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THE WALL STREET JOURNAL ONLINE: Q & A with Erin White

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Skills Leaders Need in a Crisis

Interview with Clarke Murphy, global head of the CEO and Board Services practice at executive search and assessment firm Russell Reynolds Associates

Interviewer: With the economy tanking, what leadership skills are most in demand now? Joining me today to talk about this is Clarke Murphy, who heads the CEO and Board Services Practices at Russell Reynolds, the search firm. Thanks so much for being here with me, Clarke.

Clarke: Well it's an interesting time. Glad to be here.

Interviewer: Certainly is. We've got so many businesses in turmoil, what are the leadership skills and experiences that are really at a premium now?

Clarke: From a board's perspective: communication skills, agility and decisiveness.

Interviewer: And why is that?

Clarke: I think different times call for different leadership traits. Some people can adapt to them; some people have to bring those traits with them. Agility, that it's all moving so fast; a business plan from six months ago – even six days ago – doesn't matter anymore, literally, as we're seeing right now. Communication skills aren't only about the analysts and the shareholders, but internally. Are we going to survive? Where are we going? Can we take advantage of this, or are we going to suffer from this? It's all about those communication skills.

Interviewer: Yeah, I mean companies are really having to just rip up their game plans now.

Clarke: Right, the agility is to say, I think, when you see the smartest companies are saying, "Ok we're at an incredible crisis, what can we do to take advantage of it? Is there a product or a service or a marketing story that positions us differently now." Whereas other companies are saying, "Woe is me, this is terrible." I think the most agile leaders are saying we're going to move as fast as we can to take advantage of a crisis.

Interviewer: And now how is that different from the leadership skills and experiences that are in demand in calmer economic times?

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Clarke: You see things in cycles. If you look at the internet era, it was the vision thing. In the last economic downturn, it was about operational profitability, and then it was about global – China, India, offshore, outsourcing. And now you see people who have to react. You see people who must be very quick in decision-making. Even in capital intensive manufacturing businesses, which tend to have much longer product times. General Motors is reacting by the hour.

Interviewer: So the skills for this crisis are actually even different from the skills in the last downturn?

Clarke: There's no question. In the last downturn, people had more time to react, and they probably had greater certainty about liquidity, greater certainty about the strength of their partners and vendors, and now you don't have certainty about who is strong and who's not strong.

Interviewer: I want to ask you about boards as well; we saw a number of very high profile boards that were caught off guard, and sort of ill-prepared for the crisis. How does that change what you are looking for in a director and the advice that you give boards?

Clarke: The work that Russell Reynolds is doing in the board recruiting practice is very reflective of a transformation; you tended to have people who understood the industry, and circles close to it. Now it's saying, "I need someone who understands risk management. I need someone who understands capital markets. I need someone who understands messaging." And so it's very functional as well as reacting to the markets' immediacy.

Interviewer: Thanks so much for joining me, Clarke.

Clarke: It's an interesting time. Thanks for asking.

Interviewer: I've been talking with Clark Murphy of Russell Reynolds; in New York, I'm Erin White.