How long should a CEO remain in the job?
It depends on the company, what’s required and the CEO’s ability to transform himself or herself along with the business and keep ahead. Effectiveness depends on the skills the company needs at a given time. Different sized companies need people with different scale experiences. Then there are specific situations, such as turnarounds, which require specific abilities. But for every rule there is someone like Bill Gates or John Chambers who have taken a start-up and turned it into one of the world’s biggest companies.

When it comes to changing CEOs, sometimes it is simply time for a change. There’s an observation about political leaders that they get too much credit when things go well and too much blame when things go wrong and I think that also applies to CEOs.

What do you regard as the key performance measures for a CEO?
There is a lot of focus on the short-term numbers. I look at market numbers and at developing a strategy that is long-term. I could do a lot of things to improve short-term performance but are they strategic and sustainable? The key is to execute effectively in the short term while creating a long-term strategy and setting targets. There needs to be a balanced scorecard.

What about the relationship between the CEO and the board?
The board’s job is ever more crucial. Managing the board wasn’t a challenge for me because in a professional services mindset you share information. Everything is shared with the board. Meetings are very open.
There’s a lot of debate about non-executive chairmen and so on. All have their pros and cons. Having a separate chair is technically superior but sometimes the two people simply don’t get on. I am chairman and CEO and I am comfortable with that dual role. But our board is very active. Their job is not to run the company; it’s to provide oversight. At the same time, debate is good.

**Is there too great an emphasis on short-term performance?**

In some cases the markets are too short term but part of the CEO’s job is clearly to deliver short-term results. There are no time-outs in business so there is a bias to the short term. The important thing is to know that everything you do you have to live with.

**Do you feel that over recent years CEOs have been unfairly maligned?**

Well, I think you can say that the last couple of years have been pretty tough on all employees, CEOs included. In the media it can appear that every CEO is a crook or entirely self-serving. There is lots of coverage of Enron, Parmalat and the like but when all that was happening some CEOs were taking salary cuts and dealing with low morale with pay freezes and so on. CEOs worked harder and got less recognition. It’s true also that some CEOs were over-glorified when they were simply riding on the back of market forces.

The reality is that most employees trust their CEOs. **Yet there is still a feeling that CEOs are over-paid.** There remains a sense that CEO compensation is out of step and that the spread between the pay of the average worker and the CEO is out of whack. Again, the reality is that CEO compensation was down last year. It does actually follow the market. If you look around – in merchant banking, for example, and elsewhere – there are many people who earn a lot more money than CEOs.

CEO compensation should be tied to performance. But it is a capitalist system. Shareholders didn’t complain when times were good. While shareholder activism and greater transparency are probably good things, their impact will lessen as the economy improves.

In the end, the CEO still does a job. In the 1990s there was a period of the superstar CEO when CEOs were glorified but that has gone away. People expect the CEO to be strategic, to bring a team together and then to get things done. It is about integrity and implementation, knowing the business and getting the job done.

I think that while the money is obviously nice, CEOs are in the job because they want to make a difference. If the pay were less, people would still want to do it.

**Is there really a global market in CEOs?**

There is a globalising trend. Go back a few years and all CEOs were local. In industries that have globalised, such as financial services, this is no longer the case. Look at the American executives at Deutsche Bank; Jim Schiro, CEO of the insurance company Zurich; or the American co-CEO at Credit Suisse.

In the global market talent is everything so the global market for CEOs is evolving. The challenge...
CEOs are in the job because they want to make a difference. If the pay were less, people would still want to do it.

for executives who aspire to CEO roles is to have experience around the world.

At the same time you have to be realistic and accept that boards have to judge character when they hire a CEO. They are likely to be more comfortable with local candidates who will understand the nuances.

The hardest thing for global CEOs is the job. It’s a day and night job. You are always travelling. There is a non-stop cycle that is very demanding. It’s a day and night job.

How do you spend your time?
Initially I spent more time at head office getting to know things. Then it became a question of getting the right team in place, placing people internally into the right positions. Now I perhaps spend some 20 per cent of my time internally, the rest is about pushing the strategy into the organisation and the marketplace. CEOs now are more market facing, out with their customers and their people.

There is a transformation stage and then a driving stage. There is not necessarily a maintenance stage any more. Put simply, if you’re always a transformation person you die.

The job changes all the time. Some people are naturally curious. They can’t help but learn. No matter how many times you run a company you learn new things and acquire new skills. A lot of people grow up in business as technical experts and then move into management. If you’re not intellectually curious your knowledge becomes outdated. It’s not about age.

What are the attributes you bring to the CEO’s job?
I am strategically oriented in terms of vision but also I am an implementer and bring people along. I am curious and have always developed successors.

How much time do you spend on succession issues?
I think about succession every day. I worry about developing people because it is what companies are worst at. Companies talk about being a people business but often they keep people in their jobs and end up with a group of people with limited experience who have stayed in their jobs too long. Of course it is hard to tell people they need to move but some companies manage to do it exceptionally well.

What about the executive recruitment market. What does the future hold?
The demographics are very good for us. There is little or no growth in the workforce demographically. Also, more people will be retiring; 10 per cent of the US workforce was retired at the start of the decade; by the end it will be 19 per cent. There will be a shortage of managerial talent.

The second thing is that we’re now in an improving economy with people investing. Therefore, there will be more demand for people.

Third is what I call velocity. According to a recent executive survey, 58 per cent of executives plan to change jobs in the next year. They won’t all do so, of course, but they want new horizons. There will be more velocity in the marketplace.

So all this makes for higher demand all round. That’s why I moved into the business. I felt we were in a new industry while I had previously worked in a mature industry. There are only a handful of global human resource companies so there is a chance to globalise in a unique way. Finally, our industry has traditionally been a single-product business. We are evolving to a human capital solutions business with a broader range of services.