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Strategy and Structure Follow People: Improving Organizational Performance Through Effective Executive Search

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Executive Summary

New approaches to executive search and executive resource planning are required if these functions are to have a strategic impact on improving organizational performance. The need to map and match specific executive perspectives and competencies to the future needs of the business is required if executive search and executive resource planning are to become strategic management tools. This paper examines the three "drivers" of strategic leadersbip and provides a framework for synchronizing specific executive perspectives and competencies to these three drivers. A case study illustrates bow common practices such as raiding direct competitors for executive talent or always promoting from within may be counterproductive to the strategic needs of the business. Recommendations for applying these new concepts at the board corporate, and strategic business unit level are made.

Increased competition has transformed strategic planning and implementation from a sequential to a concurrent process. Given the need to formulate and implement strategy at the same time, it is becoming increasingly clear that the perspectives (framework for synthesizing information) and competence (cognitive power, knowledge/skills, motivation/values) which each executive brings to a specific role will determine the way he or she will assess, choose, and implement corporate strategy and organizational structure. Strategy and structure follow people. That is why the ability to seek out key executives whose perspectives and competencies match the future needs of the business is rapidly emerging as a critical aspect in strategic management.

New approaches are needed if executive search and executive resource planning are to become levers for enhancing organizational performance. For example, the common practice of raiding direct competitors for executive talent to fill a key position may be counterproductive because the perspectives and competencies required at a competitor's firm may be totally different from the goals and needs of another organization.

Over the past ten years leading corporations such as Citicorp, Corning, Texas Instruments, Chase Manhattan Bank, and GE have been selecting key executives by matching their competencies to specific business strategies *(Business Week, 1980)*. More recently, the concept "strategy and structure follow people" appears to be emerging as a management paradigm in such organizations as Whirlpool Corporation, AMP, Pepsico, Sunoco Canada, Canadian Tire Acceptance, and CRA Mining in Australia. This concept applies throughout the organization, including the strategic business unit (SBU) and at the corporate and board level. The implications of this concept are most critical when staffing at the CEO or SBU President/General Manager level, because the impact of this one executive's perspectives and competencies on an entire organization can be substantial.

This article briefly reviews the existing research linking the hiring of key executives with specific business conditions; demonstrates that the concept of generic leadership competencies is inadequate if executive resource planning is to improve organizational performance; proposes a framework for diagnosing executive competencies required to create strategic leadership; shows through a case study how matching various executive competencies to the future needs of the business cannot be adequately addressed by simply raiding direct competitors for executive talent; and discusses the role of personality in assessing leadership capability.

Strategy and Structure Follow People

The phrase "strategy follows people" was coined by Jack Welch, Chairman and CEO of GE. He is the key decision maker in the selection or promotion of 100 senior executives and is involved in the indirect selection or promotion of some 600 other executives. His high level of involvement in the executive resource planning and staffing process demonstrates his belief that the perspectives, experiences, and competencies that a key executive brings to a role will directly affect the formulation and implementation of organization strategy.

Dr. Elliott Jaques has defined the "Archimedes principle" of organization structure in which organizations seek the level of working capacity of their CEOs. Forty-five years of research by Jaques and his colleagues indicate that the cognitive power of key executives is directly related to the maximum level of complexity which they are capable of managing effectively at a specific time. Cognitive power is the level of innate mental ability to process and organize information of different levels of complexity. It is the cognitive power of executives and their decision-making discretion that determine to what extent they will fit the role they hold. Jaques has identified in the largest corporations eight distinguishable Levels of Work (LoW) complexity. These eight levels represent work and planning horizons within three groups: operational, general management, and strategic.

Corresponding to these levels of work and planning are eight Levels of Competence (LOC) These levels of competence are the working capacity required of an executive to effectively operate at increasingly higher levels of complexity. If the Level of Competence is greater than the Level of Work then the executive will grow the organization to the extent that the executive has decision-making discretion. This suggests that a key executive's LoC compared to the LoW is an important factor in determining an organization's structure, growth, contraction, or stability (Jaques and Clement, 1991; Jaques, 1989; Stamp, 1988). This research also indicates that prevailing methods for measuring the current and future cognitive ability of a higher level executive are outdated for the complexity and uncertainty of the 90s, because they do not assess high level information synthesis and decision-making capacity required in executive level work.

Wayne Calloway, Chairman and CEO of Pepsico, further verifies the work of Jaques from a global CEO's perspective. In a recent interview about building a top management team, Calloway, who is noted to spend about half of his time on human resource (HR) issues, noted:

> If I had a small business in Brazil, for example, should I put one of my less experienced executives there because of its size? On the other hand, if I put a less experienced executive there, would the business have a real chance to grow? What I would do would be to put a real seasoned executive there who can run a business ten times larger than the one that is presently there-that way he can grow the business a lot faster. The challenge I face, however, is do I have enough people to accomplish this? That is an instance where we may have to go to the outside and recruit for that position. (*Executive Search* Review, 1991).

Calloway's reference to a "seasoned executive who can run a business ten times larger" could be interpreted in Jaques' terms that an executive with a LoC greater than the current LoW is required in order to grow the business rapidly.

Key executives clearly require new perspectives and competencies if their organizations are to adapt to today's and tomorrow's rapidly changing environment. For example, the toy industry was changed in a short time with the use of microprocessors and software. Computers, telecommunications, and deregulation are rapidly changing the financial services industry. Globalization has changed the nature of competition in such industries as consumer electronics, automobiles, and machine tools. Whether executives who are currently in place can learn and adapt fast enough to such upheaval remains to be seen.

> The inability of top managers to identify changing structural characteristics of their business and to accept the need for change in dominant logic(s) may provide a partial explanation for the difficulty that traditional businesses like steel, machine tools, and autos have faced during the past five years in the U.S. (Prahalad and Bettis, 1986).

Except in the early growth stages of an organization, few chief executives and general managers are personally involved with the day-to-day decision making in R&D, marketing, and manufacturing where strategies are realized. The one critical lever they have, however, that can directly affect strategy formulation, implementation, and day-to-day decision making is the selection of key executives whose perspectives and competencies correspond to the needs of the business.

The Myth Of The Generalist General Manager

Chief executive officers and business unit presidents / general managers are not all created equal. Neither are vice-presidents of marketing, directors of engineering, or controllers. Effective leadership depends on the specific business conditions and the unique perspectives and competencies a key executive brings to decision making in the role that he or she holds.

The generalist general manager who can effectively run any business is a myth. In his research on general managers, Kotter (Kotter, 1982) found that key executives had little awareness of how specialized their skills, knowledge, and relationships really are. Gabarro's research (Gabarro, 1987) on how general managers establish mastery and influence in taking charge of new positions found that, with few exceptions, executives in new positions tended to focus on the functional area where they had the greatest prior functional experience. This was true even when the critical success factors of the business required focus on a different functional area. If the role changes due to shifting business conditions, and the leader does not adapt to the change by developing new perspectives and competencies, then a previously effective leader will become ineffective.

Executive search and executive resource planning are useless as strategic management tools when executives are viewed as identical pieces on a checker board. It is far more effective to view a key executive as a knight, rook, or bishop in a chess game, each with different capabilities. The chess player (CEO) decides which executive to move, and where, depending on the strategy and business conditions. Although diversity of experience can provide personal growth, broader perspective, and better judgment for effective decision making, the scope for moving an executive is limited by the gaps in that executive's knowledge and skill as well as the time required for learning to close these gaps. To become a strategic management tool, executive search and executive resource planning must map and match the specific perspectives and competencies of key positions to the needs of the business. Effective leadership just doesn't happen; it needs to be crafted and engineered.

Strategic leadership is determined by three business "drivers." These drivers are the intended business strategy, the stage of organizational development and complexity of the business, and the critical success factors. In order to become linked to the future needs of the business, executive search and executive resource planning must be aligned with these business drivers and the organization's mission. Each driver is equally important and requires equal consideration in identifying the current and future executive leadership needs of the organization. We have assembled the components identified into what we call the Strategic Performance System (see Exhibit 1) and will elaborate on each driver.

Aligning Executive Search with Intended Strategy

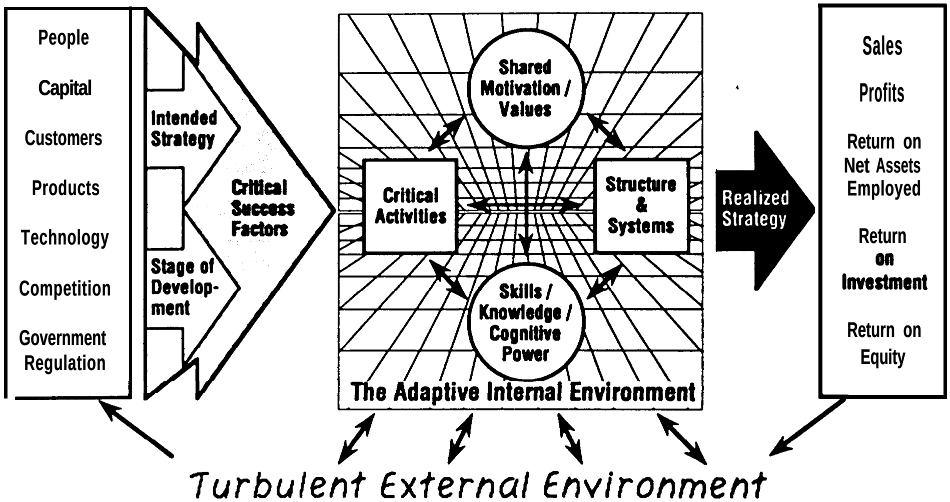
Empirical research has laid the foundation for linking specific competencies of key executives to specific strategies. In a study of 58 strategic business units (SBU) engaged in a "build" strategy, improved SBU performance was directly correlated to the general managers' exhibiting greater marketing and sales competence, a greater willingness to take risks, and a greater tolerance for ambiguity. These same competencies hampered performance in a "harvest" strategy (Gupta and Govindarajan, 1984).

Using Michael Porter's model of competitive strategy, a study of 121 SBU's engaged in a "differentiation" strategy found improved SBU performance when general managers had greater R&D competence and perceived their ability to be successful as contingent on personal initiative. These same competencies hampered SBU performance in a "low cost" strategy. General managers with greater manufacturing competence enhanced SBU performance in the case of a low cost strategy, but hampered performance in a differentiation strategy (Govindarajan, 1989).

Linking strategy with executive resource planning and executive origin, i.e., insider versus outsider, also affects organizational performance. Using a random sample of 200 firms from the Fortune 1000, Wiersema's (Wiersema, 1986) research found that executive succession and turnover did not significantly affect strategic redirection of a firm. But executive origin was found to have a dramatic impact on strategic redirection. On average, firms managed by Presidents, CEOs, and COOs (Chief Operating Officers) hired from outside the organization exhibited twice as much change in their core business through acquisition, divestiture, and invest-

Exhibit 1

The Strategic Performance System



ment in new products than firms managed by inside executives. Similar results were found in a second study involving a random sample of 86 Fortune 1000 multi-business manufacturing firms. Over a five-year period following CEO succession, those firms that recruited a CEO from the outside had a 21% increase in total revenues coming from non-core businesses as compared to a 7% increase where CEOs were promoted from within (Wiersema, 1989).

To evaluate the need for an inside or outside successor, the board of directors or corporate management team needs to achieve consensus on their vision for the business and the strategic options they are prepared to support. Failure to reach a consensus risks hiring a key executive whose perspectives and competencies may result in a strategic direction that is unacceptable to the same group that selects this executive. For example, the board of directors of Alcoa Corporation and Addressograph-Multigraph both removed CEOs that they had selected four years previously because the boards would not support the strategies of these CEOs.

New perspectives, new competencies, and no ties to previous organizational decisions and commitments explain, at least in part, the redirection of a business with a CEO hired from the outside. Says Lou Gerstner Jr., the new CEO of RJR Nabisco,

> I came on board a $17 billion company where, in effect, there were no rules anymore. I imposed my view of how a modern corporation should be run" *(Fortune, 1991).*

This included bringing in a new executive team with new titles, new compensation systems, and new rules for capital spending. Gerstner also established a strategic realignment with the dominant logic that profitability depends upon brand strength, and thus he divested second tier product lines like Chun King Chinese food and Baby Ruth and Butterfinger candies.

As demonstrated above, there are specific competencies required of a key executive to implement a specific corporate strategy. It is not enough for the executive search process to begin by simply identifying a pool of potential candidates with the same title as the open position. It must start with an assessment of the acceptable strategy options and the translation of those options into executive competencies against which candidates can be evaluated and measured, using new assessment techniques (Van Clieaf, 1989; Van Clieaf and Romanella, 1990; Van Clieaf, 1991). This competency framework is the critical link between intended strategy, executive resource planning, and executive search; and as such, it directly enhances organizational performance.

Aligning Executive Search With The Stage of Organizational Development and Complexity

Hiring a chief executive officer, general manager, or department head is also critical to organizational development, learning, and renewal. Organizations and their departments move through numerous stages of development: start-up; professionalization; balanced growth; maturity; restructure/turnaround; early bureaucracy; and possibly death. Although there is some similarity between life-cycle theory of organisms and the stage of development of an organization, these two concepts should not be confused because organizations do not have to die and can live forever. The stages of organizational development concepts have been described by a number of authors and address the ideas of product market complexity and the level of systems and controls as indicators of organizational development (Griener, 1972; Clifford, 1973, 1985; Flamholtz, 1986). While strategy focuses on the external environment and where and how to compete, organizational development focuses on the internal environment of the organization. This internal focus is on executive competencies needed for the organization to grow, learn, and thus to continue to provide value to customers at a profit. Some executives are better at start-up; some are better at implementing systems, controls and structures to increase market share in a growth business; some are better at squeezing the profits and cash flow out of a mature business; others excel at restructuring or turnaround. As an example, a study of 24 business units and their general managers found that different competencies were required depending upon whether the business was in an early growth, mature, or turnaround stage (Herbert and Deresky, 1987).

As organizations grow they transcend through thresholds of complexity. Factors that influence organizational complexity are product complexity, market operating complexity, and environmental complexity (Greiner, 1985). As an organization increases its number of products, organizes into separate profit centres and SBU's, and establishes multiple distribution channels, the complexity of executive LoW, and the number of required layers in the organization structure to carry out this work, increase. From an international perspective, organizations move through numerous stages of development including export, international distribution and marketing, direct foreign investment for manufacturing, global R&D and engineering, and finally global localization. The level of organizational complexity increases at each stage of international development.

The structure of an organization and its ability to transcend through these stages of higher complexity will depend upon the Level of Competence of its CEO or SBU President/General Manager. If an organization intends to take action that will move it and the nature of executive level work through a threshold into a higher Level of Work complexity, then the key- executive leading the organization must have a LoC that is at least matched to the LoW to effectively manage this growth. An effective executive who possesses a LoC that becomes less than the LoW due to organizational growth will be overwhelmed by the new nature of the role and become an ineffective leader.

The competence of the CEO or SBU President/General Manager will thus have a direct impact on organizational structure. We have observed CEOs who were unable to cope with the complexity of managing SBUs in their same core business in a foreign country, and they subsequently divested the business. We have also observed an organization where the CEO wanted to continue to grow the business through acquisition, while the Board of Directors wanted consolidation and subsequently asked for the CEO’s resignation. Although we have not had an opportunity to assess this CEO’s capability, we would suggest that this acquisition-oriented CEO had a LoC substantially greater than the LoW in his role.

Executives recruited from outside the organization can play critical roles in increasing return on investment (ROI) in both the growth and declining stages of development. The Oasis Database developed by the Hay Group, the University of Michigan, and the Strategic Planning Institute indicates that growth companies that recruited 20% of their top three levels from the outside exceeded their expected ROI by 10%. Those that relied on inside talent fell short by 10%. Declining businesses that recruited 20% of their top management from the outside exceeded expected ROI by 20%. Declining companies with a low proportion of top executives brought in from the outside in the last three years fell short of their ROI objectives by 5% (*Business Week*, 1986).

In mature, restructuring, or declining business conditions, top managers who have been with an organization for a number of years may be slow to react to the changing environment. Prior commitments to individuals, organizational structures, compensation systems, and capital allocation can stand in the way of making change. According to research by Hofer on business turnarounds, “a *precondition for almost all successful turnarounds is the replacement of the current top management of the business in question”* (Hofer, 1980). Research on the role of top management in restructuring situations found that recognizing divestment as a viable and acceptable option required some admission of failure on the part of key decision makers. In most cases the actual divestment decisions were related to the recruitment of a new chief executive officer or general manager (Gilmour, 1973; Duhaime, 1981).

In addition to being a catalyst for change, hiring a new key executive from the outside can be an accelerator for organizational learning when moving to the next stage of development. The removal of a key executive is a critical way in which organizations terminate past procedures, past commitments, and past strategies, and prepare for new learning. If an assessment of a current key executive’s perspectives and competencies identifies large gaps with regard to the future direction of the organization, then the executive will need to be replaced, or the strategic direction will need to be reconsidered.

This empirical and conceptual evidence demonstrates that different stages of organizational development do exist, and that a different leadership focus and specific executive competencies are required at each stage. Our experience has taught us that a senior executive recruited from the outside may have the right knowledge and skills for the intended strategy but still be an inappropriate candidate. Without the motivation, values and cognitive power required to mesh with the stage of development and complexity of the business, an otherwise skilled executive is a high risk hire. This is especially true for senior executives from large, over-controlled organizations who are being considered as candidates for smaller, handson, fast-paced, entrepreneurial organizations with fewer layers and fewer formal systems and controls.

Aligning Executive Search With The "Critical Success Factors"

Time and the right people for appropriate roles are becoming increasingly scarce resources. To allocate these resources effectively and translate the key business issues into day-to-day decision making, the critical success factors of the business must be identified.

Critical success factors are those few key operational activities and objectives that must be accomplished for a given business to succeed. Everything else is secondary. Every industry and business has critical success factors. The key to their implementation is the translation of the concepts related to the intended strategy and stage of development of the business into operational activities. Understanding these success factors, how they can be changed, and how they fit into the business process delivery system is fundamental to mapping executive competencies in order to create a competitive advantage.

Examples of critical success factors include: an effective distribution system in the beer and soft drink business; world class research and development in the pharmaceutical industry; efficient manufacturing capability in consumer electronics; ongoing service for computers and photocopiers; and creative advertising and promotion for perfumes and cosmetics.

The critical success factors provide the operational framework for linking the most critical operational activities with key executive activities. These executive activities and the way they are expected to change are then synchronized to those executive perspectives and competencies required for effective decision making, the kind that creates business success. These same competencies map the executive experience most appropriate for the specific business conditions and ultimately for improved organizational performance.

Case Study-The New Executive Search Paradigm

Perpetuating current executive search and executive resource planning practices is insufficient in a globally competitive marketplace. Hiring a key executive from a direct competitor, while often a valid staffing strategy, can sometimes be an error. New skills are required to be able to recognize when this traditional approach to executive resource planning and executive search is inappropriate. Assessing candidates against the background and experience of an executive who has recently held a similar position, or failing to look at how the role may change due to changes in the business conditions, could also result in hiring the the wrong executive.

To illustrate the point, let's look at the following case history. As the result of a resignation, we were retained by the Chairman and CEO of a leading merchant bank to assist in the search for a senior executive to lead a key business unit. The client organization had enjoyed tremendous growth in the mid to late 80s and had developed an excellent reputation in the financial and business communities.

In preparation for our second meeting with the client, we drafted a list of 40 target companies that were our client's direct competitors, on the assumption that this would be the obvious hunting ground for potential candidates. We also searched our computerized database for candidates who had merchant banking experience with the same types of customers as our client had.

We then interviewed the incumbent and three other senior executives who led other business units within our client's firm. We asked each executive to identify the critical success factors that accounted for the tremendous growth of their organization and the specific business unit for which we were recruiting. We asked each executive about the critical business issues that would be faced in the future and the expectations about intended business strategy, possible new products/services for the SBU, and how the role of leading the SBU might change over the next three years. We also explored internal issues concerning the level of systems and controls to determine the stage of organizational development, the corporate culture, and what the SBU needed to allow it to continue to grow profitably and achieve its objectives.

We then interviewed three of our client's customers who had borrowed capital and also interviewed executives of three large institutional investors (pension funds and life insurance companies) who were funding sources for the capital that our client would place as a merchant banking intermediary. We asked each group what they could identify as critical success factors to account for our client's tremendous growth. The customers' answers to these questions, which were consistent with those of our client, totally changed our perspective on the search engagement and our search strategy.

We discovered that our client was seen to be the leader in merchant banking services in the marketplace. None of its direct competitors had the same level of knowledge and skills in detailed financial and credit risk analysis or in corporate finance. What the stakeholders were really telling us was that to hire a key executive from a direct competitor would risk moving the business backward and could, therefore, be a mistake. None of the direct competitors and their key executives were seen by the customers or by our client to exhibit the competencies needed to implement our client's intended strategy.

The three drivers-intended strategy, the stage of organizational development and complexity of the business, and the critical success factors guided us in our strategic position analysis of the role. After diagnosing these three drivers we were able to draft a position guide for the role that was consistent with the future needs of the business. The next step was to map the competencies that would be required to perform effectively the key executive activities we had identified and which were tied into business unit performance objectives. We then drafted a set of candidate specifications based upon all the preceding steps and used them as the framework for our executive search strategy.

As a result of our strategic position analysis and the mapping of key executive competencies we knew what competencies the business needed in order to continue to grow. The question was where to find them. In an internal brainstorming session we determined that the key competencies did exist elsewhere in financial services but not with a direct competitor. Would an executive with these same key competencies be prepared and able to adapt to a completely different marketplace and set of customer dynamics? We concluded that one could, and the resulting staffing strategy set us on a new direction which broke the traditional paradigm of recruiting a key executive from a direct competitor.

To summarize this case study, we used the three drivers of leadership to map the executive competencies required for success in leading this business unit. The intended strategy was to provide a differentiated merchant banking, senior debt product for mid-market companies. The stage of development was one of early growth, requiring increased systems and controls for profitable growth. The critical success factors were the ability to undertake detailed financial and credit risk analysis to identify good financing opportunities, and the packaging of the "due diligence" in such a way that the institutional investors would see the merit in the investment and act as a source of capital for these mid-market growth companies. This provided the framework for identifying the critical leadership competencies and resulted in a staffing strategy which suggested that the common practice of recruiting from a direct competitor could be a strategic mistake.

While the shift in staffing strategy we described may not take place every day, there is a need to be aware of these dynamics to ensure that internal or external candidates bring the right perspectives and competencies to a specific role. Executive resource planning practices will have to assess these dynamics in deciding whether to promote from within or recruit from outside. Those organizations that have a promote-from-within policy will also have to reconsider this staffing strategy when the gap between the required competencies and perspectives and those of the best internal candidates is too large and needs to be closed quickly in response to a competitive threat.

This paradigm shift is evident in the hiring of John Sculley away from Pepsi to become President of Apple Computer. Sculley, a superb marketer, had played a major role in creating the "Pepsi Generation" marketing concept. He had international business experience and was competent in dealing with a franchised retail distribution channel. The "work-hard play-hard" competitive culture of Pepsi was also consistent with some of the values at Apple Computer.

We analyzed Apple Computer Inc. in terms of the three business drivers and then mapped the executive competencies that might have been required back in 1983 for the CEO role. An appropriate CEO candidate had to be an excellent consumer marketer; have the transition skills and motivation and values to adapt to a unique culture; possess the interpersonal and mentoring skills to work with Steve Jobs, co-founder of Apple; and have the leadership, management, and cognitive skills to run a billion dollar international organization. Sculley was one of a select number of candidates whose competencies matched the requirements of the CEO position.

In his book *Odessey-Pepsi to Apple* Sculley recalled asking Jobs, "Why don't you talk with someone at IBM or Hewlett Packard? Why do you want somebody out of the soft drink industry? I don't know anything about computers." Jobs is said to have responded "What we are doing has never been done before. My dream is that everyone in the world will have an Apple computer. To do that we have got to be a great marketing company. You really understand marketing. I got excited about the idea of the Apple Generation."

The Apple Computer example further illustrates the need to be sensitive to the practice of always recruiting from a direct competitor or promoting from within. The future leadership needs of a business based upon the three drivers of leadership and the mapping of executive competencies based upon these drivers, suggest that the common practice of recruiting from a direct competitor or promoting from within may not provide the leadership competencies required and should be reconsidered depending upon the business conditions.

To conclude: in an era of increased competition; technological breakthroughs; and rapid change, executive resource planning and executive search become both an art and a science. The crafting and engineering of effective leadership depends upon an understanding of the framework within which executives are working. Mature industries like buggy whips, tobacco, and residential oil burners face a level of change and complexity that is very different from that found in computers, telecommunications, financial services, and biotechnology. The leadership requirements of any organization are contingent upon the three key business drivers that we have illustrated, and the level of incremental and unexpected change facing both an industry and a specific organisation.

Personality and temperament are not material to leadership competence and strategy unless executive behavior becomes so neurotic as to be destructive to an organization (Jaques 1991; Kets de Vries and Miller, 1987). In his interviews with 96 CEOs of major U.S. corporations, Robert Boyden Lamb found that there was an equal distribution of introverts and extroverts in the top positions (Lamb, 1987). This finding is also born out by the Myers-Briggs Type Indicator (MBTI) Databank. The Myers-Briggs is a well known assessment instrument that was developed for clinical use. This instrument provides an assessment of preferences for the way people take in information and make decisions. The MBTI Databank shows that all 16 types have become chief executive officers or presidents. Thus, the use of corporate resources and time to assess personality and temperament is usually of little value for effective executive search and executive resource planning.

While we recognize the need to understand how a key executive fits into a team and makes decisions as a part of a team, there are times when the team issues are not important. If we are to hold a CEO or SBU President/General Manager accountable for the performance of his or her organization, then hiring such a key executive should be undertaken on the basis that there is only one successful CEO or President candidate, and that he or she ultimately has the right and authority to change the whole team, if required, to accomplish the organization's objectives.

We have illustrated that executive search and executive resource planning practices that worked in the past may not work in the future. Some executive search firms believe that their role is strictly that of hunting and not assessing *(Wall Street Journal, 1991).* We have demonstrated that for executive search and executive resource planning to live up to their true potential as levers and accelerators for organizational change, a new understanding of executive assessment, executive development, and the engineering and crafting of effective leadership is required.

If the concept of the generalist general manager is a myth, then the principle of generic leadership competencies that are the same for every business condition across numerous industries is also a myth. Effective executive search, executive resource planning, and leadership development demand that the principle of generic leadership competencies be reexamined. The search for executive talent should focus on finding and developing executives who bring the appropriate perspectives and competencies based upon the three drivers of leadership. The mapping of executive perspectives and competencies is required in order to provide a framework for identifying the breadth of the talent pool (i.e., inside or outside the organization, outside the industry, outside the country). Candidatcs should then be assessed against the specific perspectives and competencies that are synchronized with the future needs of the business.

To put the concepts we have described into practice, the Board, CEO, General Manager, and key HR executive must do three things. First, the future executive resource needs of an organization must be examined within the context of the three key drivers we have discussed. Failure to use this type of framework increases the risk of hiring or promoting the wrong executive. Second, those individuals with executive hiring authority should not automatically assume that recruiting a key executive from a direct competitor or promoting from within is an appropriate staffing strategy. Making this assumption could actually move the business backward. Third, executive hiring authorities must become more demanding rather than perpetuate the old ways of recruiting or promoting key executives. Executive search is coming full circle, having been born in the strategy consulting firms of such organizations as McKinsey and Co. and Booz, Allen, Hamilton. Executive search consultants and HR executives require new skills in exploring the three drivers of leadership, and in learning and using new candidate assessment techniques for executive search and executive resource planning.

Planning with the knowledge that there may be surprises is the only way to plan. To be strategically opportunistic in the 90s requires a disciplined and future-oriented look at where a business is and where it is heading to ensure that the right people with the right perspectives and competencies are in place in key leadership positions. In a complex and turbulent environment, strategy and structure follow people.

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