

Boyden

global executive search

practiceperspectives

TECHNOLOGY



TECHNOLOGY PERSPECTIVES – TOP FIVE SUCCESS FACTORS FOR 2008

Whether large or small, mature or young, technology companies face a global imperative never experienced before.

The implications stretch across strategy, culture and reward, with the urgency of a 24-hour global industry.

1. A Competitive Global Strategy

Neil Sims, at Boyden San Francisco says, “Tech companies must have a global market strategy from early on, which is why working with a search consultant who is part of a specialised, global network is a huge advantage.” He continues, “It is also an observable trend that whether you are an established firm like Yahoo, or an early-stage company, you need to attract candidates with broad operational experience, particularly responsibility for profit and loss. The challenge is that people who understand new media and have business acumen are still rare. Those who do understand it are generally not senior enough and lack profit and loss responsibility.”

New Global Competitors

Emerging markets have changed from outsource providers into global competitors. Large tech firms in India, such as Infosys and Tata Consulting Services (TCS), are poised to challenge global firms such as IBM and Accenture, primarily through consultancy. Sachin Prakash at Boyden India explains, “The consulting piece is critical – the appreciation of the rupee is taking cost advantages down further, and expansion in Europe – seen as a hotbed of innovation, particularly in mobile technology – depends on consulting capabilities.”

2. Creating Strategic Partnerships

Uli Schumann at Boyden Germany comments, “Conversations with the board focus increasingly on the need for strategic partnerships, whereas before it was on specific skills and relationship management.”

Creating strategic partnerships today means blending innovation, skills and resources from both emerging and developed economies. “The most successful executives are the ‘intrapreneurs’ – corporate leaders who use strong entrepreneurial instincts to assess all the risk and reward elements involved in sourcing what they need from the most appropriate markets worldwide,” explains Schumann. For example, pioneering technologies are coming from emerging markets such as China, where Lenovo is developing face recognition for log-on; while Bharti Airtel in India secures service quality by outsourcing network management to Ericsson in Europe. Such partnerships require the board to create a leadership team that encompasses industry vision, the ability to

anticipate corporate and consumer trends, an understanding of current dynamics in emerging markets and the ability to manage senior executive teams across different economies. "By their very nature, these people are scattered across a number of different countries and sectors. Boyden's network is a huge advantage in terms of finding and assessing them. The challenge is to understand the intricacies of which client-candidate partnerships will succeed and, critically, secure the deal."

3. A Solutions-Driven Consulting Approach

Customer service varies globally, with cultural nuances in India, Europe and the United States. Schumann says, "Six years ago, challenges in the mobile sector were around quality, sales and distribution processes, customer satisfaction and a solutions-based approach. Now, across all the tech industries the critical elements are making the Internet mobile and accessible from anywhere".

This is prompting companies such as Nokia Siemens to target the IT integration space, leading to the expansion of a consulting division of executives with a greater mix of consulting skills over technology expertise. Competition for consulting skills is particularly strong in Europe. Prakash notes, "Asian companies are developing relationships and achieving cultural fluency by targeting Continental Europe from a base in the UK.

"What these companies need now is intelligence in growing their existing business and making more use of their services," says Schumann.

Web 2.0 technologies can help solutions-based collaboration inside a company and generate bespoke products for customers. However, entrepreneurs developing web 2.0 companies are still in the learning stage. Neil Sims at Boyden San Francisco comments, "Revenue and profit remain elusive in an environment where better marketing is yet to be proven, content is still important and expensive, and larger online populations do not automatically translate into greater opportunities. Lessons from the past have almost been forgotten, as entrepreneurs race to build acquisition targets rather than revenue streams".

4. Managing Cultural Change

Integration, global mobility and the need for different skills are prompting a cultural shift across executive teams. "Telecoms companies, in particular, need to manage the political

implications of an implicit culture change towards information technology," says Eric Price at Boyden UK.

"Introducing senior IT leaders into the enterprise division of a telecom company requires proactive coaching to encourage acceptance and overcome cultural challenges."

Advanced companies in the UK are driving the enterprise proposition due to strong talent pools. "Executives here are knowledgeable about integration and highly attractive to European telcos," explains Price. "The attractiveness of the IT integration space is prompting them to build up their consulting, solutions-driven capabilities, with strong candidates coming from IT consultancies as well as large telecom companies such as British Telecom".

5. Making the Right Call on Remuneration

Remuneration is an on-going challenge. Daniel Grassi at Boyden Atlanta comments, "Candidates are looking very carefully at companies' business models, products, leaders, and the equity component as a more significant wealth accumulator in the long run." Sims agrees, "Candidates evaluate start up prospects as hard as the analysts".

Price cautions, "There is a tendency to rely on the equity component to motivate and incentivise senior managers. This is not necessarily enough. You need to pay market salary or higher because you can't rely on an increase in the value of equity, year to year."

Grassi adds, "In the new media space, established brands find it hard to compete against potential stars of the future, particularly those pre-IPO – they have to step up in terms of salary."

Conclusion

A global industry means that there is always someone, somewhere, upping the competition. "This is why having a strong search firm behind you is so important. The winners will be those companies who move fast, not just to IPO, or product innovation, but in acquiring senior executives. First mover advantage starts with people in this world," concludes Neil Sims.

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