

Executive profile

## Headhunters report challenges in CEO search

By Jennnifer LeClaire

Global CEO turnover reached record levels for the second year in a row and may be peaking, according to Booz Allen Hamilton's fifth annual survey of CEO turnover at the world's 2,500 largest public companies.

Booz Allen Hamilton also concluded the oft-employed strategy of hiring CEOs with prior chief executive experience is increasing, but these "repeat" CEOs do not perform any better than new, previously untested CEOs.

"The message to boards is that the presumed benefits of previous experience as CEO are a mirage," said Paul Kocourek, a senior vice president of Booz Allen Hamilton. "Chief executives are better served by experience in their own company, in the industry, or with the types of challenges confronting the company."

That may be so, but according to Boston-area recruiters those types are difficult to find. Indeed, local headhunters report numerous challenges in their searches for CEOs boards of directors will embrace.

"There are classic challenges in CEO searches," said Stephen Mader, vice chairman at executive search firm Christian & Timbers' Boston office. "The first is finding someone with the right skill set. The second is getting members of slow-moving boards to agree on a candidate."

Recruiters aren't sure which of those challenges is more difficult to overcome. Today's CEO has Superman-like qualities, according to Martha Heller, managing director at Z Resource Group, an executive search firm in Boston.

"The CEO has to be able to play boardroom politics. He has to be able to appease Wall Street. He has to be able to play well with the press," Heller said. "But he also needs effortless and generous leadership and vision ---that X factor that makes the rest of the executives follow him up the mountain."

Executive recruiters are facing some mountains of their own --- finding CEOs for the life sciences and financial services industries. As a biotech and financial services hub, Boston is in a season of emerging companies in these sectors, and they need CEOs.

"There are many business formations and a lot of pushing the envelope in terms of techniques. Private equity firms and hedge funds are raising more money and putting it to work," Mader said. "There is strong demand for leadership of new companies."

On the life sciences and financial service side, CEO searches take an average of four months, Mader said, mostly because of the need for board approval.

Since most board members have day jobs, getting consensus can be time consuming.

"It's all about supply and demand. Consolidations, or the lack of consolidations, have been the driving force in CEO recruiting," Mader said. "Technology sector searches have slowed tremendously in the wake of consolidation."

Still, **Dora Vell**, CEO of Boston-based executive search firm **Vell Executive Search, Inc.**, said even within technology there are hot sectors.

"Consumer technology was popular, then optical networking, then turnaround experts," she said. "Right now, CEOs for enterprise software companies are in demand. It seems like the market demands the same skill sets at the same time."

Billerica-based GSI Group Inc. a maker of laser-based semiconductor manufacturing systems, named Sergio Edlestein as CEO in July. Former Brooktrout Technology CEO Eric Giler resurfaced in April as the new CEO of Andover-based Groove Mobile.

Also in April, Andover-based Enterasys Networks Inc. hires Michael Fabiaschi as chief executive, replacing Mark Aslett.

Some recruiters see a more challenging CEO search landscape in the months ahead.

"Executive pay is under scrutiny," Heller said. "Companies may have a harder time pulling together creative packages that lure a CEO from one company to another."



*Dora Vell is the CEO of Vell Executive Search, a premier retained technology executive search firm in Boston. Ms. Vell is an internationally recognized expert in recruiting technology executives including: CEOs, COOs, CTOs, CMOs, CROs, board members and others. She works with VC-backed, PE-backed private companies and public companies. She can be reached at [dora@vell.com](mailto:dora@vell.com).*