range of organizations. Along with his business partner Sally Stetson, John founded Salveson Stetson in 1996, where he serves as Practice Leader for the firm's Wholesale Distribution Specialty practice.

John's experience in volunteerism is extensive: he has spent ten years as a board member, vice chair, and member of the executive committee for The Philadelphia Orchestra, as well as serving as a board member and now vice chairman of WHYY and a senior advisor for United Way.

On a personal level, John has been a tireless campaigner for the protection of children from sexual abuse. A survivor of sexual abuse himself, John led the Philadelphia Chapter of SNAP (Survivors Network of those Abused by Priests) in the 1990s and served on the national board of directors for SNAP. In 2006 he founded the Foundation to Abolish Child Sex Abuse (FACSA). He has testified at two grand juries in two States and has discussed his experiences publicly, both in writing and through radio and television interviews.

The Future of the Profession

honoring leadership and innovation for professionals earlier in their career

Anneke Ferreira

Anneke Ferreira started her career in executive search in 2004, making the move from marketing management. A rapid trajectory within her career resulted in her appointment as Head of DAV's Business Innovation and Corporate Relations Divisions. She was part of their consulting council for seven years, has served as its president and earned the status of honorary lifetime member.

In 2012 Ingrid Kast, CEO of her previous company, asked Anneke to join her in an executive search partnership called Kast & Partners International Executive Search. After three successful years working together, Anneke is excited about the next phase of the firm's life – as Ferreira & Associates International Executive Search, where Ingrid Kast will serve as non-executive chairman.

"We're very fortunate to be in this business"

Jim Hertlein is the latest recipient of the Gardner W. Heidrick award, in recognition of his outstanding commitment to our profession. Jim is managing partner, Houston, Boyden, and is a former AESC Board chair and treasurer.

AESC: What are some of your greatest achievements during your career in executive search?

I have been successful in placing people who have had significant impact, but what is more satisfying for me is having clients engaging with me to discuss their talent strategy. When that happens you have established a very different relationship – you are truly an advisor and are engaging with them outside of the cycle of a current need.

Within Boyden I had an opportunity to serve on the board when it was clear that we needed a refreshment of our leadership. I was one of three people who had a significant influence on the direction we took, which ultimately led to Trina [Gordon, Boyden's President and CEO] stepping into the role. She has done a remarkable job and has proved very adept at gathering a groundswell of support from the firm.

How has the profession changed during your career?

In my time in search, I have seen increased recognition of the importance of accessing a global talent pool. I spent the first 20 years of my career in a corporate environment, where we had a focus on a global talent pool. When I first started working in search I was surprised by how narrowly people would define the searches they had. It always struck me as quite surprising that clients didn't value international experience as highly at that time. Clients today are far more aware of the opportunities of tapping into a global talent pool. The expectation of access to a far broader talent pool, and to much broader perspectives, has changed during the last 20 years.

Another trend is the movement to true expertise, and an expectation from clients that they're dealing with an expert who understands their field. The generalist profile of a search consultant, that was so common 20 years ago, is much rarer. Clients don't want to spend too much time educating you on the basics of their space. This is certainly the trend in the mature markets, and we're seeing this much more in the emerging markets now.

How has your career in executive search enhanced your life outside of work?

We're very fortunate to be in this business because we're dealing with people at the top of their game, or on the way to the top of their game. As such, they are accomplished, engaging, smart, and quite fascinating to deal with. Over time you develop relationships as they progress in their career. They become personal friends and you get far more engaged with them than you might anticipate. That fascinating interaction with accomplished people bleeds into your personal life and is very fulfilling.

What one piece of advice would you give to someone starting out in executive search today?

Stay curious. Curiosity is a very important attribute in executive search. You have got to be curious about what makes people successful and what makes businesses successful. The education that you get about people, industries and situations is very rewarding. ■

Trina Gordon, President and CEO of Boyden, explains why Jim is the worthy recipient of the Gardner W. Heidrick award:

Jim and I have worked together for nearly 20 years. He is one of the finest human beings I know, as well as being one of the finest search professionals with whom I have the pleasure of working. His focus on professionalism is evident in everything he does – whether that's his commitment to his clients, to Boyden's board, to supporting his colleagues, or to the AESC. He is the consummate professional.

He is Boyden's first chair of the AESC and our first recipient of the lifetime achievement award. When I found out about the award, it was a day of great pride for me, but it certainly reflects most brightly on Jim. ■

"People that are given much have an obligation to share"

John Salveson is the co-founder of Salveson Stetson. Here he discusses his commitment to volunteerism, and how it has enriched his life.

AESC: You are clearly passionate about executive search. What do you enjoy most about the profession?

Our clients, the companies we serve, are just endlessly fascinating, diverse and interesting. The nuance, the cultures and businesses they are in makes for a very rich career. Secondly, the specific work we do can have such a positive impact on companies and our clients. We are in a very fortunate position to bring a person in who really can make a huge positive impact on an organization and the people who are in the organization.

What do you consider to be your greatest professional achievements?

I think the very first answer is my partnership with Sally [Stetson, co-founder of Salveson Stetson] – we've been partners for 19 years. The business world is full of stories about partnerships that go south or go crazy. We are just incredibly fortunate that we've done as well as we have. She's a spectacular partner and we both would say that we wouldn't be where we are without each other.

Another achievement is that we've been able to attract some really talented people to work and stay here. We hear consistently that we're a place where people like to work, and our staff tend to stay for a long time. The truth is that 80% of the business we get is because of the great work our team does.

What motivated you to be so involved in volunteerism and what have you got out of it?

I know this is very cliché, but I believe people that are given much have an obligation to share. That is not just true of search professionals – any successful business person and professional should be involved in some sort of non-profit board. I have been very fortunate to be involved with several great organizations – the Philadelphia Orchestra, WHYY [a Philadelphia broadcaster and media company], and the United Way [a global non-profit network that pools fundraising and support for local communities]. Search professionals bring a unique skillset that is important to these organizations. When I think of the areas that I have added the most value, it is serving on or chairing CEO search committees.

I have learned an enormous amount from my work with those organizations. I have met amazing leaders and have gained an insider view to leadership and governance issues. The business models of these organizations change so rapidly and I have become a much better person and search consultant for being involved.

You have also been very active in protecting children from sexual abuse and candid about your own experience. Are you driven by a sense of duty?

It has been a complex and crazy issue for me. It has been therapeutic at times and maddening at others. We've made progress, there's no question about that, but sometimes it feels like we're trying to bail out the ocean with a teacup. One of the best things I have ever done was writing an article for Notre Dame's [Salveson's alma mater] alumni magazine about my own experience. It wasn't an easy decision, but I still get calls about it today. I have also worked to reform legislation in Pennsylvania. I've had to make decisions many times over the years about what this would do to my family and to our business. But I have had great support and, at the end of the day, I have always decided that something is worth doing if it has a shot to help protect children.

■

“I live by the values of honesty and integrity”

Anneke Ferreira, managing artner at Ferreira & Partners, discusses her career to date and how it feels to be recognized as the future of the profession.

AESC: How long have you been working in executive search and what first appealed to you about the profession?

I started my career in marketing management. I went to a recruitment company to look for new positions, and the MDs recruited me for themselves. The firm was run by Ingrid Kast. After some time as a consultant and team leader, Ingrid announced that she was looking for someone to head up a new business covering the rest of Africa. She picked me and I spent some time on the business side, away from recruitment, and built what is now their most successful division.

Ingrid had been with that firm for more than 30 years and decided to launch a pure executive search firm. I was honored that she picked me to work with, making me partner and then managing partner. For three years we worked very closely together and now she serves as our non-executive chairman. So I've been very fortunate throughout my career, but when I've been presented with opportunity I have grabbed it with both hands.

What are your proudest moments from your career to date?

I am really proud of what I do. When people call to tell me how much of a difference I have made to their family's life, it's very meaningful. First and foremost, your heart has to be in the right place. I live by the values of honesty and integrity, and they form the cornerstone of our business. Sometimes things don't go right during a search, but as long as you're upfront and honest, your clients will be loyal.

How did it feel to be recognized by your peers as the 'future of the profession'?

I've built a wonderful network through attending many of the AESC Global Conferences and initiatives, like the Advanced Program in Executive Search Consulting through Cornell. I've made many friends in the executive search industry and I felt incredibly honored and grateful to be recognized for my work.

How do you think our profession will evolve over the next five years?

To stay relevant, we need to be early adopters when it comes to new roles – like cybersecurity, or digital marketing. The leader of the future looks different than the leader of today. Our workplaces will become more diverse and leaders will be citizens of the world. Different skills will be required to lead diverse teams from different countries, backgrounds, religions and cultures.

Leadership consulting is also definitely becoming more prominent as clients need advice on how to make their boards and executive teams more diverse. Search professionals have a big role to play by using new creative ways to find the best diverse slate for our clients and also helping clients to retain this talent.

■

AESC
The Association of Executive Search and Leadership Consultants

2015 AESC Calendar of Events

Mark Your Calendars!

DATE	EVENT	LOCATION
June 24	Japan Heads of Office Meeting & Reception	Tokyo
July 6	Hong Kong Heads of Office Meeting & Guest Speaker	Hong Kong
July 22	Indonesia Member Meeting	Jakarta
July 23	ASEAN Regional Meeting	Singapore
July 27	AESC Forum: Asia-Pacific	Sydney
September 18	AESC Forum: EMEA	London
September 24	Americas Boutique and Independent Firm Forum	New York
October 1	AESC Forum: Americas	New York
October 15	France Heads of Office Meeting	Paris
October 20-21	Americas Regional Breakfast Meeting and Council Meeting	Dallas
November 1	Middle East Committee Meeting & Guest speaker	Dubai
November 2	Asia-Pacific and Middle East Council Meeting	Mumbai
November 2	AESC Forum: India	Mumbai
November 12	European Council AGM	London
November 12	AESC European Conference	London
December 1	AESC Jahreskonferenz 2015	Frankfurt
December 1	AESC DACH Heads of Office Meeting	Frankfurt

What Do Candidates' Social Media Profiles Say About Them?

Peter Lagomarsino, managing partner at The Mintz Group, discusses the importance of background checking on social media.

Today's executive search consultant is pulled by competing forces. On the one hand, candidates are increasingly sensitive about data privacy and (understandably) wary of intrusion. On the other, clients have a growing appetite for information about candidates and less tolerance for controversies involving them. Twenty years ago, if an executive embellished a degree, it might not have been noticed at all, much less gotten the executive fired. Today, these seemingly minor details can upend the fortunes of executives and the businesses they run.

In the old days, clients were more forgiving of minor indiscretions, and there was less of a chance for executives to publicly stumble, because their footprints were much smaller. A typical executive's paper trail was limited to print media, maybe some legal filings at the local courthouse, a few property records at the Recorder's Office and some annual reports at the SEC.

Nearly all executives now leave behind digital footprints that cut across a number of social and professional media sites, some easy to find in a Google search and some buried deep. Even though old posts can be deleted, hardly anyone actually does it. These old missives are tied to an individual forever – an errant Tweet about a racy subject, a rant laced with expletives about the last-second Super Bowl loss, clicking a button that "Likes" a post that they didn't even author. Yes, even those "Likes" can become a part of someone's permanent record and may not be flattering in the eyes of a potential employer. The shelf life of social media posts can outlast an executive's entire career.

It isn't surprising given all of this exposure that protections are falling into place that limit the use of a candidate's social media activity in employment decisions. For example, several years ago, state lawmakers started introducing legislation in the U.S. that prohibits employers from asking for the passwords to a candidate's social media accounts. This suggests a rational balance: that candidates are accountable for only publicly viewable social media content, and not what's behind privacy settings, usernames and passwords. The envelopes in the mailbox at the end of your driveway are private, and the posts in your private Facebook inbox are private. In the EU, a court upheld that individuals can request that search engines delete information that is outdated or inaccurate, which has sparked a fascinating debate over the balance between data privacy, public interest and free speech.

Even with limited privacy parameters in place, there is still a vast amount of information about candidates online. According to Twitter's statistics, 500 million tweets are sent every day, and that is only one social media site. As newer generations rise up the executive ranks, the number of social media posts that have to be vetted is likely to balloon. Keep in mind that combing through a candidate's public social media activity is no easy task. Only some of the content can be key-word searched and the investigative web-scraping tools available are useful but imperfect and largely limited to English language, which, with a global talent pool, hardly covers the bases – especially when you consider that

Facebook alone is available in more than 70 languages, and there are numerous popular social media sites that are not in the English language, like Xing, Viadeo, and Weibo. Finding the hidden red flags in all of this data requires effort and sophistication.

The challenge for search consultants is that clients often expect them to find this information and interpret it. We recently vetted an officer candidate who fit the role nicely but had used some minor profanity in a Tweet. The client found this language objectionable and decided to pass on the candidate. Some of us would find this level of scrutiny extreme, especially when the post in question is out of context. When we find something clearly adverse, like a racist remark or evidence of sexual harassment, this is more universally within bounds and worthy of serious investigation. But either way, interpreting the relative seriousness of social media "offenses" is entirely subjective.

This means that search consultants have to ask different kinds of questions of their clients at the beginning of a search. The client may have a social media policy that, among other things, prohibits posting sensitive corporate information, such as an employee's personal opinion about the company's financial results. But what is the client's attitude towards bad language, sharing personal information, and discussing politics? Is the position in question more of an outward-facing marketing role, or an inward-facing compliance role? Is the client personally conservative?

At the same time, consultants should encourage candidates to leave a responsible digital trail, by deleting questionable posts, double checking the privacy settings for each of their accounts, and even searching on their own name, personal email address and handle in Google to see what comes up. There are "search engine optimization" tools that can help neutralize negative Internet posts to some extent. The more careful the candidate is in cultivating a social media presence free of indiscretions, the less likely it will be for a future candidacy to be derailed.

It may seem daunting and unnecessary to review a candidate's social media posts, whether internally or externally, and discuss them with clients, but this issue will only grow in significance as social media use increases and the demographic of the executive ranks changes. An ill-thought-out post from years ago has the potential to tarnish a candidate's reputation, and search consultants have a unique opportunity to coach executives on this and reduce their clients' risk of exposure to a social media scandal. ■

Making the Most of Your Data

Kandace Miller, global marketing director at The Cluen Corporation, explains how to ensure that you're successfully capturing candidate data.

The personal and professional information that is available online about people in the marketplace is growing quicker than ever. Public and private databases, social media sites, news articles, industry-specific websites, job boards, conferences, social and professional associations and direct referencing are just some of the ways to build robust information on a person even before they are part of an executive search. While interviewing your candidates and dealing with them in face-to-face situations is as important as ever, using social media venues to research potential candidates allows you to dig deeper.

There is more value in social media than looking at an individual's activity. Their connections can be helpful in further developing your talent pool and business development efforts – you can search through their team members, colleagues, former colleagues, and other people who have "liked," "followed," displayed interest in certain posts or belong to similar groups. You will find that a lot of comparable talent may be present in similar online spaces.

The use of social media as a sourcing tool has created new opportunities and new problems for efficiently managing information within search firms. Some of the benefits that these tools bring to search firms are:

- Minimizing the time it takes to get basic background information on a person and their employment history during the candidate identification stage of a search

- Providing quicker access to a candidate's current and former co-workers and other connections for use in the referencing process

- Enabling efficient mass communication with groups of people to develop prospective candidates at the beginning of a search

- Utilizing the connections of colleagues to help with sourcing and business development

On the other hand, with the large increase in the number of sources and total amount of information now available, search firms are increasingly challenged with being able to:

- Ensure they have explored all the different sources of information that exist

- Prioritize which information is accurate and appropriate for assessing a candidate

- Capture and share this information efficiently with their co-workers and with their clients

- Optimize the usefulness of this information while minimizing the time it takes to collect it

The challenge comes from the fact that this information is often drawn from different sources – the individual could be discussed with your senior partner, your consultant, your senior associates, or your researchers. When you factor in multiple offices and a global workspace, how can you be sure that you are capturing the information that will make all the difference between you and your competitors?

These challenges are exacerbated by the fact that a search firm's clients have access to many of the same tools that a search firm has. In order to get the upper hand when it comes to the right talent, you need to be accessing the right data at the right time. It becomes hard to rely on analyzing LinkedIn connections when some of them may not be as valuable, fresh or relevant as others. Similarly, LinkedIn endorsements have limited use – they are unregulated and often seem to come from complete strangers.

In order to get the upper hand when it comes to the right talent, you need to have a strategy to maximize the benefits of social media while minimizing its downsides. With general information being so easily obtainable, tracking deeper relationships can sometimes be the only thing helping you get a return call or email. Here are a few key things that a search firm can do:

1. **Identify the critical data points for you and your clients.** With so much more information available, it would be easy to get overwhelmed if you had to formally record everything you found out about a candidate throughout your search process. Define what matters and what doesn't matter. By defining the critical data points that are important for your firm, you will enable your team to focus on the pieces of information that really matter.

2. **Make sure your staff understands the payback.** Capturing information for its own sake is not helpful. To build buy-in with your team, it will be important to stress why capturing a particular piece of information is important. For example, a researcher may be told to always capture who a candidate reports to and which people report to a candidate. This can take a fair amount of time to record, and without understanding the value of this information to a firm, may not be done consistently over time. On the other hand, if you are able to explain that by capturing this data the firm is able to more quickly develop candidates on future searches, shorten the time it takes to do references, and generate avenues to call into to pitch new business, it is more likely that this information will be maintained.

3. **Deepen your relationships from the data you have already captured.** Do not let your data become stale; create communications unrelated to a search. Enhance your referral network and candidate pool through email marketing campaigns. This will provide your firm with more personal, dedicated relationships with candidates, sources and clients.

4. **Remember where the real value lives.** What is most valuable to your clients is the information that is not publicly available. The most treasured data you provide can only be uncovered through your trusted relationships.

While the rise in online information has significantly changed the identification, prioritization and even the timeline of some searches, what has stayed constant is the need for a trusted partner to help analyze, guide and deliver it.

Assimilating all of this information that you have unveiled during your executive search process will contribute directly to your firm's unique value proposition.

Cluen's Encore system is geared towards a relationship-based approach to recruitment. One of Cluen's core components to its executive search product is the Relativity tool, which allows you to capture proprietary data such as referrals, team connections, board associations, social circles and more. You probably already have this data flowing through your office, but may not be capturing it in a way that will be useful later. Relativity saves time in recording these details, and each additional piece helps you 'connect the dots' across all of your other knowledge. Quick access to this information is extremely helpful during an executive search and can help you validate your candidates as well as unearth new ones. ■

Contact Cluen to discuss a free trial of our world-class software solutions.

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International Executive Research

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All candidate lists from IIPE come complete with names, titles, contact information, and related notes. We serve as an extension of your recruitment staff; our customized solutions can also include:

- List Build/Name Generation
- First Level Interaction (Cold Calling)
- Screening
- Organizational Mapping
- Database Scrubbing
- Talent Warehousing

IIPE delivers timely turnaround without sacrificing quality.

your resource for the best names **203.653.2211** **www.iipe.net**

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BlueSteps

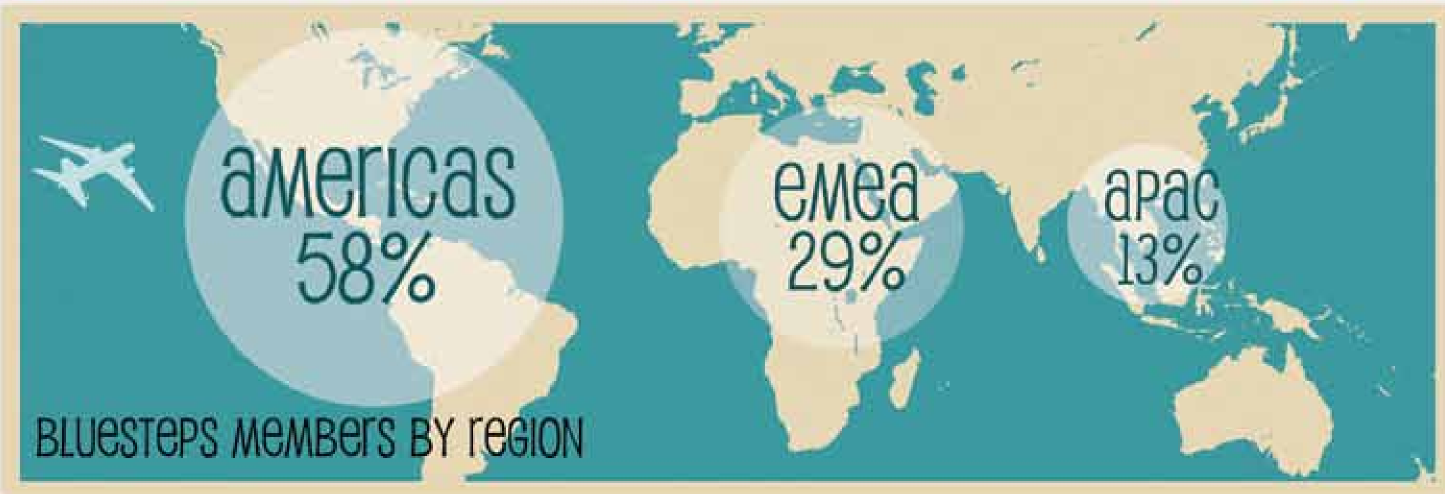
Access the BlueSteps Database
at www.aesc.org/BlueSteps

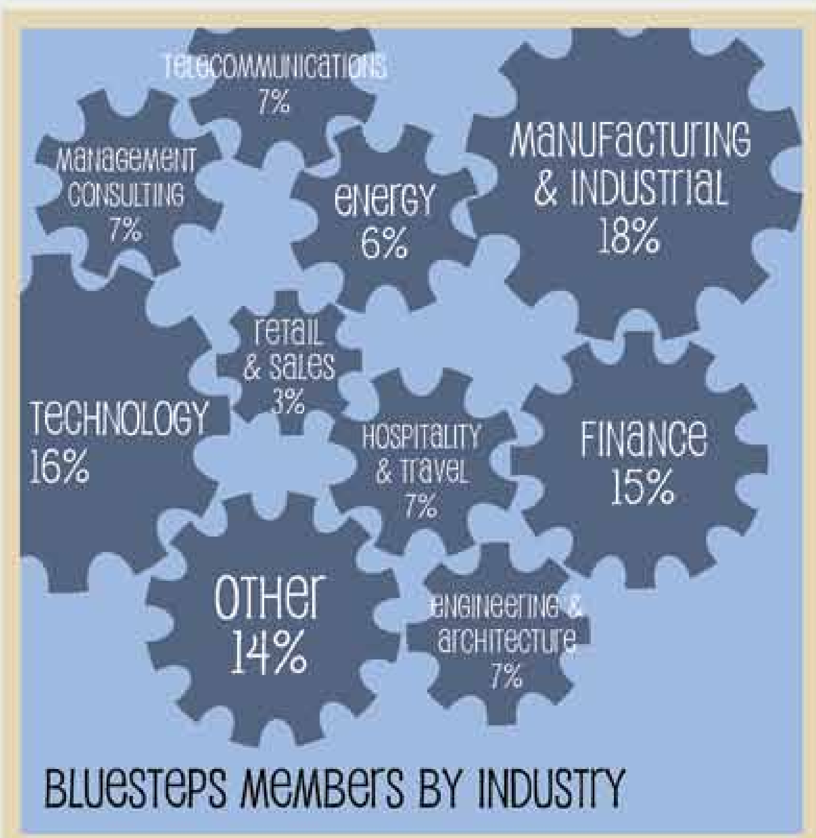
AESC MEMBERS HAVE EXCLUSIVE ACCESS TO THE AESC'S BLUESTEPS DATABASE OF TOP TALENT

90,000+ TOP GLOBAL EXECUTIVES

$230K AVERAGE SALARY USD

10 YRS AVERAGE EXECUTIVE-LEVEL EXPERIENCE





New Feature!

AESC Members Can Now Post an Open Search Discreetly within BlueSteps

Post details about an open search that will be visible only to BlueSteps members. Once reviewed and approved by AESC staff, potential candidates can come to you, helping to streamline the sourcing process. Here's how it works:

1. Login to get started at www.aesc.org
2. Click on the "Manage Opportunities" tab top right
3. Click "Add Opportunity"
4. Enter the information
5. Click Submit

Get started now at
www.aesc.org/bluesteps

About the Association of Executive Search and Leadership Consultants

Since 1959, the AESC has set the standard for quality and ethics in executive search and leadership consulting worldwide. Because AESC members must commit and adhere to the AESC's industry and government recognized Code of Professional Practice and AESC Standards of Excellence, clients can be assured that AESC members are able to serve as trusted advisors for their most important engagements.

As the voice for executive search and leadership consulting worldwide, today the AESC is comprised of more than 350 member firms, representing 8,000 executive search professionals in 70 countries. To learn more about the AESC and its membership, visit www.aesc.org. For information about the AESC's career service for executive-level professionals, visit www.bluesteps.com.

AESC

425 Fifth Avenue, 4th Floor, New York, NY 10016 USA
+1 212 398 9556 | www.aesc.org