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Recorded Message: The Hennessy Report from Keystone Partners. A free flowing conversation with leaders in the HR community talking about themselves, the industry and their work. Brought to you in cooperation with NEHRA, the Northeast Human Resources Association.

Dave Hennessy: Welcome to a special edition of The Hennessy Report. I'm your host, Dave Hennessy, and I have two of my colleagues that I've worked with for almost 20 years: Ralph Roberto, the president of Keystone Partners and the founder of our Senior Executive Transition Division, Essex Partners. And we also have the current leader and senior partner of Essex, Howard Seidel.

Great advice in this podcast about how this market is changing, what do you need to know, or if you're thinking about career transition, how to work with retained search firms, getting on boards, and what are the things that people can do to make themselves a more effective candidate in this market? Next up on the podcast is Kim Scott, author of *Radical Candor* and founder of the company of the same name. Now I bring you our guests, Ralph Roberto and Howard Seidel.

Well, here we are at Essex Partners with Ralph and Howard. Gentlemen, welcome to the podcast. Well, let's start at the beginning. Ralph, you founded Essex exactly 20 years ago, so this is the 20th anniversary of Essex Partners. Can you take us back to how it began and what market need you saw out there that needed to be filled?

Ralph: Keystone had been in the market doing career transition for many, many years. But what we felt were the needs of very senior-level executives are different. They have more options. Many have more financial wherewithal and had many more paths that they could pursue. To address that market, we really wanted very different business model, very different delivery processes, very different support so that it would be highly customized and allow very senior people to be addressed really on a one-on-one basis completely tailored to their needs.

Howard Seidel: I would add that one of the important things that we know is that senior executives want to be around other senior executives. They don't want to be the most senior person in a place. And they have that opportunity here. They have the opportunity to connect with other folks like them. It also gives them a sense that they're not alone in this process, and they're at an inflection point in most cases. They are thinking about what's next, even if they want to go to the next executive role. But as Ralph noted, they have other options and opportunities, and they want to think about that as well.

Dave: Business has changed so much in 20 years. What are you noticing about the needs of that senior-level person that's in transition now that might be different than when Essex first started?

Ralph: There's actually quite a few things have changed. So clearly the landscape with social media and how we actually go about creating our own personal brand is so different than it was 20 years ago. And many times, the executives may not have actually caught up with all that sea change. And we're over



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there advocating for how they personally brand themselves. How do they create a presence in social media? How do they really identify themselves and differentiate themselves in the marketplace?

So that's really quite different. I think the average tenure of a CEO in many of the C-suite is quite different. There's many more opportunities where their career aren't just a steady line and then retire. But there's changes of companies and changes in roles. We also have executives that really have shifted from sort of the baby boomer mentality of everything is in it for the career. But they're starting to say, "Wait a minute, I have a life. I want to do something I find interesting and motivating." And it's not just about the financial remuneration.

So that's actually very much different than it was 20 years ago. Well, so many of our clients today are really trying to ... Sure, they're very interested in the financials, but they're also very interested in having a mission and something that really rewards them psychically as well.

Dave: It makes me think about the different functions. How has HR changed from your viewpoint? Because you've worked with a lot of HR people in transition. How has the CEO's view of what HR can bring and people strategy and culture bring to their organization changed? And how are you seeing that affecting HR careers?

Howard: I think the big evolution in that is that, and I think this is happening in a lot of the functional areas, it's about being a business person in addition to functional expertise. So for the HR executive, it's about knowing that business, understanding the ins and outs of profitability in that business and being able to convey the needs in terms of people to the business rather than the other way around.

Ralph: And I think it's probably the most exciting time I've ever seen to be an HR leader, and it's gone from functional content expertise, which is sort of the poker ante to get into the game, but it's really gone much more towards how do you drive the business forward with culture and building effective teams and really the HR strategy of how do we fully utilize our human assets? And I think that's exciting. That's fun.

And what else is also interesting I think in so many ways, they've become more partners with the CEO to drive that change and to really shepherd the culture and create that environment. And that's the really fun stuff of HR.

Dave: I agree totally, Ralph. And we're seeing that with all of the guests on the podcast. The real effective HR leaders are in those partnerships every day with the CEOs and the other executives.

C-level executives, CEOs are used to calling retained search firms and getting callbacks instantly when they're inside. And then when they're not in that chair and they're in transition, it's a whole different dynamic, not only calling retained search firms, but sometimes even the networking process is a little bit surprising to them that they're not getting those responses like they were in that seat.

And I was wondering if either of you could talk about that and other surprises to C-level people when they're in this process that you have to help coach them through.



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Howard: Even with the general sophistication of our clientele, there's a surprising lot of executives who don't understand the role of the executive recruiter vis-a-vis themselves. They think that they're looking for executive recruiters that are going to represent them. They're not. They're representing a company. So there's disappointment sometimes that even as a CEO that they're not getting more traction.

And what we try to convey is, for the recruiter, it's about finding that exact match. They're being paid a premium to find that exact match. One of the things I think what's happening in the market generally is specificity. It's tailoring specific needs of that role and really finding that needle in the haystack that's going to fit. It's not just about the "best available athlete."

So, companies don't want mistakes. They have low thresholds for risk. And we're seeing that in addition to the recruiters being very specific about what they're looking for, there's a lot more of a desire for consensus in organizations. There's a lot more thinking through, "What do we really want?"

So, we're also seeing that searches are taking longer, and job opportunities are taking longer. One of our jobs is to help them figure out not just can they do that role, but have they done that role in some way? Even if it may not match perfectly, is there some way which they can take their experience and present it in a way that checks some of the boxes that somebody may be looking for?

I had a client once, very senior executive out of financial services who came into my office and said, "I was calling this guy two weeks ago when I was in my role. He would've called me back in 10 minutes." And that's one of the things they experience. I think on the whole, CEOs may be in a better position and HR folks may be in a better position than some other folks to get the attention of recruiters, particularly if a recruiter, even if they don't have a role, sees that they're going to land somewhere and believes that they will land well, because the nature of the game with recruiting is not just filling roles. It's really finding needs for companies.

Having said that, it's still a frustration for folks that they don't get as many "courtesy meetings" as they might think. And we've had recruiters just straight-out tell us, "We have a limited amount of time. We're trying to find new opportunities, we're trying to fill the current opportunities we have, and we don't always have time to even have those 15- or 20-minute meetings." So that is a surprise to a lot of folks in the process.

Ralph: One thing that I've always found interesting is that a lot of these folks are very savvy business people. Yet somehow when it comes to retained search, they forget basic business models. And what we try to do is say, "Well, just think about their retained search business model and what they're trying to do. And then how does that match up with what you're asking for, which is, 'Just meet with me, meet with me multiple times...' It doesn't really work that way."

So, one of the things that, it is surprising to us, but we always go back and try to educate them, "Here's a business model for retained search. Now, how do you fit into it? How can you add value?" And it's also interesting that a number of senior executives will have a legacy of not returning calls when they were in roles, or not building relationships, not being helpful, and then are surprised when they're maybe on the other end of that.



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So again, it's something that we try to build knowledge about the business model and knowledge for how to build enduring relationships that will help in the future as well.

Howard: We've had recruiters, and we bring in recruiters and have panels and discussions, but we've had our recruiters straight-out tell our clients on a slate of candidates, "I can only put up to usually one person who's in transition." And our clients can get upset by that. But if you think about what the recruiter has been paid to do, if they bring them four or five people, all of whom are in transition, the client is not going to think that they're getting their money's worth for that.

So again, part of our job is to make sure that that resume, that LinkedIn profile, the messaging all pop so that they can be that one the recruiter's going to present.

Dave: Oftentimes, senior executives have risen to that level because they've had success over and over and again in their career and have been pulled out of roles to get promoted or pulled out by a retained search person to get another job. And then soon before we meet them, this is very unexpected. They've probably never had an unsuccessful moment in their career of significance. Can you talk a little bit about the emotions that somebody that's been that successful for so long, what happens and how you guide them through it?

Howard: It's a great question. I call it the paradox of success, which is the more success you've had and the later it happens when you have what is "a failure," the more impacted people can be by that because they don't have that experience. And it can take a toll. I talked about the person who felt like they weren't getting callbacks in the way they should. I had another client who said, "Howard, last Tuesday at 2:00 in the afternoon, I was at a Bed Bath & Beyond. I never want that to happen again. We've got to figure out a way around it."

Some of this is having a plan for what's next and having people get excited about what's next. I also think it's about understanding that you don't lose your legacy, that often leaving a company is part of the natural cycle of executive life these days. And the fact that it happened later than earlier, it can be a good thing, but it is a thing. And it's an opportunity to figure out what you want to do next.

So, I think that the big thing that sometimes we have to fight is that reaction of our clients who tend to be competitive, tend to be type-A, to want to choose things to show the world that they're still relevant as opposed to choosing things to do because they want to do them.

Ralph: Yeah. And again, I would say, as we know, there's going to be more disruptions in a career. It's not going to be a straight line any longer. So I think people have to get used to it and adjust. There's also so many great stories of people who've been spectacularly fired or their situation blows up and they emerge with tremendous opportunities.

Just recently, Lee Iacocca passed away. I'm not sure people remember, but he was fired spectacularly from Ford, and then he ended up running Chrysler. So I'm not saying that will happen in every case, but there's opportunity for that to happen. There's opportunity to reinvent. But the biggest thing is there's opportunity to reinvent the next chapter in something that you want.



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Dave: A lot of executives today are very interested in paid board seats and I know you do a lot of work in helping people position themselves for those board seats and get prepared for them. Can you talk about some of the trends that are going on with getting on those board seats and the function of boards? Because I know there's a whole lot of dynamics happening now, and there's new pressures. With boards.

Ralph: Well, you can see why it's so attractive. So many people who are in the later stages of their career say, "Gee, I can use all my experience and really serve on a board, and I'll also have flexibility, and I'd like to get paid." So it's clear why there's such a drive to that. What we try to do is educate people, "Well, let's talk about what boards do. Let's talk about what nominating committees do. Let's talk about if you're filling a board search, what are you looking for? How would you go about it? Understand that. Then you'll have a better understanding of identifying where you possibly could fit."

So often people come in, "Well, I want to be on a board." "Okay, great. What qualifies you to be on a board? What kind of board? What size company? What stage company? What are you bringing that would be of interest?" We really work with them to understand the dynamics of board selection, to understand that they're not...they're looking to fill talent gaps in specific skill requirements that may be missing on the board, that stage and background and connections are important, and then how to market themselves for those.

Howard: For a long time, the focus was on retired CEOs and CFOs. I think that there's been an expansion of folks who are looking for current as well. I think they're looking also at different functions – cybersecurity is something that folks are very interested in. Sometimes organizations have really very specific niche needs that they're trying to fill at a time. So I think that's a big piece of it in terms of trying to expand the board.

And then the big issue is diversity. We are hearing it all the time from clients. It's an interesting dynamic. We hear from particularly our older male clients that they're getting pushback. But when we hear from our women and from minority candidates that they're not getting the calls that they would expect either. So clearly somebody's getting those calls.

And I think part of what the dynamic is, is that particularly when board opportunities go to recruiters, they're really trying to put a slate together and emphasize diversity. But part of the issue is there's also a lag in terms of there needs to be more women and more people of color that get into the higher ranks of the C-suite as well so that there's more of a pool to grab from. So that's part of the dynamic now.

Dave: I know when a lot of people come to Essex, you mentioned earlier that people sometimes come with a lot of financial flexibility, they have some options. And I've heard from you that maybe more than half are considering nontraditional roles when they come in, but it usually ticks back up the other way. And could you talk a little bit about that dynamic, the process that we take them through and the evolution of their thinking when they've maybe been in a role for a long time and want to take a break but then they somehow get back into another C-level role?



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Howard: I think most of our clients are at some type of inflection point in their careers. Even those who want to get back into the next executive role and they have a pretty strong sense that they want to do that, they still want to take a step back and think about what kind of role, what kind of culture. They've been in a place for a long period of time. They want to think about, "Well, what's next?" If they've been at a place for a short period of time, they want to think about how can they be in a place where might be a better fit for a longer range of time?

Then we have probably, so I'd say all of our clients tend to at least want to think broadly about having a clear criteria of what they want next. And we have probably 50% of our clients that really want to think about, "What are my options here? What could I do that might be different?" We have a very sophisticated career assessment process. We have a couple of business psychologists on the team at a PhD level. We work in concert with them, each of the partners of the firm to really understand what motivates them. What do they get excited about? What are their priorities professionally and personally? And we work to think how that converts to potential careers.

And that may be a full-time career. It may be a combination of different kinds of work-related things. It may be some kind of portfolio career. It may be balancing the things that they want to do professionally with a lot of things they want to do personally. But we have a lot of folks that want to think about that.

I think one of the things that we see, though, is that folks that we work with, senior executives, they want to be active in some way. There may be something in there where they have a hobby or a love that they want to be able to have some time for, but they want to be engaged in some way at some professional level.

Dave: Thinking about our HR listeners, as you think about the successful candidates for top HR jobs, what are the things that you're seeing those candidates exhibit? What are the things you've coached them on, or what are the qualities, traits, competencies, their approach to the search process that really effective HR leaders are having?

Howard: I think the things we see, and it speaks to something we mentioned earlier, the senior HR folks that we see that do well present themselves as business partners to the CEO. That's one piece that's I think really critical, the business acumen, being able to partner, and that relationship with the CEO that I think's critical.

I think the other thing that we see is usually there's some kind of element of broad background that they may not be experts in everything, they're not going to be, but they can check the box in a lot of things. I mean, I had a client once who had...terrific leader, great background. She didn't have as much compensation and benefits in her background. And it was a factor in the search. I mean she overcame it, but it was a factor in the search. So I think the breadth of background helps folks in the process.

Ralph: The biggest thing I see really successful HR leaders do is, through the interview process, they connect with, they're able to drive business result. So it's not even, "Hey, I know the program speak or what." It's really about driving the performance of the business. They can do that through connecting with the strategy, high-performing teams, being an evangelist for the culture. But that's really where the



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rubber hits the road where these folks can demonstrate, "Hey, if you hire me, you're going to get better results in your company," and that the CEO or the interview team really believes it.

Dave: That's good.

If you had one piece of advice to give an executive in transition, what would it be?

Ralph: So often we see executives come in, and their ego is driving the process. "I have to prove to the world that I'm back, that I have a better role, a bigger role," and that becomes the driving force. And what I would tell people is that's the ego talking. Just step back. What was really going to make you happy? It's a completely different question. You're not trying to please this audience that you're trying to prove wrong, but you're really kind of thinking more about yourself. And ultimately, how are you going to be happy? What's going to really be satisfying? My one piece of advice is think that way. Change the mindset to that. Spend some time on that, and you'll get a very different result.

Howard: When you've left your last company or you're in transition, you haven't lost your legacy. You still have a story to tell. You've still done these things. And the fun is getting to figure out not only how you want to tell that story, but to Ralph's point, who you want to tell it to. What are the areas that you get excited about that you want to tell it? I do think people get trapped into this idea of, "Boy, I shouldn't have had to leave, and I'm going to show some people."

And I think there's also people who get trapped into the idea of, "I don't have a title anymore," and get lost. And because we've seen this and we've seen people go through this so many times, we understand that doesn't mean that much in the transition process as long as you can get past it. And the big thing is, once you figure out what you want to do, to be able to articulate what your value equation is for doing that and be able to do it to succinctly and be able to do it in your messaging, to be able to do it in your collateral, be able to do it in interviews all the way through.

Dave: What is different about an international search at the executive level that candidates have to be conscious of?

Ralph: I think there's a number of things. So, one, if you're really in an international search, do you have global experience? You really have to have some, establish a track record and credibility as to why someone would want to put you into those roles. So assuming you have that, think about it, the job search process is a lot of work, and you're now expanding the geography that you're looking at.

So, you have to be as knowledgeable, if you're conducting an international search and you're willing to move to London and there are jobs there or wherever it is, you have to put in the groundwork to understand the market, to understand who the recruiting firms are, to understand who the target companies are. It's a lot of legwork, and I think what we try to educate people on, is it's fabulous. You also increase your opportunity set.

But what does not work well is increasing the opportunity set without preparation or homework or groundwork. That is just kind of shooting in a large, large ocean. And I do think companies that are



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looking for global talent, they're sophisticated about that. They're going to look and see your experience. They're going to check that out. So again, if you're really a viable candidate, you really should know that marketplace. You should know the competitive set that where in that marketplace that you're going for. So I just think it's more groundwork.

Howard: When you're engaged in a national search or an international search, you need to have a pretty good sense of where you really would be willing to go and where you wouldn't, because one of the worst things you can do is, particularly when a recruiter's involved, is go to the very end and pull out because a location isn't right or you've decided not to relocate. There the damage is not just to the company that you're having a conversation with, which may or may not be relevant, but it's to the recruiting relationship itself.

So that has to be thought through. You don't have to know immediately whether you want this particular job, but if you're not going to take it, you can't at the 11th hour not take it because you don't want to move to this place.

Dave: On C-level searches now, what percentage of them involve recruiter retained search?

Ralph: C is a very big... it covers a lot of geography. So if you're talking about C-suite in Fortune 500, typically those are going to go through the large retained search firms or retained search. And there's a lot of reasons for that that make a lot of sense. If you're saying the C-suite in a 10, 20 million, \$50 million company, I would say that's not the case. And that's one of the things with terms. C is a big... covers a lot of ground.

I do think the retained search firms are doing very well with large firms and filling those very top jobs, and they bring a level of objectivity and a third party and assessment that I think is very helpful, and you're going to see a lot of those. As you come down that, there are companies that have their own internal search groups. There are then smaller firms that may just do it through their networking or through their PE firm or VC firm.

So, what I would say is clearly you need to evaluate where you are in that chain and then how large an impact the recruiting community's going to have, and then to have a good plan to cover those.

Dave: You mentioned the VC and PE firms. How do we advise people to work with those organizations to get exposure to that mid-market and small market?

Howard: It's a pretty insular market. So really, and it's a larger point that we haven't gotten into, networking is really crucial in this process. And one of the changes I think that's happened in the years I've been doing it, which is now about 20 years, I think executives come in this process and they understand that they're going to have to network, that's it's important. And even where recruiters may have roles, networking into those recruiters becomes important.

I think it's particularly important in private equity and VCs. We've had a private equity partner come in here and say, somewhat sheepishly but honestly, "Look, we tend to think anybody that should be in our



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network has found us." So cold calling isn't always the best way to do that. It's really working hard so that your network can get you there.

Ralph: I would say a couple things. So VC firms and PE firms, they all have an investment area, sort of size of deal, let's use PE as an example, size of deal, stage of market, stage of development, and focus. So there are firms that just concentrate on services or financial service or whatever it is, bio, life sciences.

So, one, you really have to do your legwork to say, "Okay, who are the firms that I overlap with the market space, the domain knowledge, the size, the scale that their investment parameters fit what I'm looking for?" Then, secondly, you need to have a reason to connect with them. And it's not, "I'm looking for a job." So for example, could you help with deal flow? Are you aware of potential acquisition targets? How do you create value? Many of the firms, this won't be with boutique firms, will have a talent partner. Those talent partners, part of their job is to build the radar screen of talent. They are very interested in talent, especially talent that is familiar with the domains that they invest in and know the companies.

And again, to Howard's point earlier, the best way is to network with somebody that you do know that's in their network. And again, typically they will want to meet with you if your background is something that overlaps with what they're investing in and you can bring insights. I would definitely say where people make the mistake, they're not recruiters. They're not trying to find you a job. Their mission is to buy companies and create value. So that's what you really want to be able to help with.

Howard: And on that last point, it's understanding that they are trying to create value in a very specific timeframe. So they don't necessarily want you talking about the processes you've put in over 10 years to get you from here to there. They want, "How are you going to do something with a sense of urgency in the three to five years that we think that we're going to have this company?" It's about exiting well.

Dave: Well, as you both know, we produce this podcast at Keystone in cooperation with NEHRA, the Northeast Human Resources Association. And they have a Young Professionals Group within NEHRA called NEHRA YP. And now Meghan Mandino, producer of the podcast, has the NEHRA YP question.

Meghan Mandino: Hi. So for those up-and-coming in HR, what advice would you give to them if they want to get to the C-level?

Howard: I think it's two things, and I think both these pieces of advice are the same, whether somebody wants to get to the C-level or just get to heading an HR function. And that is, and it speaks to something I'd mentioned earlier, understand business, not just the HR function. Understand what business is about. That may involve additional study, but that is really important.

I also think take advantage to get a broad background in HR. Understand the different components, how they work together, and how HR can really feed the business, how it can change business results, how you can use various elements of HR, whether it be compensation, culture, or the litany of development to really impact the business.



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Ralph: I agree with Howard about the business focus. And it reminds me of an ancient Chinese proverb: "Rice doesn't cook itself." And what that means is be active. Go out and meet people. Network. Take some chances. I think early in your HR career, change functional roles within HR. If you have an opportunity to do compensation, do it. If you have an opportunity to travel internationally for the company, do it. So to me it's about don't wait for things to come to you. Go out and make things happen. I think that combined with the business focus that Howard talked about would be a winning strategy.

Dave: People are living and working longer. How does this influence senior executives in transition? Are there jobs for them?

Howard: The short answer is yes, but they also have to understand that job discrimination is a real thing. First of all, most of our clients want to remain active. They want to do something. That may be another full-time job. It may be consulting. It may be a combination of things. We've successfully had 60-year-olds land jobs in HR and other functions. I think from there, it's a lot of depends. It's about the questions around their function, their expertise, the industry. It's a range of things, geography, that are involved in this.

It's also about how they're projecting their expertise. Do they project energy? And how they're marketing their expertise.

Dave: Well, congratulations on 20 years of Essex Partners. It's been great having you, my colleagues, on the podcast.

Ralph: Thanks, Dave. It's been a great 20 years, and thanks very much for having us.

Howard: Time flies when you're having fun.

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