

CXO Search: Strategies for Identifying and Selecting Top Talent

THOUGHT PAPER

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Introduction

At a time when businesses around the world are wrestling with an unending list of challenges, leaders and boards might benefit from taking a long hard look at the structure of the C-suite and how it operates. However, that is only one piece of the mammoth organizational puzzle. The remaining puzzle comes together when the right C-suite leaders are identified. A vigorous task, to say the least. Given today's business, social, environmental, and geopolitical climate, the stakes are becoming increasingly higher. The roles and their demands are constantly shifting. The pressure to strengthen C-suite capabilities is being felt by companies grappling with fast-emerging changes. CXOs themselves recognize this growing potential for disruption ahead. Nearly [40% of CEOs](#) think their company will no longer be economically viable a decade from now if it continues on its current path, suggesting a need for a change in key decisions. Our [previous research](#), aimed at understanding the evolving role of today's CXOs, made it abundantly clear that **leaders who possess a global mindset, are adaptable, innovative, able to anticipate and respond to emerging trends and challenges, and are skilled in digital transformation will be the most sought-after.**

As the list of imperatives continues to expand and the world of business continues to change, is there a way for businesses to ensure they find the elusive and evolving 'right fit'? If so, where should they look for top talent? In this thought paper, we explore the growing changes, the barriers, and effective approaches to successful CXO search and selection.

Change is always on the way

Given the current high-stakes market we operate in, it is not surprising that nearly [40% of CEOs](#) think their company will no longer be economically viable a decade from now if it continues on its current path. The pattern is consistent across a range of economic sectors, including technology (41%), telecommunications (46%), healthcare (42%) and manufacturing (43%). The same study found that [over 50% of CEOs](#) believe that the forces most likely to impact profitability for their industries over the next decade are changing customer preferences, regulatory changes, a massive skills shortage, and technology disruption.



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When it comes to CXO composition, the upside is that slowly and steadily, diversity in the C-suite is increasing. While the number varies from industry to industry, a report from 2021 noted that India's share of [women in senior roles stands at 39%, ahead of the global average of 31%](#). However, gender parity is not the only diversity & inclusion goal that companies should aim for. To truly succeed as a business in our culturally diverse and interconnected world, diversity in experiences, perspectives, backgrounds and of course, gender, is vital.

It is also interesting to note that despite their pivotal roles, CXOs often face a high turnover rate. In the first quarter of 2022, [CEO turnover rose 29%](#), the highest quarterly total since the beginning of the pandemic. The [tech industry ranked second for highest CEO turnover this year](#) with 141 exits in total — up 45% compared to the same period last year when there were 97 exits in total. These numbers underscore the volatile nature of high-level executive roles and the growing pressures to meet shareholders' expectations.

All of the above data highlights how, over the last few years, the CXO landscape has changed (and continues to do so at a relentless pace). Undoubtedly, the approach and strategy to finding the right leaders for the job need to change too.

Start with clarity!

With top executive talent in short supply, businesses need to have the utmost clarity in their minds and their mandates about who they are looking for and even more importantly, *why*. This first step is essential in developing a relevant pool of executive candidates.

Here are some key questions to consider:

- What new C-suite capabilities does your business need to ensure continued growth?
- What expertise is critical for the CEO to possess? How will that role be supported by the rest of the C-suite?
- What leadership approach is the most effective in your company's context?
- What are the short-term and long-term goals for your business? How do you expect the next CXO leader to contribute towards it?

The sharper the picture, the better the quality of the search. Organizations with a more thought-through mandate are less likely to make hurried choices or mismatched choices. As a result, businesses can expect reduced turnovers and avoid other associated costs. When executives are chosen with a clear

understanding of the role and expectations, they are far more likely to succeed in achieving business objectives.

Potential over pedigree

In an ideal world, every executive candidate would bring with them a strong pedigree while also brimming with potential. But our reality is far from ideal. The practice of singling out individuals with a superior track record, rich experience of working with the most reputed organizations, and relevant degrees from top institutions no longer guarantees the same results. The world around us has changed so much and so fast that companies can't simply assume that the traditional markers of a good candidate, like academic pedigrees, will succeed in today's dynamic world. Experience doesn't necessarily translate into expertise. **The key strategy then is to look for and pay close attention to, potential.** Consider identifying and grooming individuals with executive potential within the organization. There is merit in investing in leadership development programs that help prepare internal talent for executive positions. Looking within the organization to fill C-level roles is not a new concept. Traditionally, [S&P 500 boards](#) have favored internal candidates, with internal promotions marking 80% of all CEO transitions in 2021. **However, as the C-suite opens up to include a variety of new specialized roles (think CDOs, CTOs, Chief Metaverse Officers, Wellness Officers, and Growth Officers) boards are now expanding this search externally.**

It's not really a question of external vs. internal but rather, which approach meets the unique needs of your business the best. Take Starbucks for instance. While setting their sights on finding their next CEO, the global coffee chain giant chose to only consider external talent. This was admittedly a deliberate strategy to find a different kind of leader to better manage changing worker and consumer behavior. External candidates can bring fresh perspectives to the table and offer more innovative approaches to existing challenges.

Looking for potential in external candidates can translate into examining and assessing a variety of different *'soft skills'*. How good is the candidate in understanding and responding to experiences different from their own? Organizations can leverage a variety of existing tools and technology to measure a candidate's emotional intelligence, communication skills, critical thinking, etc.

Involve the right people

Choosing a C-level leader is a mammoth task. Understandably, it often takes months before a candidate is finalized for the role. This is less than ideal in a fast-paced world like ours. However, it is often beneficial to have experienced members of the board or extended network engage with potential candidates. This offbeat approach might seem more time-consuming, but it is also more collaborative. Most C-level candidates are interview veterans and can very easily make a positive impression in early discussions. Additionally, if they come with a certain traditionally-valued pedigree, the chances of a biased judgement are higher. It takes someone with exceptional conversational skills to carry out in-depth discussions with candidates to delve into the candidate's professional journey and personal values. Such interactions can reveal a possible mismatch and prevent future challenges. To make a more informed decision, organizations must spend time identifying such people or if required, seek external expertise in executive assessment and evaluations, before they set out on the search for the right CXO candidate.

Building relationships

The C-suite shapes the direction of an organization. Therefore, investing the time to build a certain level of relationship with executive talent becomes critical. **What forms the foundation of these relationships? A shared purpose!**

Bringing the modern-day CXO on board takes more than offering an attractive package. Most experienced C-level talent is likely thinking about their next move strategically. This is where purpose comes in. In today's context, there is a higher-than-usual focus on the *'why'* driving a business. When searching for the next CXO candidate, companies need to play their part and articulate their mission, values, and broader vision to discover how well it connects with their potential C-suite member. Such revelations are impossible without building relationships or connections with candidates. Remember, a relationship is never one-sided. It is just as important for a candidate to get to know the company, as it is for the company to learn about the qualifications of the candidate. Top-tier executive candidates, if they are actively on the lookout for a change, typically have multiple offers on the table. Organizations that can demonstrate how committed they are to their purpose and successfully forge an authentic connection with the candidate stand to gain an advantage.

In conclusion

Executive search is a complex process layered with nuances. Ultimately, there is no one formula that works for all. In fact, such an approach can limit a business in its search for top executive talent. But if there is one universal truth for the corporate world, it is that the business climate will continue to be characterized by heightened dynamism. This further highlights the importance of successfully identifying and bringing on board exceptional executive leaders. To do so, a strategic and personalized approach is the need of the hour. In the past, our discussions with industry leaders have shown us that while professional experience and academic background continue to hold value, in today's competitive business landscape, they are no longer the only markers of a great CXO.

To get the most from their CXO search, organizations have to take a step back and identify their most pressing short-term needs as well as long-term objectives. Regardless of the approach taken, the key to finding top executive talent begins with articulating the gaps and goals.

About the Author



Varun has over 20 years of experience in the corporate world, of which the last 15 years have been in executive search where he has led and managed critical client relationships across diverse industries. While working at

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Prior to joining EMA Partners, Varun was associated with Korn/Ferry where he was part of the Global Technology Markets (GTM) India practice. His areas of focus at Korn/Ferry included: Business & Professional Services, Business Information Services, IT/ ITeS, Electronics, Software & Emerging Technologies, Consulting, Big Data & Analytics, HR, and Finance. Earlier, between 2008-2011, Varun ran his own search firm before which he was associated with a niche economic, business and market research firm, IMA India.

Varun comes in with multi-domain, multi-functional expertise in Executive Search, and Leadership Coaching & Development. He had successfully completed Decision Dynamics Certification in the Executive Assessment Suite, is an Executive Coach, and regularly advises early-stage ventures/ entrepreneurs.

About PeopleAsset

PeopleAsset is a boutique Executive Search & Talent Advisory Firm geared to deliver high quality results. We help our clients dramatically improve performance through focus on leadership & talent.

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