

BECHTEL-CONSULTING



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How companies break
through to higher
performance?

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Boards, Executive Boards, CEOs: What are the fundamentals of a successful collaboration?

As discussions about the appropriate standards of good corporate governance have clearly shown, boards of directors and advisory boards are becoming increasingly important for the success and credibility of corporate policy.

The combined effects of the COVID-19 pandemic, the war in Ukraine, the rapid development of technology and customer expectations, and the entry of new generations into the workforce have forced management teams to innovate at an unprecedented pace and scale. New needs and expertise have appeared. Collaborative networks have been strengthened, decision-making has become more responsive, and there is a call for outside experts to be brought in for areas such as geopolitics, risk management, and cybersecurity. Now more than ever, CEOs, boards, and executive boards are facing new and complex challenges that require new knowledge, a proactive approach, innovation, and courage.

In this study, we will show how companies are breaking through to achieve higher performance. What are the criteria for a successful board? What is the best way for a board and an executive board to work together? What mutual expectations will help these boards lead a company to success? We will also look at corporate strategy through the prism of corporate culture and a culture of innovation.



As a leadership advisor, Bechtel-Consulting is an expert in recruiting exceptional leaders for boards of directors and executive, supervisory, and advisory committees and boards.

Our research, which emphasizes diversity and synergy, along with visionary and proactive skills, can be the decisive factor in attaining high levels of performance. It can guarantee sustainable advantages to companies facing global competition.

This short report will help you to move forward in your thinking. We believe that, as a major decision maker in your firm, you will find this analysis as valuable as we do.

Boards & Advisory Boards

The board : a strategic asset

It is clear that boards of directors are the most influential decision makers in business. Board members are tasked with adding value by advising management on the best courses of action, thereby creating a climate of openness, support, and transparency conducive to high performance.

Besides the economic, social and technologic disruptions that affect their environment, companies - and particularly public companies - have also faced over the last several years increasingly regulations and the stronger engagement of their shareholders. Companies & shareholders alike have higher expectations to their boards and consequently to their executive committees.

Boards of directors face the ongoing issues inherent to any good corporate governance (CEO appointment & succession planning, regulatory compliance, risk management, cybersecurity, digital disruption & corporate social responsibility). They also have acknowledged that changes are constant and no more predictable and acting quickly is fundamental.

Do companies regularly evaluate their board's composition regarding this complex landscape? Do their board's skill sets are in tune with their current strategy and future needs?

Board composition

In the context of a turbulent world, with escalating external demands and internal expectations organizations must be sure that their boards offer the best mix of competencies to address the current issues and without losing sight of the strategy.

In order for a board to attain a balanced composition, the profiles of its members should complement one another in terms of their operational and sector expertise.

Studies conducted in France have shown that administrators tend to possess the following top three areas of proficiency (by percentage of administrators): strategic contributions (74%), international experience (67%), and executive management (66%); these are followed by skills in audits and finance (53%), skills in law and/or human resources, or in CSR (50%), and skills related to their firm's activities (50%). The skills that are least present are those in technology and data (35% of administrators).**

In Germany, the members of supervisory boards have the following skills: (by percentage of such board members): experience in executive management (75%), financial experience (56%), and sector expertise (41%). Skills in audits and finance and in digital transformation are held respectively by 56% and 31% of supervisory board members.**



In France, Strategic contributions, international experience and executive management are the most sought after skills to reach the board.



In Germany executive management, financial experience and sector expertise are the three areas of proficiency to become a board member.



** Source: 2022 France Spencer Stuart Board Index

*** Source: 2022 Germany Spencer Stuart Board Index

CEOs and boards: Moving toward a successful collaboration

Given current challenges, boards should continue to seek to achieve geographical and generational diversification, as well as to pursue major projects involving climate change mitigation and technological innovation.

Further, the COVID-19 pandemic and, more recently, the war in Ukraine, have shown how crucial it is to attend to a whole gamut of environmental, macroeconomic, geopolitical, social, and technological risks.... To this end, boards should equip themselves with new competences and take part in an ongoing process of growth and enrichment.

The board is there to represent the interests of shareholders and to assist the CEO by giving sound advice. It can provide wisdom, experience, new perspectives, food for thought, and so on, all of which serve as extremely valuable feedback.

Experience shows that CEOs tend not to call on the expertise of their boards as often as they might. Yet even if a board is tenacious or difficult, working with it is a CEO's main concern. In fact, failure to manage the board is one of the top three errors mentioned by new CEOs and, in a quarter of cases, a breakdown in the relationship with the board is the reason why CEOs are let go. On average, a board takes two years to terminate a CEO.

Successful collaboration among board members and CEOs is based on constant, productive, and reciprocal communication. A CEO has to establish, from the beginning, a solid partnership with all board members, grounded on clear priorities and shared trust, and to call proactively on their specific skills and expertise.

In Germany and Austria boards of directors & supervisory boards need to be more Sparringpartners.

A recent study of German and Austrian companies conducted by AlixPartners, Aufsichtsrats-Radar 2022, has shown that executive board members sought to have more intensive exchanges with the supervisory board at moments of crisis, in order to be able to make decisions as quickly as is necessary under such circumstances.

When asked, “How can the value of a supervisory board’s contributions be maximized?”

Members of both executive and supervisory boards responded with a series of recommendations: “Along with the skills matrix, factors such as empathy, the cultural fit, independence, and determination are important because they optimize the balance between the board’s formal ‘prerogative for control’ and a more informal role as ‘sparring partner’ for the company.

Boards of directors and supervisory boards need to be good controllers and, at the same time, sparring partners who are close to operations and ready to challenge the executive board.”

“ I would have a hard time even understanding how we can be successful as a business if you cannot mirror the society that you serve in the first place.” Paul Polman, ex CEO, Unilever

Committees: A decision-making tool and so much more!



Jérôme Cohade says: "We have what it takes to make these interactions worthwhile: a continuously good outlook and the freedom of speech to ask the right questions."

A Strategic Committee for SMEs: Jérôme Cohade set up a strategic committee to give his small business, specializing in siding, every chance to thrive. This committee has proven to be vital to the company's success, especially at difficult moments. Cohade's firm, Plébac, has grown to employ 40 people and has a current turnover of 8 million euros. "We have what it takes to make these interactions worthwhile: a continuously good outlook and the freedom of speech to ask the right questions," he says.

Because he can truly rely on the committee to help him make decisions, Cohade makes the most of it: "I make myself report to committee members every month. At first, not everyone thought that this was necessary.

However, given what this has led us to discuss, it's clear that it's been crucial."

The committee's performance is also evaluated. "We use a self-assessment tool to evaluate both

It can be useful for any business, regardless of its size, to create some kind of advisory committee that can help in a variety of ways (with strategy, digital transformation, innovation, CSR) to address short, medium, or long-term issues and to provide outside expertise.

In France, the example of Jérôme Cohade's company Plébac shows, it can also help start-ups and small and medium businesses.



the members and the committee as a whole. After we have met six times, we present a summary of these evaluations topped off with some suggestions for improvement.” This approach has led them to specify rules for renewing the committee members. “Our initial idea was to have people stay on for two or three years.”

Construction of a wine cellar - Metal cladding - Château Les Carmes Haut-Brion

A strong corporate culture



Lack of performance, merger, appointment of a new CEO, spin-off, major competitive threat or market shift are some of the catalysts to shape a new culture and align it with the new strategy.

A company's culture is its DNA. When a company's mission, strategy, and goals are aligned with its culture, teams become motivated, growth is boosted and brand awareness increases. »

Tones come from the top:

Boards of directors & CEO work together towards a common end and the companies' success stories show that the best performing companies have a strong & united culture. It all comes from the top leaders. The Chairman sets the tone for the rest of the boardroom, inspiring rich exchanges and appreciating having different points of view.

From C-suite table to all organizational levels:

Establishing a strong corporate culture involves all levels of a company. Led by its CEO and its management team, corporate culture serves the firm's strategy and mission, spreading out to include all stakeholders: investors, the business itself, clients, suppliers, and the public. When a firm's leadership and its culture work together closely and in harmony, the effects can be profound. Managers who embody the essence of a strong and positive culture can inspire their own companies to transcend limits that had seemed impossible to overcome.

An inclusive culture

Leaders know that an inclusive culture is a strategic asset that can speed up the growth, innovation, and performance of a company and allow it to increase its market share. This creates a virtuous circle, where diversified and inclusive firms attract and retain the best talent and put together the most effective and innovative teams. These companies also do a better job of reflecting their markets and are better able to respond to their clients' changing needs.

Culture journey is an ongoing process which takes time because it is difficult to change behaviors. It is paramount both for the executive team to work together in sync, delivering a single, unified message and for an exemplary leadership to reflect the company's cultural values.

It is equally important to set up clear and effective internal and external communications and to identify individuals within the company who can become ambassadors.



When digital and cultural transformation go hand in hand

Digital transformation goes beyond introducing new technology, and if it is to succeed, it must be accompanied by a deep change in corporate culture.

We asked a Global CDO about setting up a business strategy in a company that is large in terms of both its headcount and revenue.

BOARD & COMMITTEES – FUTURE & INNOVATION BOARD

What was your mission when you were named Global CDO?

“It was essential for me to convince the firm that IT in general and especially digital processes and forms of distribution (such as e-commerce) are not just cost centers, which is how IT tends to be viewed, but would, instead, allow us to increase sales and profitability.”

What main innovations did you introduce?

“One significant innovation was setting up a centralized DaaS (data as a service) for high-quality and internationally up-to-date product data and supplier information to be used by the group’s different companies.”

Which aspect of your leadership skills did you work on in order to achieve your goals with the board of directors, your team, suppliers, clients, and other stakeholders?

“The most important part was — and still is — having a personal power of persuasion and an ability to generate enthusiasm. To do that, you need to get the initial results of projects quite quickly. Digital transformation is more of a cultural matter. It cannot be grasped correctly by focusing only on new technology products.”

Digital transformation is more of a cultural matter. It cannot be grasped correctly by focusing only on new technology products.

Innovation: a strategic necessity

Innovation and the speed of innovation are essential to corporate success. Along with the usual concerns about growth, profit, and cost structure, boards of directors and supervisory boards also need to keep an eye on other factors that can drive them to innovation: the challenges posed by digitization and competition, climate change, and the risks of disruptive events.

For example, many companies and managers found particularly creative ways of dealing with COVID-19. They pushed ahead with digital transformation projects, e-commerce, new ways of doing business and engaging clients, and new ways of working. Others had to become more flexible to handle continual supply chain disruptions, gas shortages, market volatility, and persistent IT issues.

Focus on corporate culture

Boards play a critical role in making corporate culture a priority in a company's overall strategy. The idea is to see corporate culture as a strategic asset, with strategy and culture working in tandem. In their oversight role, boards of directors and supervisory boards assess the development of the culture in relation to the implementation of strategy and monitor how the culture changes in this context. Boards should give executive teams the responsibility and latitude they need to execute strategy.

BOARD GOVERNANCE CULTURE & INNOVATION PRACTICES

Start-ups often drive innovation. However, oversight by boards of directors and supervisory boards plays a crucial role. It is essential to start early and look for solutions within the company, especially when it comes to digital innovation. Today's innovative companies also succeed by finding ways to combine their own developing business model with the disruptive approach of start-ups. They create their own incubators and accelerators, thereby leveraging the strong points of start-ups along with their own expertise in markets, technology, and process.



What impact does innovation have on the composition and division of powers between the board and the executive board?

“The CEO must be the company’s trailblazer, especially when it comes to innovation. Innovation is the CEO’s responsibility.”

The CEO’s passion and commitment to a vision of the possible enable the executive team to do things that would otherwise seem impossible. The leadership of the CEO makes all the difference.

“What we’re “Innovation comes from inspiration, but it takes leadership to make it happen”.

Leadership is the glue that holds it all together, transforming a great idea into a commercial success. The board and the executive team are cautious, focusing on controlling costs and consolidating results, while employees and associates look at things in terms of how what they already have is being managed. When leadership is driven by innovation, the picture is very dif-



BOARD & GOVERNANCE COMMITTEE FUTURE & INNOVATION BOARD

different. The company becomes rooted in growth yet has infinite possibility.

With regard to innovation, how do you view employee representatives on supervisory boards?

“Employee representatives generally have a strong sense that innovation is an important driver of long-term business success. Employees are certainly aware that digitization is a major challenge for companies, with a direct effect on business models, operational excellence, company attractiveness, and, of course, brand image.

Innovation often goes along with retraining and changes in job descriptions that are advantageous for employees, giving them the opportunity to acquire new and valuable skills. Employee representatives on the board are particularly encouraged to have a strategic involvement, since they represent the interests of employees.”

What our clients are saying

“What we’re doing as leaders has a big impact on our employees, clients, investors, and other stakeholders. Too often, we lose sight of the multiplier effect of our actions and attitudes. If you want to see your company win, to see it stand out from the rest of the pack with sustainable growth through innovation, you have to be its mainspring. You’re the multiplier”



HERBERT BECHTEL

30 YEARS OF EXPERIENCE AS HEADHUNTER

*FORMER MANAGING PARTNER AT HEIDRICK & STRUGGLES
AND WHITEHEAD MANN (KORN FERRY)*

*HERBERT BECHTEL, 30 YEARS OF EXPERIENCE AS HEADHUNTER
FORMER MANAGING PARTNER AT HEIDRICKS & STRUGGLES
AND WHITEHEAD MANN (KORN FERRY).*



GENEVIÈVE JOASSARD

8 YEARS OF EXPERIENCE AS HEADHUNTER

15 YEARS AS CEO IN THE TOURISM INDUSTRY

*HERBERT BECHTEL, 30 YEARS OF EXPERIENCE AS HEADHUNTER
FORMER MANAGING PARTNER AT HEIDRICKS & STRUGGLES
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BECHTEL-CONSULTING

CONSULTANTS EXECUTIVE SEARCH

CANNES • FRANCFORT • PARIS
CANIÈRE • FRANKFURT • LAKIÈ

Office : Forsthausstraße 6 - 63303 Dreieich ☎ + 49 6103 208 1330
Mobile + 33 6 62 11 33 19 or + 49 172 671 5888

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Cannes . Frankfurt . Paris

Founded in 2003 by Herbert Bechtel, BECHTEL-CONSULTING is an Executive Search Firm with headquarter in Frankfurt.

We serve companies of all sizes, merging our individual talents with the specific objectives and dynamics of our clients to build best-in-class executive teams.

As an executive search boutique, with an international client base, we specialize in:

High Tech Industry
Professional Services
Transportation, Travel & Tourism

We support our clients conducting executive searches both at executive and supervisory board levels, with a particular focus on CEO/CIO/CTO/CDO across all industries.

The assignments that we are trusted with encompass executive searches for international positions in Europe, Eastern Europe, Middle East, and Africa.

References:

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