



MEETING THE GROWTH IMPERATIVE

AN ON PARTNERS ROUNDTABLE

CONVERGING TRENDS FUEL FIERCE DEMAND FOR TOP-QUALITY FINANCE, OPERATIONS, AND OTHER KEY EXECUTIVES

Looking for some relief in the tight hiring market when it comes to strategic leadership talent? There's no sign of this on the horizon, as demand remains fierce for those executives with the skills to propel growth and capitalize upon today's—and tomorrow's—most promising competitive opportunities. How should companies and their search partners respond?

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Q: Let's start with the big picture. ON Partners has strong relationships with leading-edge companies, major investment firms, and key executives in a wide range of positions and industries. What are you hearing from them about their leadership talent needs and challenges in today's environment?

STEVE CORNACCHIA, Partner: Given what's been the state of the economy and the financial markets, hiring demand is strong at all levels. So we're seeing a lot of tightening of the employment market throughout. But when it comes to C-Suite and senior management positions, that effect is really intensified — there are many more executive positions out there than top-quality candidates.

So it's fair to say that companies are being challenged by, first of all, the scope of their strategic talent needs, and then, the intense competition for that talent. And finally, there's the reality that this is the kind of environment in which a lot of job offers are getting declined. That's difficult. But since this a market in which there are a lot of opportunities for companies, it's essential to meet the challenge, by figuring out the right ways to recruit and retain the talent they need. I tend to focus on the Life Sciences, where this is certainly the case.

TODD WYLES, Partner: These dynamics are playing out for all kinds of key positions in industries and regions throughout the marketplace. It's a very challenging period, especially in terms of senior leadership. Everyone is aware that there are real growth opportunities out there, but time is of the essence. Meanwhile, there's competition coming at companies from everywhere and, as goes without saying, new technologies are transforming every playing field.

With all this going on, companies are recognizing that they can't just rely on their own networks or internal recruitment efforts to bring the right executives on board — not only because they don't have the contacts or the reach, but because they don't have the in-depth knowledge of the recruitment and retention strategies that have the best chances of succeeding in a talent marketplace like this one.

Q: The financial markets have been so hot – what kind of an impact does that have on strategic talent dynamics?

LENNY VAIRO, Partner: We do a lot of work with private equity and venture capital firms and their portfolio companies, as well as with large and mid-sized public companies. So my colleagues and I at ON Partners can see this impact from a lot of different perspectives. The short answer is, capital market trends are playing a big role in generating talent demand because they're helping to create and facilitate the exceptional business opportunities. And that translates into the current supply and demand talent shortfall for companies that are pursuing aggressive growth-oriented strategies — especially when it comes to C-suite leaders and senior executives in finance, operations, business development, and marketing, as well as IT.

Think about M&As, for example — they can transform a company's leadership needs, especially on the financial front. Let's say a \$200M company buys a \$150M company — suddenly, it's a \$350M company that will almost certainly be aiming to grow to be \$500M. To make that happen, they absolutely must have a CFO with the right leadership experience. And he or she will need an expert and experienced team of direct reports. This is where I am spending a lot of my time, these days.

SUZANNE ZEBEDEE, PhD, Partner: For many of us here at ON Partners, we're involved with M&A-generated hiring activity focused on the leadership team. What makes these executive searches especially challenging is that they're happening at the same time that the merger is getting assimilated – it's like changing a tire while the car is running.

Q: Does planning for – and carrying out – an IPO carry with it a similar impact on the talent front?

SUZANNE ZEBEDEE: Absolutely. In my own work, I tend to focus on the venture side of the Life Sciences sector, including biotech and molecular diagnostics companies.

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Speaking generally, we've seen more IPO activity in recent years in this sector, as well as healthy levels of M&A activity. And when growth-oriented companies are positioning themselves for a successful IPO, it's certainly the case that they will be making key strategic talent hires.

Those hires may run the gamut, but there are certainly two areas where I see a very strong focus: financial hiring, including but not only limited to putting the right CFO in place; and diversity, which is a big priority as companies prepare to enter the public arena. I work with clients on ways to add a broad range of diversity – gender, ethnic, age, experience, and strategic perspectives – to their senior management ranks, as well as to their boards.

TODD WYLES: We're in a global environment that is transaction-driven, with a lot of activity being fueled by a growing investment class. We're seeing a lot of deals being done at super-high multiples, which means more value must be created to rationalize any M&A transaction. So whether, as executive search experts, we're talking to corporate boards, C-Suite executives, or the investment firms that are backing many of these business ventures, there's a widespread recognition that growth-oriented organizations need the right strategies to recruit and retain top-quality talent.

Q: Let's drill down to some specifics. How are these trends translating into the types of talent profiles most in demand – and the search strategies that are likeliest to yield successful results?

SUZANNE ZEBEDEE: Every situation is customized. The most important message for every company is: you've got to be looking at your entire leadership team – the C-Suite, the board of directors, the other key senior leadership positions – and make sure that they're up to today's challenges.

In an environment like this one, with significant opportunities but tremendous competition, with rapid change being driven by new technologies and other factors, leadership decisions are complex. There are serious consequences to putting the wrong person in the seat, or failing to upgrade your leadership team to keep up with the company's growth plan.

STEVE CORNACCHIA: That dynamic that Suzanne is talking about is a major reason why so many of us here at ON Partners tend to work on multiple searches for our clients, whether concurrently or over a period of time as they're building or upgrading their leadership teams.

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These aren't one-off situations or one-size-fits-all searches. When a corporation and its search partner share a deep-seated rapport and understanding about the vision for growth, the competitive edge, the corporate culture, and so much more, then we'll all be ready to jump-start any particular search, whether it's for a CFO or VP of Investor Relations, a Chief Operations Officer, a head of R&D or Business Development, a CIO, a board director, or, when needed, a new chief executive.

LENNY VAIRO: And that's equally true when it comes to our relationships with private equity or venture capital firms. The strategic talent decisions that they're making in terms of their portfolio companies are incredibly impactful and searches need to happen quickly. When we work with the same firms over and over again, we understand what they're looking for, and we are prepared to move with them as quickly as they need to, so that they'll have the leadership teams in place to capitalize upon their growth opportunities.

Q: Growth is a word that keeps cropping up in this discussion. Is that an underlying theme throughout this marketplace?

TODD WYLES: Everyone's focus is on growth these days—organic, via acquisition or through some type of digital transformation—it's all about growth. While there have been recent signs in the economy of some new

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challenges, investors and executives still see growth where they can. And that inevitably means that their focus is on talent.

SUZANNE ZEBEDEE: We're having these conversations with clients every day. If you're aiming to succeed in this environment, you've got to make sure that you have the best leadership team in place and that there aren't talent gaps that will negatively impact the company's growth prospects.

STEVE CORNACCHIA: Does the CEO have the vision, the gravitas, and the experience to lead the way? Will the CFO and his or her team be able to successfully navigate the capital markets, inspire confidence within the investment community, and run an efficient, effective growth-oriented organization? Is their operational team up to the challenges? What about R&D and business development? And, most importantly, where are the leadership gaps that need to be filled in the boardroom, and what's the plan to fill them?

LENNY VAIRO: These are conversations that companies are having – *or should be having* – regardless of the sector they're operating in. And it's why ON Partners has been seeing so much activity among industrial companies, business services companies, life sciences companies, as well as companies in technology and so many other sectors. The time is right for growth. But you've got to make sure that the leadership team is right for growth as well.

ABOUT ON PARTNERS

We solve complex business problems with exceptional talent, across industries, and across the globe, with results that energize C-Suites, boards, and senior management teams.

At ON Partners, our clients are our partners. Our consultations are catalysts for real change. And our candidates are powerful, mission-driven champions of transformation. Learn more at onpartners.com

PITFALLS TO AVOID

When demand is sky-high for the right leadership talent, and the supply of skilled and seasoned executives can't keep up, companies simply cannot afford recruitment missteps when growth opportunities come calling. Here are some rules of thumb:



1. Don't waste time.

There are many different ways that this message has meaning. But it starts with one key lesson: Make sure you clearly understand your talent needs before developing the job description, the compensation package, and the search objectives.



2. Outside experts can make a big difference.

Poorly planned searches can waste time, or end up putting the wrong executive in the seat. Instead, involve your executive search consultant early in defining the job as well as the search parameters.



3. Don't try to do it all yourself.

One of the best ways to sabotage a search is to first try to have your inside team handle the recruitment efforts by itself – not only will they likely fail, but (once they do), they will create a sense that the search is stale, the job is undesirable, and there's no reason for any attractive candidate to pick up the phone.



4. Diversity should always be a priority.

That's especially true for public companies or portfolio businesses positioning for an IPO. Be sure your search partner can help build and maintain a diverse leadership team and boardroom, including gender, ethnicity, age, business backgrounds, and strategic perspectives.



5. Be prepared to act quickly.

Remember, the worst mistake you can make in a tight talent market is wasting time. When you are interviewing and reviewing candidates, or negotiating compensation packages, be prepared to move fast because odds are overwhelming that desirable candidates will be fielding multiple opportunities.