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Market report

Cultural fit – the new measure of CEOs

The values of our corporate leaders are under the spotlight once again, with Xerox recently admitting to inflated sales figures and the impending bankruptcy of WorldCom, the telecommunications giant facing serious fraud charges.

On the back of the Enron scandal it is no wonder many smart companies are now looking at the values of potential CEOs and board members as part of the executive search process.

It would be an interesting study to see how the culture of these failed organisations supported the inappropriate behaviour that brought them undone and more importantly how responsible the CEOs were in shaping that culture through their values.

We all know it is the company leaders who shape organisational culture and it is their values that drive what the corporate culture looks like. Do they reward constructive, supportive activities, or are they focussed on control and aggression or conformity and defensiveness?

Not surprisingly, a new trend is emerging in the executive search business where companies are now looking for leaders with not only the competencies and motivation to run the ship but those who really understand the importance of building the right culture as a competitive advantage.

It makes sense that corporate leaders are required to undertake a proven and credible values assessment allowing the results to be measured against the values of the organisation they are in the running to lead.

The value of using an executive search firm that has scientific tools to assess culture fit can easily be measured in the money saved on the cost of replacing leaders who leave short of their contract period.

In Australia, up to 70% of CEOs and senior executives who fail to make the grade do so because of their poor alignment with the company's corporate culture.

Often, a CEO is employed because they have the right motivations and competencies, they can do the job, but after starting, either they or the company discover a mismatch in values, which manifests itself in many ways, including poor performance.

Having the right organisational culture is a formidable competitive advantage, which is why so many companies are devoting resources to getting it right.

According to figures recently released by Human Synergistics International, an organisational development company, **90% of Australians work in a negative culture of blame, indecision and conformity.**

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More alarming is the fact that CEOs and senior managers say they would like to build a constructive work culture where employees are goal driven, working for a sense of accomplishment and standards of excellence, but they don't know how.

So, what are the steps to ensure a successful culture change?

1. Review the company's current management strategies.

This often includes a comprehensive audit of where the business is at – looking at management, finance and strategy – and where it should be going. Outcomes of this review could include a company restructure or review of strategic direction.

2. Assess the company's actual and preferred culture.

You need to know where you are and where you want to go in order to draw a map. A number of proven tools exist to measure actual and preferred culture within an organisation, a department or even an individual. Challenge your thinking – many studies show a paradox between perception and reality when it comes to organisational culture.

3. Search for the best leader to nurture the culture.

Now that you understand what culture and values your organisation aspires to it is important to locate a leader who's values support the plan. The executive search process must not only assess competency and motivation but also equally assess values or culture fit. This third dimension of selection criteria will help companies increase the likelihood of finding the best person for the top job.

Crown Executive Solutions is the only Executive Search firm in Australia and New Zealand that utilises a proven values-based selection tool to assess and compare potential executives' value set with the values of the corporate culture. They assess and select senior executives to fit a pre-existing culture or what an organisation would like the culture to be.

For more information, visit www.crownmarks.com

All comments can be attributed to **Stephen Lennard, Joint Managing Director of Crown & Marks Executive Search**, one of Australia's leading senior Executive Search Consultants. (Photo available on request)

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