

The Globe



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Global Reach - Local Knowledge

Newsletter of the International Executive Search Federation—the worlds largest executive search group

IESF Annual Global Conference (15-18 September 2009, Spain)

The International Executive Search Federation will hold its Annual Global Conference held in Madrid, Spain from September 15-18, 2009.

This global event gathers our Partners from around the world to meet clients and discuss key issues related to executive search, marketing and business development.

The event is kindly hosted by IESF partner - Iberian Executive Search and Selection.

The meeting will commence with welcome cocktails on Tuesday 15th Sept, there will be a client event on the evening of Thursday 17th Sept, and a closing dinner on Friday 18th Sept. Saturday will be a free day for your sightseeing.

**** Urgent Action Required! ****

Please advise:

ana.garciavillamil@iberian-es.com

the name of the delegate(s) from your country together with dates of arrival and departure so Ana can reserves rooms for you. Madrid will be busy as it is still their tourist season

Looking forward to seeing you all in Madrid for an exciting and interesting conference.

Agenda

Tuesday Sep 15th	Arrival of delegates
Afternoon	
Wednesday Sep 16 th	Internal IESF meeting
Morning	Internal IESF meeting
Afternoon	Dinner
Evening	
Thursday Sept 17th	Internal IESF meeting
Morning	Client Event
Afternoon	Dinner
Evening	
Friday Sept 18th	Internal IESF meeting
Morning	End of meeting
Afternoon	

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Madrid - Spain

The capital of Spain, located in the heart of the peninsula and right in the center of the Castillian plain 646 meters above sea level, has a population of over three million. A cosmopolitan city, a business center, headquarters for the Public Administration, Government, Spanish Parliament and the home of the Spanish Royal Family, Madrid also plays a major role in both the banking and industrial sectors. Most of its industry is located in the Southern fringe of the city, where important textile, food and metal working factories are clustered. Madrid is characterized by intense cultural and artistic activity and a very lively nightlife.



IESF Regional Conferences

Asia Pacific (March 4/6) : Americas (March 12/13) : Europe/EMEA (March 15-18)

IESF held its regional conferences during March in Kuala Lumpur, Stockholm and Miami. A key item on all of the agendas was "IESF 1012". Since our foundation in 2002 we have grown rapidly to have over 100 offices worldwide. IESF needs to further strengthen its brand image, marketing, website, conferences, sponsorship, etc to support and sustain this growth.

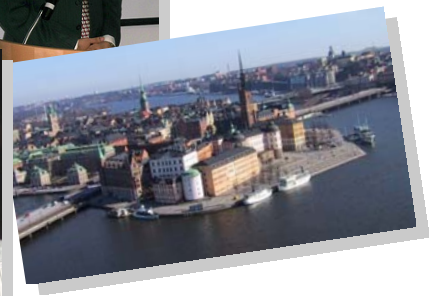
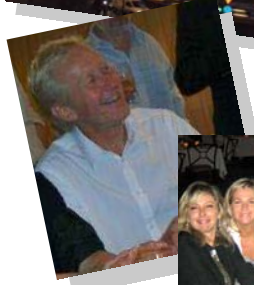
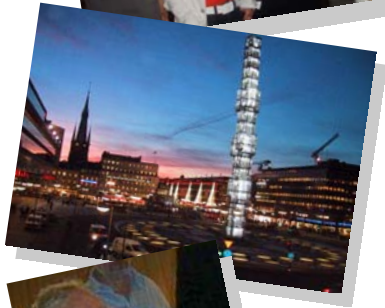
The proposals to achieve this were strongly endorsed and final decisions will be taken in Madrid in September at the global conference.

The regional conferences also experimented with some new formats to help generate new business ideas. Initiatives included interactive sessions on speed networking and new business initiatives from partner countries.

This in turn has generated a number of Partner - Partner initiatives which will be reported on in Madrid.

Ideas were presented on how the Practice Groups can be restructured to become more effective and utilize a key account manager strategy. Work is on going and will be a key topic for the Madrid Conference.

New Partners for Mexico, Pakistan and France were formally welcomed.



Switzerland is 1st Choice for Foreign Head Quarters Location

Studies from McKinsey and Roland Berger highlight that over the last decade Switzerland has developed into a prime headquarters (HQ) location for multinational companies. Companies such as Procter & Gamble, IBM, Dow Chemicals, General Motors, Nissan, Google, Kraft Foods, and Amgen as well as smaller ones like Medtronic, Chiquita, Ecolab, SC Johnson have chosen Switzerland as a location for important operations and regional HQs. With its high quality of life, central location and competitive taxes, it has attracted around 200 regional headquarters of large foreign companies in the past 10 years. The international expansion of

Asian companies may represent the next wave of foreign companies setting up operations and regional HQs in Switzerland. Asian economies are now outperforming North American and European countries and their leading companies are rapidly gaining significant positions in the world economy through the ability to enter foreign markets with their brands. So far, with the exception of multinationals from Korea and Japan, Asian companies have focused their expansion largely on their domestic and regional markets, but things are changing fast and Asian companies are increasingly looking to establish operations and HQs in Europe. For Switzerland, this trend



offers a significant opportunity as a location for these companies' regional HQs - with a potential to attract more than 120 regional HQs, to add 2-4 percent extra GDP, and to create 55,000-120,000 additional jobs over the next ten years (Mc Kinsey). However, to capture this opportunity in the face of fierce competition from other European countries, Switzerland needs to take action so as to be able to offer

to these companies what they are looking for.

Switzerland also scores very well in surveys of global competitiveness, such as the WEF Global Competitiveness Index, where it ranked second out of the 134 countries surveyed in 2007. And more than half of the companies that move to Europe or relocate in Europe select Switzerland as their location, as shown in a survey (Arthur D. Little) in 2002 of fifty Top-500 companies.

When you hear of a move of such company to evaluate or open an international HQ in Switzerland, please inform IESF Switzerland as quickly as possible.

>> Contributed by Frank Zwicky, Managing Partner of IESF AG, Switzerland

The Concept of HR From the View of an Engineer

When people ask me what the role of HR is in a company I answer many times that HR is the department responsible for the Financial Engineering of human capital within organizations. This answer invariably causes a sensation of perplexity to my hearers. "That can't be," they say. "HR and Finance are completely different areas." Possibly. But are they really that different?

Let's take a look. Some time ago companies contracted and managed people by means of a Personnel Department. Basically enough money was

spent so that people worked and at the end of the month they received their paycheck. Times have changed and the paycheck is no longer. Instead banks have moved inside the company and slowly business executives have also changed the way of thinking about people, who have become essential links in the production chain. They went from becoming mere "people" (automatons working in exchange for cash) and became embryos of resources, or the first version of the modern concept of HR, meaning that they became "assets". It was common at that time to hear phrases such as "The company's greatest asset is its employees."

"Assets" and "resources" are now financial concepts,

meaning available funds. If that is what they are, then we are getting close to the modern concept of HR or at least we have already understood how part of the name change came about. But people are not currency. I have always looked down on this definition of people as assets with a certain amount of strangeness. And my surprise increased even more when in periods of crisis companies resort to mass layoffs. My engineering mind simply is not able to understand how these companies can get rid of their greatest asset exactly during a time of crisis. Does that make any sense to you?

But slowly it has been made clear that people move, are transformed, become better at what they do. Professionals are

trained, develop competencies, and improve their talents. They produce more and better for their employees, increase profits, and consequently can be better remunerated and recognized. They can be promoted. This generates a positive cycle. It is like putting money in a high-return investment fund.

To generate all this cycle and ensure a continual growth of the companies and people, it is necessary to manage these resources with the understanding that it has to do with people. And that brings us to the modern concept of HR. It took some decades, but today we understand why the employee became currency and back to a condition of a thinking human being. Because everyone needs to win.



>> Contributed by Norberto Chadad, Managing Director of CATHO HR Consulting Company, Brazil

More Internal Promotions and Reductions of Training Expenses

BINDER & Partners Executive Search and Advisory Ltd conducted a comparative survey among 20 leaders responsible for HR in their companies in Hungary in August 2008 and January 2009. Overall, the survey reveals some interesting conclusions about the Hungarian labour market before and after the Outbreak of the financial crisis.

Only 10% of the participants were planning a headcount increase, whereas 20% declared that they would have to terminate some staff. 25% were planning significant savings for 2009 with no headcount reduction. Almost half of the participants (45%) mentioned that they would like to keep their present staff number without any significant savings. All companies indicated that they would carefully observe ongoing developments. Banks, automotive suppliers and logistics companies were heavily affected by the current situation while food, beverage and energy were less affected.

80% of companies considered that their structures would be strong enough to overcome the current crisis. Interestingly enough, 60% had developed crisis plans during the last half year and half of those companies had been using them.

The biggest changes were in external searches for senior managers versus internal promotions. In 2008, almost 80% indicated that they would like to promote managers from within, whereas only 40% had suitable internal candidates available. For 2009, 75% of the participating companies declared that they would fill senior management positions from within the company.

Through training and HR development measures companies intended to develop internal candidates for the new management tasks. 45% of the companies mentioned that they had reduced their training and development budgets. 55% were satisfied to keep it at the level of 2008. Not a single company participating in the survey increased its training and development budget for 2009. Those facts raise the question whether the quality of the people has improved significantly during the last year.

At the same time, 60% of the companies experienced an increasing number of unrequested applications. In our daily life as consultants we have been observing that companies reduce their headcount and at the same time hire new people. Exaggeratedly spoken, companies look for the superstar, who can do the work of 10 (fired) people but at the same time receives a compensation for only 1½ persons.

Since BINDER & Partners has been receiving an increasing number of spontaneous applications, who would like to work as interim manager or consultant we tried to find out the companies' level of interest in hiring interim managers. 65% of the companies categorically refused to work with managers on a temporary basis, whereas 20% of the companies currently use interim managers. 15% had not used interim managers up to now but would not rule it out for the future. Especially in reorganization, crisis and change management situations companies appreciate the concept of interim management. Based on their high qualifications, interim

managers are in a position to solve challenging tasks for companies. The expected compensation of interim managers would often not fit into a company's compensation and benefits scheme for full time employees. Since interim managers are hired for a limited period of time, companies have more scope for compensating interim managers at a higher level.

Companies were asked if they would support their employees in case of a head count reduction by means of outplacement assistance. Outplacement was used only by international companies in Hungary. 40% of the companies in our survey used outplacement, out of which 10% was for senior managers.

The frequently quoted lack of mobility of Hungarian work force remains despite of the crisis and it is hard to find quality staff outside of Budapest.

Cooperation between expats and Hungarian colleagues was judged as good and this mark remained unchanged. Some participants reported that language and communication problems existed between

locals and expats and that some foreign companies might not always send their best people to Hungary.

People currently employed have become more cautious when considering a change. Job seekers have seen that not only the number of positions is decreasing but also the number of available open positions. Companies such as large audit firms, which are used to a higher fluctuation at the end of the business season, experienced a significant decrease in announced resignations.

Strong communication is the key to a successful employee motivation in a crisis. 80% of the companies in our survey consider communication as even more important than during 'normal' times. At the same time 70% of the participants mentioned that they were not satisfied with the communication of their own company.

Crisis management is the current hot topic. However people confronted with this topic have limited experience. One participant said 'Crisis management is learning-by-doing.'





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News in Brief

- **Sweden** : Paul Olson is now the Country manager of IESF Norway following the resignation of Kristian Bjerke.
- **Switzerland** : IESF Switzerland moved its Head Quarter to Zürich effective 15th March 2009. Basel and Geneva remain the other offices. Zürich is by far the most important economic centre of Switzerland for finance, media, publicity, global industries etc.
- **Russia** : CONSORT has opened a new office in Sochi to be managed by Regional BDM, Mr. Gleb Vesnin. Sochi is almost alone among larger Russian cities as having the aspect of a subtropical resort. Apart from the scenic Caucasus Mountains, pebbly and sand beaches, the city attracts vacation-goers with its subtropical vegetation, numerous parks, monuments, and extravagant Stalinist architecture. About two million people visit Greater Sochi each summer when the city is home to the annual film festival "Kinotavr" and a getaway for Russia's elite.
- **Brazil** : CATHO HR CONSULTING COMPANY launches its new website: www.caseconsultores.com.br. It contains information in both Portuguese and English about services and the Brazilian job market.

Next Month's Edition

- Trends in the Automotive Industry - Achim Moraw, Germany
- A Shrinking Workforce - Mark Geary, Hong Kong
- Executive Hiring in Down Economy - Tim Smith, USA

More Stories are needed! Please tell us what is happening in your country! - Please send your stories to: laura@asianetconsultants.com so that we can include them in next month's edition.

British Chamber of Commerce in Brazil receives Lord Mayor of London

The British Chamber of Commerce and Industry in Brazil, received London's Lord Mayor Ian Luder for lunch with 80 executives from Brazilian and British companies in Brazil. The Mayor of London spoke on the global economic crisis and London's reaction. Senior Manager of the London Stock Exchange, Graham Dallas opened the event speaking about the most recent occurrences on the financial market.

The main job of The Lord Mayor of London is to represent the interests of the institutions in the sector and promote the City's services around the world. "As you know, the crisis in the

banking system has strongly affected the world and has transformed it into a large-scale economic crisis," affirmed the Lord Mayor. He commented about the last G20 meeting when the opportunity was given to begin the reconstruction phase. "We alerted the organizers to leave there with consistent and objective proposals and overall that is what happened," explained Luder. The progress of these decisions taken was still slow but there were also actions to be taken by the USA. "Taking up the path towards free trade is the best way to go in order to restore prosperity. In fact it is the only path," he commented.

According to the Lord Mayor bilateral trade in 2008 was £4.8bn and had grown in the last five years. Brazil's investment in the United Kingdom in 2007 was £536m. The United Kingdom's investment in Brazil during the same year was £670m. "The Brazilian companies are quickly becoming more global and possibly could look at London more attentively. We can already affirm that some of the largest and best companies in the world are Brazilian such as Embraer, Vale, Petrobrás, Odebrecht, and BMF Bovespa."

Brazil is a key country of potential that has seen rapid development Luder, added that



Norberto Chadad, Lord Mayor - Ian Luder, Silvana Case, Graham Nye

Brazil had abundance of raw material, food, energy resources and a continually expanding middle class. Brazil needed a structured and developed economy to maintain the momentum of growth.

(Catho HR Consulting Company, the exclusive partner of IESF in Brazil, sponsored the event.)