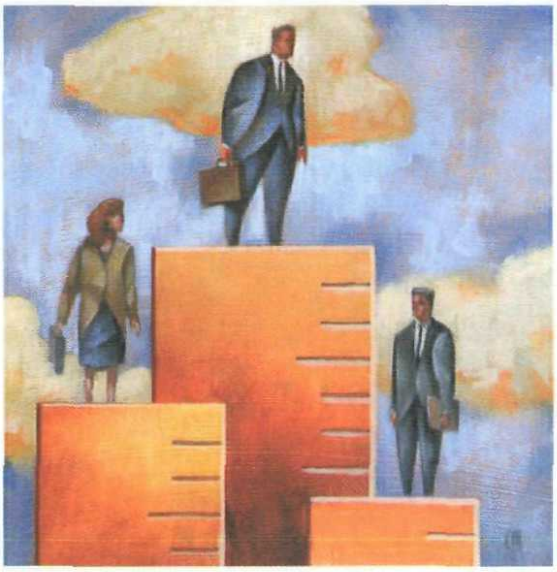
Executive EDGE

HIRING THE RIGHT BOSS

Here are seven guidelines that boards should follow in hiring a new CEO:

• Agree on leadership. The board must first decide what kind of leader it wants. After each member writes down his or her definition of leadership, the board can work out the differences. This is hard work, but no one else can do it. Handing the job to a search firm is irresponsible.



• Bring conflicts to the surface. CEOs are often undermined by hidden struggles among board members. Boards should air and resolve such conflicts before picking the new leader.

• Measure candidates' "soft" qualities. Board members are usually experienced at measuring hard data like financial results and market share. They should also know how to gauge such qualities as integrity and an ability to inspire others.

• Beware of hucksters. Boards nowadays often hire "charismatic dreamers"—and then later discover that the charisma is mostly swollen ego. Real leaders put aside the demands of their own egos to serve the strategic needs of the organization.

• Remember that genuine leadership can be scary. A true leader will motivate people to change, and change is inherently destabilizing. But boards tend to be conservative and are often less friendly to change than they like to think they are. Board members should be aware of this tendency and work consciously to dispel the fears underlying their conservatism.

• Be cautious with heirs apparent. More than 65 percent of CEOs were number two in their organizations before being elevated to the top job, often with the backing of the outgoing number ones. Unfortunately, CEOs are frequently not good at picking successors; number twos frequently turn out to be unsuited for the CEO role.

• Do not rush into a decision. It is far more important to choose the best candidate than it is to meet a deadline.

From Warren Bemis and James O'Toole, "Don't Hire the Wrong CEO, Harvard Business Review, *May-June 2000, pp. 171-176.*

KEEPING TOP TALENT

The economy is booming. The job market is tight. Keeping top-notch employees is becoming more and more difficult, as other companies and headhunters lure them away to greener pastures. But some companies have developed strategies for holding on to their valuable employees. Here are seven of the best:

• Foster a sense of family and community, so people feel they're working for a cause, not just a company. Valero Energy, San Antonio, encourages its employees to get involved in their community through its volunteer council, which works with local charities.

• Incorporate your competitive advantage into your recruiting and retention strategy. Capital One Financial, Falls Church, VA, applies quantitative analysis to the people game. Job applicants are measured against a performance database and also tested.

• Invest heavily in training and mentoring the best people in the organization. Executives at General Electric, Fairfield, CT, comb through resumes of people already on the job, selecting candidates to attend its management training programs.

• Make it easy to move within the company. At Enron, Houston, employees are encouraged to move around within the company to find the best fit for their skills and interests.

• Invest in the hiring process and hire selectively. Southwest Airlines, Dallas, has analyzed and honed its recruitment and screening procedures to the point where it has the lowest turnover in the industry.

• Give employees the opportunity and flexibility to balance the demands of work and life. SAS Institute, Cary, NC, offers day-care facilities, a cafeteria where children are welcome, a gym, and on-site massages.

• Smooth internal communications, so people can benefit from best practices elsewhere in the company. Omnicom, New York City, holds regular meetings for its many business groups to get together.

From Nicholas Stein, "Winning the War to Keep Top Talent," Fortune, *May 29, 2000, pp. 132-138.*

Illustration by Chris McAllister