

Connections

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Innovation, growth and revenue drivers accelerate CEO and Board changes

After three exhaustive years of cutting costs and honing companies to the leanest possible level, the need for growth in mature markets has resulted in new levels of activity in changes at the top of the house.

Whether as a result of Board pressure, lack of performance or retirements, there has been a significant increase in new CEO announcements at every level of business. In companies operating under a strategic management model, 21% of CEO turnover came as a result of ethical lapses, and 42% as a result of poor financial or managerial performance. According to Liberum Research, which tracks all companies that disclose such moves, 1,508 CEO changes were recorded in the first three quarters of 2011, with additional announcements pending. A significant number of these appointments were made with executives coming from outside the companies.

September became the sixth consecutive month with more than 100 chief executive changes in the U.S. alone, as turnover in the position reached a 12-month high. Chief executive turnover in the UK saw a sharp increase close to 15%, with financial services, industrial, energy and telecommunications companies seeing the highest increases in turnover. And the pattern continues – last month, 108 CEOs in the USA said they were leaving, with Yahoo Inc. and Hewlett-Packard Co. both involved in high-profile firings during the month. Pent-up demand for leadership changes is high enough to continue to year's end – even with a sluggish economy.

Demanding better

A similar level of activity is also evident in the numerous Board appointments announced in the past year. This was impacted by retirements, requirements for a broader

range of skills, several countries* legislating the requirement for a higher percentage of women Directors**, and by demands for improvements in Board performance. The requirement for improved Board performance is a result of continuing economic uncertainty and high-profile governance failures.

After a year of wildly fluctuating stock markets, downward-revised forecasts and the ongoing drama of the Eurozone sovereign debt crisis, the challenges ahead for newly appointed Board members and executives aren't for the faint of heart. Given the renewed emphasis on growth, these new executives are less likely to rely on downsizing or outsourcing and more likely to focus on innovation, scenario and contingency planning and price optimization.

Future fundamentals

Despite the turmoil of the past year, many businesses, especially large multinationals in the developed world, continue to look ahead. Corporate earnings and cash flows have never been stronger. Cash hoards have reached \$2.76 trillion at S&P 500 companies within the last quarter. Most companies have used this financial muscle over the last few years to build large cash reserves and to become better capitalized. Looking to the future, the fundamentals driving economic growth in emerging markets still seem likely to prove self-sustaining, promising decent future economic growth in most of these countries, even if the developed world continues to struggle.

Resilience and flexibility will be hallmarks of companies that thrive in a go-slow, but volatile, economic environment. Along with rock-solid balance sheets, this approach will require business leaders to evolve their strategies in response to changing conditions as certainty increases.

New Member Firms

Colombia

Colombia's positive economic growth means that clients of Pombo Seligmann Pizarro (PSP) – IRC Colombia – will benefit from its alliance with IRC, according to Ana María Seligmann, PSP partner. "Many regions, industries and companies in Colombia are in growth mode, competing locally and globally – and that means they must have access to new individual competencies and organizational capabilities," she adds. The Bogota-based executive search firm works in the agro-industry, finance, insurance, industrial, and fast-moving consumer goods sectors, at the upper, mid-executive and board levels.

www.pspconsultores.co

Peru

"We have a wide network of key personnel in all economic sectors, which allows us to obtain valuable information when evaluating our recommendations," says Jose Antonio Velarde, Founding Partner of Nugent & Velarde (IRC Peru). He adds that the 'global boutique' company has an overriding concern and awareness of the human dimension of the executive search business: "before any decision or recommendation, we first put respect for people." The Lima-based firm specializes in senior positions across all industries, including construction, industrial, energy, and retail and consumer markets. www.nvexecs.com

Poland

"HRK's (IRC Poland) corporate philosophy matches that of IRC's global executive search approach, because it is based on a custom, individual approach towards each client," says Zbigniew Woźniakowski, company CEO. He adds that the specifics of recruitment projects in Poland – especially in senior managerial and expert positions – often require searching for candidates outside the country. The Warszawa-based firm works on projects for various sectors of the economy, including production, ICT, financial markets, finance, retail, logistics and purchasing, energy, FMCG, pharma, real estate, construction, engineering and technology. www.hrk.eu

South Africa

Innovative methods and a trust-based approach to sourcing competitive talent are key components in adding value as a strategic executive search partner with IRC, according to Debbie Goodman-Bhyat, managing director at Jack Hammer Executive Headhunters, IRC South Africa, based in Cape Town, South Africa. "Just like the drilling tool (jack hammer), we dig deep beneath the surface to source the gems of talent; our relentless approach gets a hard job done right," she adds. The firm works with multi-national corporate clients in the banking, retail, FMCG, construction, telecoms and petroleum sectors.

Recent CEO changes include:

- Hewlett-Packard Co – Meg Whitman, CEO
- IBM – Virginia Rometty, CEO
- HSBC Bank USA – Irene Dorner, Group General Manager, President and CEO
- Nikko Asset Management Asia – Eleanor Seet, President & Executive Director
- BlueMountain Capital Management – David Rubenstein CEO, BlueMountain Europe
- J.P. Morgan – Dinkar Jetley, CEO, Worldwide Securities Services
- BNY Mellon – Gerald Hassell, Chairman & CEO
- BNY Mellon – Arthur Certosimo, CEO of global markets
- Beiersdorf AG – Stefan Heidenreich, CEO
- Siemens AG – Felix Ferlemann, CEO, Wind Power Division
- Aperam – Philippe Darmayan, CEO
- Jetstar Japan – Miyuki Suzuki, CEO
- Global Petroleum – Peter Hill, Managing Director & CEO
- Invensys Rail – Kevin Riddett, President & CEO
- INAER Group – James Drummond, Group CEO
- Deutsche Bank – Anshu Jain and Juergen Fitschen, Co-CEO's
- Europa Oil & Gas (Holdings) Plc – Hugh Mackay, Executive Director & CEO
- PG&E Corporation – Anthony (Tony) Earley, Jr., Chairman, President & CEO
- USA Today – Gracia Martore, CEO
- AMD – Rory Read, CEO
- Google – Larry Page, CEO
- Wendy's – Emil Brolick, CEO

**Countries include Belgium, Canada, Finland, France, Iceland, the Netherlands, Spain and Sweden, with the UK, Australia and others considering similar legislation. These changes may result in the need for more than 1,000 new female directors in the next three to five years.*

*** FTSE 250 boards recorded 28 new female appointments since March 1st 2011*

About IRC

IRC Global Executive Search Partners is a global professional alliance of executive search firms, united in their commitment to providing the highest possible standards in management recruitment services. IRC Global Executive Search Partners is an alliance that embodies the best of both worlds – Globally Connected and Locally Committed. We invite you to enquire as to how to put it to work for you on your critical hiring assignments.



IRC members in our global meeting in Santiago, Chile – October 2011

Globally Connected < **Locally Committed**

Calendar

December 1&2, 2011

IRC Regional Group Meeting –
Central & Eastern Europe
Warsaw, Poland

January 13 to 15, 2012

The 2012 International
Conference on Asia Pacific
Business Innovation and
Technology Management
Pattaya, Thailand

February 16&17, 2012

Russia & CIS Executive
Summit: Downstream Oil &
Gas 2012
Madinat Jumeirah, Dubai,
UAE

February 20&21, 2012

IRC Executive Board Meeting
Los Angeles, USA

March 5&6, 2012

The 2012 World Executive
Search Congress
Las Vegas, USA

March 25&26, 2012

IRC Regional Group Meeting –
EMEA
Brussels, Belgium

September 27&28 2012

Annual Meeting of IRC Global
Executive Search Partners
Berlin, Germany

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New challenges

Looking ahead with the newly appointed Global Practice Leader – Energy, Konstantin Borisov, IRC Russia

I know I'm still the new kid on the block," admits Konstantin Borisov, Managing Partner of [Support Partners](#) – IRC Global Executive Search Partners – Russia. "However, the opportunity to leverage the experience of IRC member firms in a focused approach to business development was a major attraction for joining the alliance," he adds.

Konstantin explains why the creation of a focused IRC oil and gas group is of paramount importance. He says a comparison of the Europe and Russia search markets shows that the specialized areas are far more developed in London, while Russia is still more generalist, with specialized consultants, but serving all industries. "I think that over time, Russia will have more specialization, such as oil and gas, and retail under different brands. Right now, IRC has a big opportunity because I think there's a lot more business to come by showcasing IRC's collective expertise in the industry."

Asked about the market size, Konstantin says he needs more research to get exact numbers, but he believes the potential market is very large, and oil's increasing price will make the oil and gas industry even more important and interesting for search professionals: "We can leverage the expertise and specialization skills of IRC member firms to create a strong group, and address clients' needs, with more focus and a stronger, general, client list."

Shaken not stirred

Support Partners (IRC Russia) recently purchased [TopContact](#), a Russian recruitment boutique firm with a six-year history.

The acquisition is Support Partners' first: "It is a big step for us in terms of expansion to new sectors. It's also our firm's first acquisition experience, and it feels like shaking a bottle of coke – over time it will settle down and become much better."

With personal emigration plans, TopContact's Managing partner, Liia Kupchina's options were to sell, or close TopContact. For the past year, both Konstantin and Liia discussed various business options, resulting in the October sale.

"The team will continue to operate under our Support Partners' brands at our Moscow office," explains Konstantin. "We'll also be doing some joint business development."

Discussing the Russia economy, Konstantin thinks the ruble may drop 15 – 20%, especially after elections in March 2012. However, he explains that the country's debt being increasingly held internally, rather than with the Western banks, means that even if import prices increase, Russia is relatively stable.

"Our [Russian] current ideology is all about doing the business, rather than just talking about it."



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IRC's Top Placements Roundup

Americas

- Chief Executive Officer: Retail & Consumer
- President and CEO: Financial Services & Banking

Asia Pacific

- Chief Executive Officer: Professional Services, Education, Public & Non-Profit Sector
- Chief Information Officer: Healthcare & Bio Tech

EMEA

- Chief Financial Officer: Industrial/Production
- Controller: Industrial/Production
- Managing Director: Energy, Natural Resources & Infrastructure
- Chief Financial Officer: Professional Services, Education, Public & Non-Profit Sector

Cross-Border

- Europe/Asia Pacific – Business Development Director – China: Professional Services, Education, Public & Non-Profit Sector
- Germany/USA – Managing Director USA/Canada: Industrial Production

Case Study: Recognizing new growth opportunities

What is MaquilaFind?

[MaquilaFind](#) is a new industrial recruiting practice serving Mexico's maquiladora industry. It was created by the merger of Bilingual Professional Search International (BPS) with [QualiFind Executive Search](#), creating a subsidiary practice of QualiFind (IRC Global Executive Search Partners – USA/Mexico). MaquilaFind is owned by partners Carlos Acosta, Warren Carter and Fernando Espinosa. QualiFind has a 13-year track record in both the US and Mexico, while BPS had 10 years' experience in Mexico's maquiladora industry. The new practice is made up of partners, recruiters and research staff with extensive track records of providing recruitment of professional and technical talent in every industrial city and region of Mexico.

Why the merger?

Warren Carter, (QualiFind's founder and a Senior Managing Partner, and a Senior Managing Partner in MaquilaFind), explains the reasons behind the merger: "QualiFind started in 1999, and the bulk of our work was focused in recruiting for the maquiladora industry. QualiFind has since evolved to add RPO and Project Recruitment services to manage Greenfield start-ups or expansions in Mexico, as well as developing a solid track record in retained search for a broad range of mid-management and leadership roles in the US and Mexico. Many of QualiFind's clients base their corporate or North American headquarters in the US and their manufacturing sites in Mexico."

Warren explained how, in the past, those clients would use the large global retained search firms for their leadership assignments, and then use QualiFind for the functional roles in Mexico. However, as QualiFind matured, it was able to secure both the retained leadership assignments and the higher volume engaged and contingent work. This duality resulted in an identity problem for the company, as clients of one service model were often not aware that QualiFind could also deliver on the other. This problem was largely resolved by creating MaquilaFind: "Under MaquilaFind's separate practice leader, QualiFind added more focused resources, staff and capabilities to this highly active part of the talent market in Mexico, and the opportunity to merge BPS within the QualiFind organization allowed us to better separate and brand these services."

MaquilaFind's separate staff will focus solely on the maquiladora industry, while QualiFind will concentrate on executive leadership and middle management search assignments in a much broader range of industries in both the US and Mexico.

What was the result?

The MaquilaFind practice is jointly owned by QualiFind and Carlos Acosta. QualiFind controls all branding and marketing of the new practice, while Carlos is the Practice Leader and Senior Managing Partner. The merger means expanded capabilities in Mexico for the new practice. Carlos brought a full book of professional and technical recruiting business, a fully staffed office in Tijuana, and an additional office and staff in Guadalajara. Warren, Fernando (QualiFind Senior Managing Partners), and staff will now focus on senior-level search assignments (Director, VP, and C-level), while MaquilaFind will concentrate on functional, supervisory to managerial-level recruiting in Mexico, in areas including accounting, engineering, HR, finance, supply chain, trade compliance, and production.



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Into the future

Warren believes the current global recession and downturn in the search industry is creating an opportunity-rich environment for firms to consolidate costs, add depth, and leverage broader skill sets and relationships – such as the merger and creation of MaquilaFind. Asked if he's pleased with results so far, Warren is cautiously optimistic: "Pleased? I'm ecstatic! I think we are continuing to lead the way in building an organization that is able to quickly and efficiently respond to client needs when they call. That being said, we also realize that we must learn from the collective mistakes made along the way. We won't get anywhere by following the status quo. We have Mexico's finest recruiters in QualiFind and MaquilaFind – and I'm optimistic this is going to go well. Taking the road less traveled has paid off for us in the past and I think we've just started down another one of those roads with a promising future ahead of us. I'm unaware of anyone doing this before within the Mexico market, and the efficiencies we've gained are already paying dividends for our clients and for us."

IRC Global Executive Search Partners Worldwide:

Argentina | Australia | Belgium | Brazil | Canada | Chile | China | Colombia | Czech Republic | Denmark | Finland | France | Germany | Hungary | India | Italy | Mexico | Netherlands | Norway | Peru | Poland | Russia | Singapore | South Africa | South Korea | Spain | Sweden | Switzerland | Taiwan | UK | Ukraine | USA

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