

Some Thoughts for an Economy in Transformation

In 2007, business conditions began turning sooner and faster than we expected – are they about to do that again? Less than 20 percent of respondents to the Business Council's May survey of CEOs expect business conditions in their industry to deteriorate during the next six months. This is a significant turnaround from the 53 percent who felt that way only three short months ago. The signal, says the Business Council, is that in at least some regions of the world, the bottom may have been reached. The pace of decline, so severe in the previous survey conducted three months earlier, has moderated significantly. It appears that the United States is poised to be a leader in the recovery. *

Great companies are transforming for the approaching upturn. They're fine tuning their operations, and differentiating their offerings. They're engaging new customers and claiming the market shares of faltering competitors. And...they're on the hunt for great leadership to power their transformations.



There's about to be a fierce battle for the best leaders. Most businesses have been attentive to their cost structures. Lean principles have been sustained or embraced, inventories have been restructured, and business operations are more responsive and efficient than a year ago. Only a limited number of companies have taken advantage of the worst of times to invest for the coming upturn. For others, their caution is just now easing as they're dusting off and updating investment plans. Their essential innovation for customers is re-emerging. Realizing the planned payback from these investments includes a further investment in the right leadership to drive it all. In this process there's real competition for the best talent. Prepare for a feeding frenzy.

While bolstering your organization, don't lose the talent you already have. As you're scanning your competitors' rosters for their best leaders, your competitors may be courting *your* best leaders. Don't wait until one of your valued executives comes to you with their resignation. Work on retaining them now. Most urgently:

- challenge them in their current roles
- show them the long term opportunity
- recognize and fairly reward them
- assure that they know that they're valued and respected members of your leadership team.

If you're going to recruit your new leaders solely from among the unemployed, you're cutting your talent pool by 90%. When you look at your business prospects you have the highest of expectations, so don't compromise on the essential leadership you'll need. There certainly are some great executives who are between jobs, but you're not going to select a new leader just because they happen to be looking for a new position. It's not their availability that drives your selection – it's your requirements. The pool of right leaders to fit your precise needs gets no larger or smaller because of their employment status.



Other historically reliable surveys persuasively suggest that the recession is weakening and a period of recovery is now beginning. Tatum LLC's May Survey of Business Conditions reports rising backlogs, indicative that inventory liquidations are ending. Rising capital expenditure commitments imply growing confidence and less concern about corporate liquidity, and the latter is bolstered by the improvement in financing conditions as shown in capital availability and pricing.*

The economy will not sustain a straight line recovery. It will start slowly and endure dips as the trend develops. The recovery experience of industries will vary. And the experience of individual companies will be a function of their leadership.



* The Business Council May, 2009 CEO Survey Results, were provided to TowerHunter by The Rockland Group, Inc. www.rockland-group.com; the Tatum Survey of Business Conditions was provided by Tatum LLC. www.tatumllc.com

Notes to Friends of the Firm is developed by Stanley Davis, Principal, and colleagues at TowerHunter Executive Search. sdavis@towerhunter.com

TowerHunter Principals partner with clients in their transformation – finding great leaders to meet unique business opportunities in Manufacturing, B2B Services, Healthcare, Technology and Financial Services.

Washington, DC, Providence, RI, Wakefield, NH: 877.234.7711
Phoenix, AZ: 602.652.8600 | San Francisco Bay, CA 925.734.8755