

Drafting the best directors

by Melinda Finch

THE BEST COMPANY directors are typically unusual characters who are bright, but not brilliant, and are driven by the need to make a difference.

"Bright people can often get it wrong and those that are the most successful are rarely the most intelligent," according to Angela David, Sydney-based principal of organisational capability consulting firm YSC.

"Social, emotional and practical intelligence is not assessed in IQ tests, but can often lie behind the achievements of successful people."

Amid widespread criticism from shareholders about top bosses who fail to deliver, the need to thoroughly screen high profile executives in the recruitment phase has never been greater.

This will become even more important as the turnover of CEOs increases because of shorter tenures. According to David, this is a trend "driven by the market's need for short-term results" which she warns is "dangerous for the business".

HR professionals can help mitigate risky appointments by asking questions throughout the executive appointment process, even if they aren't directly involved in the process.

"It is not unusual for the top HR person not to be involved in a CEO appointment – the chairman may do it directly with head hunters. This usually leads to problems, especially with the management of the process," David said.

"Getting board members to be analytical, objective and record their views is not always easy. They often give a broad reaction," she said.

Common mistakes organisations make in finding suitable CEOs are being too insular in their search and "not looking outside when they need a fundamental change in direction", David said.

"Insiders bring a lot of understanding of the business and the organisation which they can leverage for continuous change, but it may need an outsider to drive step change."

However, when a continued drive on a known strategy is required, looking outside the organisation can be problematic.

"Indeed, parachuting CEOs in from other organisations in the hope that they will breathe fresh life into an organisation can fail to reap the expected rewards," she said.

For HR professionals involved in executive searches, the challenge is to clearly identify the organisation's needs and manage the recruitment process in the best possible way. This can often involve managing expectations.

"If a new CEO is expected to walk on water, failure is inevitable," said David.

"Success is much more likely if it is absolutely clear what the new person brings and where development and support, including other complementary hires, are needed."

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