Dean's Executive Leadership Series - 2009-2010

Transcript of Presentation with Caroline Nahas, Managing Director at Korn/Ferry International – Part 2

About DELS: The Dean's Executive Leadership Series at the Graziadio School of Business and Management features in-depth audio or video interviews with today's top business practitioners and thought leaders. Listen or subscribe to the podcast to hear their views and insight on the current challenges and opportunities facing the business community.

### Start ###

Man 1: The Graziadio School of Business and Management at Pepperdine University proudly presents The Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Dean Linda Livingstone: We talked a lot about kind of leadership qualities and what you've seen as being successful. But clearly in this economic downturn, it's affected you all personally at Korn/Ferry, but I'm sure you've also seen the impact it's having on the companies that work with you. Are you seeing companies looking for different kinds of things in leaders, those that are still looking for executives during this process, or are they still trying to find the same qualities, there's just a bigger pool of people out there to look for? I mean, have you seen that change what they're looking for or how they're going about doing it?

Caroline Nahas: You know what? Actually it's fairly consistent in terms of what it's been in the past and some of the things I highlighted. I think there could be a tendency right now, because I would say that people are managing right now through adversity. You know, it's kind of a-- it's a negative situation from the standpoint of-- you know, if you think about it, we've got high unemployment, the financial markets are still in disarray, people are losing their houses. There's still just an awful lot of churning going on, so it would be easy to kind of focus on someone that has only had experience managing through the downturn.
But if we're working with clients, one of the things we do is, you know, suggest: Let's look about what do you need to accomplish going forward in terms of your company, to make sure that they don't err in terms of finding kind of a turnaround person whose good at slashing costs and letting go of people, etcetera. But then when the turn comes, who's going to lead the company? So you always look kind of at a combination with some emphasis, but it's more really related to what's going on in the company: Do you need to reenergize the company? You know, you mentioned Julia Stewart, and I don't know how many of you were here for her presentation, but one of the things that Julia had to do for—it was IHOP at the time—was what they call “reenergize the brand.” And Julia is an expert in that area. She has done a fantastic job, but she also is very good at many other things at well, so we didn't just look at that one thing. We looked at the array of experiences.

**Dean Linda Livingstone:** It's interesting to watch the news because you sort of read the news every day, and people say “Well, the recession is over and we're coming out of the recession,” and really-- yeah, and so--

**Caroline Nahas:** <laughs>

**Dean Linda Livingstone:** The thing-- you know, you look at the unemployment numbers, and I heard on the radio today, and I'm not sure what study it was, but it was a survey of, you know, just people in the country. And clearly there's great concern over the unemployment rate and the impact that has, so it doesn't feel like, to the average person, that the recession is over. So I don't know, in your line of business, are you seeing any signs that it's turning around and what are those signs? And what indication does that give you of how much longer this is going to last from an employment perspective?

**Caroline Nahas:** So we generally are an indicator and we are starting to see <laughs> many people call it “green shoots.” I guess just, you know, a little bit more activity, but again, relative to where we were a year ago before October, there's just such a dramatic difference from that in terms of both unit, count of searches and just general activity. I was sharing with someone, I think it was Cassandra, where’s Cassandra, Cassandra, she said in the second row, I said, “You have to sit up toward the front.”

**Dean Linda Livingstone:** <laughs>

**Caroline Nahas:** I think we were talking about the fact that right now, although we're beginning to see some indicators, it's on the east coast. The east coast went before the west coast, at least in terms of our
indicators. And now the east coast is starting to pick up again, and the west coast is still slower. So we're hoping that the, you know, the wave will continue. And it's better, but it's still-- it's still tough, I mean, you know, the main thing, you know, just-- this has nothing to do with executive search, but consumers still are not spending. Consumers are not spending, so until the consumers start spending, and the banks start lending, I still think we're going to have a very slow recovery.

Dean Linda Livingstone: Where do you see-- in terms of industries, you talked a little bit about geographically, but in terms of industries, where do you see that recovery coming first, and where might the most opportunities be the soonest in terms of jobs?

Caroline Nahas: It's really hard. If you'd asked me that three months ago, I would've said healthcare, healthcare services, the provider side, but even that's starting to slow a little bit. Consumer, now this is going to sound contradictory to what I said about consumers not spending, but again, the consumer industry was hit so badly that <laughs> again, a little trickle up is like, “Oh my gosh, business is terrific,” because they're flat as opposed to 10 percent down. So we're beginning to see a little bit more activity in the consumer sector.

Financial services, we're beginning to see more pickup, but again, relative to what we had last year where financial services in our firm as a sector was probably the hardest hit of any sector. Real estate, we're beginning to see a little pickup. Entertainment, especially in Los Angeles, which was devastated because of the writers' strike and then the threat of the-- what was that, the actors' strike after that? Just like a ripple effect, and the fact that we don't have any filming, or not any-- we have a real decreasing amount of filming here in Los Angeles. That hit out entertainment group. But that's beginning to show. So just about- - you know, I think I've just about said every sector is beginning to--

Dean Linda Livingstone: <laughs>

Caroline Nahas: Pick up, that's the good news.

Dean Linda Livingstone: That's good.

Caroline Nahas: But it's not picking up like this, it's kind of picking up like this. And so a lot of us, I wouldn't call it-- remember I said we can't use the word “fear” in a negative way, but I think we're all uneasy, could we have another dip? You know, where our business picks up for the next two to three
months and then all of a sudden— that was pent-up demand of where we have to do it, and then it slips again.

**Dean Linda Livingstone:** Well, I'm going to open the floor since we've talked about such depressing things for the last few minutes, maybe someone has a more cheerful question to ask than I have chosen to ask, so yes?

**Woman 1:** It's not really cheerful [inaudible]. You didn't mention any high-tech, biotech, aerospace, any high-tech industries. What do you feel about the condition of those [inaudible]?

**Caroline Nahas:** You know, high-tech took a big blow last year, and that's beginning-- and thank you for bringing that up, because we have a high-tech practice in Los Angeles, and that's beginning to pick up as well. The biotech, I don't know the answer. We don't have a representative in Southern California in the biotech area. There's a lot of-- as you know, in San Diego--

**Woman 1:** San Diego, San Francisco.

**Caroline Nahas:** Yeah, and San Francisco, and we do have a very good practice up there, I just can't tell you what it looks like relative to last year.

**Woman 1:** What about aerospace? Any comments there?

**Caroline Nahas:** Kind of flat, flat. Yeah, we're doing work-- we do a lot of work in the aerospace area, but I don't know if that's indicative of what's going on, because Northrop is a very good client of ours. And Northrop and Boeing-- that's about it for the big-- although thank goodness we have those two. You know, Southern California is very interesting because we are this mid-cap market with very, very few huge companies. And one of the dilemmas-- and this isn't to do with anything that's just accept-- to me it's always been kind of interesting, is marketing for firms like us or service firms to market to the mid-cap companies, it's very hard. Because, you know, in the big sales you can go-- like if it's a Northrop, you send, you know, your two partners and they call on Northrop on a pretty regular basis. Because Northrop's a bigger company and they kind of understand what we do, etcetera.
But the mid-cap companies, they're spread all over the place. You can go, you know, up the 101 corridor, San Gabriel Valley, Orange County, all these different kind of sections, very hard to market to those individuals or, you know, to those companies. So if you-- any of you great MBA students have great ideas, I'm listening.

Dean Linda Livingstone: Great. We had a question over here, yes?

Man 1: [inaudible] question, Do you see the concept of that the world is flat now, when I worked at ISD [inaudible] Experian and Lending Tree, I [inaudible] 15 years, worked for the company a year and Experian, 15, 16 years. My current company, I have 18 people in Vietnam in Ho Chi Minh City, and they're all highly technical people. [inaudible] but the idea is the world is flat, so they [inaudible] many jobs basically, you can hire 10 in India, 15 in Vietnam, [inaudible] here in the corporate [inaudible] so we'd see a lot of shell companies here, and if they have marketing and skill and a lot of offshorings. So wouldn’t it be possible that a lot of jobs that we are filling is basically replacement positions [inaudible] new positions, like [inaudible] Amazon [inaudible] all this stuff, but they're all replacing, and [inaudible]. So I just want to get your input on it.

Caroline Nahas: Well, I'll comment on two things. Probably not for us, because the jobs we work on are all very senior jobs, so we don't quantify it this way. But we wouldn't be working probably on any jobs that were less than 275 to 300,000. So those aren't the jobs you're talking about. To your point about "the world is flat" though, you know, that's another thing that I didn't mention in terms of for certain companies, the global criteria-- and not global, by the way, that just says "I worked for a international comp-- or a company that does business," but where a lot of companies will look for board directors and CEOs or presidents that have not only led global companies but have had experience outside the United States.

So the global economy, I think to your point, is real. I mean, Korn/Ferry for example, on our-- like a lot of our resume preparation, not the value add that we put into the resume after an interview, but just kind of the format of the resumes, is all done in India. You know, so-- and it's pretty great because they turn it around in 24 hours. And so when you put-- dictate it to them or send them something, the next morning when you come in, it's pretty much on your desk.

Dean Linda Livingstone: Yes? Here.

Man 2: [inaudible]
Caroline Nahas: Hi.

Man 2: Thank you for joining us today. Yeah, I really liked what you said, you mentioned that you liked basketball [inaudible] I don't really think anyone says, “We want somebody who’s not looking for the long-term perspective.” But in your experience, have you through CEOs or board members, do you find that companies really are selecting people who [inaudible] have a long-term strategy [inaudible] find that they are picking people who are basically putting out the fires at hand [inaudible] with quarterly earnings kind of dipping [inaudible]?

Caroline Nahas: Well, it's circumstantial. When we are-- even though, you know, our work is executive search, and obviously we're brought in by a client to solve a problem. I mean, they usually have an opening and they need to fill that opening. But we're consultants. So one of the things that we spent a lot of time at the front end with the client is talking about the key criteria, but also helping influence and guide them based on our experience. So we're not just order-takers where a client says, you know, “This is what I want,” and, you know, you're checking the box and you know from your experience that what they're asking for-- remember when we were talking about someone-- “I'm looking for the strategists, the creative, you know, genius, the innovator, this, that, and I'm also looking for an operational day-to-day individual,” you need to help the client with that to say, “You know what? You've really described two different kinds of people. So what's the priority here? And here's some other things that we could do. Here's another way you could organize,” and giving them some advice and counsel.

To use your example and change it a little bit, here's what we see more clients doing, and that is if someone hasn’t been successful in a job and you ask that person why weren’t they successful? And they say well, they weren't financially savvy, you know, they weren’t really good with the numbers. But here-- and then you say “Well, where were they good?” And they say, “These things.” There is a tendency for people to overreact and go to the other side and try to recruit to somebody that's financially savvy. But they almost ignore the other aspects of the position and the needs. So again, it relates to our at least assessing what the situation is, helping them think it through, looking at competencies of individuals, going through our assessment process, and then coming to a realistic position specification, which will-- and almost make them force rank what's important.

Because I will tell you, if, you know, if you say to a client, “Well, what would you like?” You know, well, my gosh, I mean, they'll give you a list of-- and you say “Well, <laughs> there's only one person in the country that might--” You know, just as an aside, I remember someone sharing with me-- and I love this story, we were doing some work for Oprah Winfrey. I wasn’t doing the work, but the consultants said that,
you know, they were asking Oprah Winfrey what she would like in the person, and she started naming, you know, listing these things, and she said “Someone exactly like me.” <laughs>

Crowd: <laughs>

Caroline Nahas: And I'm thinking, you know, there aren't too many that are as extraordinary as she is, and can you imagine trying to go out to the market and try to get someone that would compare to Oprah Winfrey, both in terms of who she is just as a persona, who she is as a human being, and then look at the experience she's had. So there-- you know, but she said “Someone like me”, and I'm like oh my God.

Crowd: <laughs>

Dean Linda Livingstone: So humility wasn't on her list [inaudible]

Caroline Nahas: <laughs> Well, I don't think she meant it actually, she didn't mean it in an arrogant way as much as just trying to describe passion, substance, caring, you know, everything you could think of. But there aren't too many people that would have the array of experiences combined with the unbelievable kind of interpersonal skills that she has.

Dean Linda Livingstone: So given that and how difficult it is to sort of meet all of that, is part of what you do in the process of filling that-- is it even giving guidance to the company about if you're going to hire this person, this is maybe the kinds of people you need to put around to help ensure that they're a success? So do you provide sort of advice on building the team around someone--

Caroline Nahas: Right, right.

Dean Linda Livingstone: To help make that person as successful as possible?

Caroline Nahas: Right.

Dean Linda Livingstone: Given what their strengths and weaknesses are?
Caroline Nahas: So I'm really glad you brought that up. The answer is yes and we might say, you know, our experience has been-- you don’t say, “You should…” That’s something I learned from consulting. You never kind of like, you know, “You should…”, “You’re not…”, you know, your idea is not to offend your client or make them feel like they’ve not done the right thing. Because maybe they just haven’t had the exposure. So you might say, “Based on our experience, here are the kinds of organizations or the structure that has been effective for some of these companies. And you might want to think about, rather than just one position, that it’s really two positions, or we’ve seen a realignment here.” And I think that, you know, most companies-- if they’re hiring a consultant, you hope-- remember earning the trust, and sometimes you have that trust already so you can start out right away and say, you know, “Let’s see if we can rethink this or have you considered…” There's other clients that don't know you yet and they may not have that trust, and hopefully you earn that over time.

Secondly, in terms of managing client expectations, again, remember too the wish list. “I'd like this, I'd like this, I'd like this.” And if you say to the client “Here's where I think we're going to end up and here's why. We've just finished this work at X, Y and Z companies, and the market is….” It's not me telling you, it's “Here's what the market is going to tell us.” But you highlight that for the individual, so that when-- if you run into some challenges during the search, you can then say, “Remember the conversation we had”, so that you try to manage expectations.

What's really sometimes hard is that people who are hiring you, if they're working for a company, they love their company. So to some people it's very personal. So they may have a higher view or estimation of their company than the market does. So you go out into the market and you've maybe said-- and one of the ways you do that is you would say to a client, you know, “What does the market say about your company? Where are you ranking with some of your other competitors?” By the way, you know those answers. But you don’t throw it in their face, but you hopefully get them to come to realization that some of these things are going to be more difficult.

Thirdly, oftentimes people never want to pay what they're generally going to have to pay when they go outside. So managing that expectation-- because, you know, again back to the wish list. “Well, I'd like someone with 20 years of experience with an MBA from one of the top schools like Pepperdine. And I'd like somebody that's done mergers and acquisitions that had some global experience. Oh, and by the way, it would be great if the person were a female, loved diversity,” on and on and on, and then they say, “And I'd like to pay 150,000.”

Crowd: <laughs>
Caroline Nahas: So then you say “Well, that’s~” <laughs> And, you know, you-- you're professional, and yet you try to be again warm, so again that you don’t like do this. But you say, “Let me give you some examples of some people we've recently recruited,” and it's generally public information. “This person had this, this person had this. By the way, that company was smaller than yours. So what we might want to do is consider a step-forward candidate.” So a step-forward candidate means that they'd have some of the experiences, but you might be investing on potential rather than asking for someone that's done everything. So you create again scenarios for them to consider and hopefully manage their expectations.

Dean Linda Livingstone: Good. I think you had a question over here, and I think this is going to be our last audience question. I have one or two questions I want to conclude with, but--

Man 3: Your 33 years of experience offers you a real unique perspective on something you touched on in your last answer. And that is women and diversity at the highest level of these companies. What was that change like that you’ve seen over the years and how are we doing right now, I mean, in regards to that?

Caroline Nahas: So as Linda mentioned, I was the first female partner at Korn/Ferry, which is really hard for me to even believe now. Because when I go to partner’s meeting, about 50 percent of our partners are female. So just to digress for a minute, when I actually became the fir-- well, when I joined the firm and when I beca-- you know, I-- I was pretty naive. I was really-- well, first of all, I have a great, you know, positive attitude, so to me the glass is half full. I thought I was supposed to be there. You know, so I thought I belonged even though apparently there were others that didn’t think--

Crowd: <laughs>

Caroline Nahas: I belonged. And one of my favorite recollections, which wasn’t fun at the time, is one of the partners, male, coming in and saying to me, “You will never be a partner here at Korn/Ferry. We will never have a female partner.” And honestly I was so young and so kind of full of anticipation and enthusiasm, I just sort of looked at him, I didn’t say anything because I wouldn’t have at that time. Like, you know, I guess-- maybe you could say well, you know-- I didn’t say anything. So I didn’t know what I didn’t know.

So part of, I think, the reason <laughs> that I was able to navigate was because I was so positive, I just went along, and to a certain extent I was oblivious. And then I won the hearts and minds with content as
well as can do, that I had tons more that were in my court than that one individual that was not in my court. Changes are now that, you know, the barriers I believe have been removed. But the-- it is different now because when I came through fearful, and this might've been your generation a little bit too, a little bit fearful about if I took a leave, you know, coming back. Those kinds of things that really don't exist now.

I mean, people have chil-- you know, people, women have children, come back into the workforce. We have-- and there's no one choice for anybody. The thing is there are choices, which when I was coming up, there were not as many choices. And no choice, you know, people ask me about work/life balance and those kinds of things. And I say if you're going to be great, you know, you can be average and kind of try to balance everything perfectly, but life isn't perfect. So you make tradeoffs all the time. Sometimes you make tradeoffs in favor of work, sometimes you make tradeoffs in terms of family. But there's no kind of-- this is kind of great and I have work/life balance that's perfect all the time, it just isn't. But life isn't that way either. The United Way, which I'd love to make a little--

Dean Linda Livingstone:  That's what I wanted to talk about next.

Caroline Nahas:  Oh good, good, good. But I will say that-- interesting about United Way when they told me, you know, "Caroline, you're going to get a lot of recognition, you're the first woman", I didn't think I would be the first again. I mean, I'm older now and I'm thinking, "Oh my God, I can't believe this," it's like living it all over, although they had asked me to be chair for four years and I said I couldn't do it. But it was kind of fun to, you know, kind of all over again, and the press still makes a big deal about that. When we got more play, which was great for United Way, that, you know, the first woman chair, and like, you know, the reporters are calling about it, and I thought "Oh my gosh, is this a big deal now that it's--?"

Dean Linda Livingstone:  It was great.

Caroline Nahas:  Yeah. But things are so much better, do we have, you know, more-- do I think we can make more strides? Absolutely. But in comparison and-- you know, you got to look over a period of time. If you look short-term, year to year, you say, "Well, we didn't grow that much." You've got to look at it in the-- kind of the totality. And when you see how many woman are running companies, how many women are senators, how many women are in the White House, how many-- you know, I mean, it's just very different than it was when, you know, whenever that was where I became the first partner. Can't even remember now.
Dean Linda Livingstone: Well, let's talk a little bit more about the United Way as we close up. You became chair of that organization just this year in 2009.

Caroline Nahas: Right.

Dean Linda Livingstone: So very recent. But what I'd like to talk about, we-- and we talked about this a little bit in the podcast, our mission at Pepperdine is to develop students for life with purpose, service and leadership. So we believe service is a very important aspect of anyone's life. Both through what they do professionally and what they do on the side. So why was getting involved in an organization like United Way important to you and why do you think it's important for people in the business community to engage in those kinds of activities in a community?

Caroline Nahas: So obviously any of us could choose-- I mean, how many organizations are there in Los Angeles that are in need and that are worthy? I mean, there are, you know, hundreds, hundreds, thousands.

Dean Linda Livingstone: Thousands probably, yes.

Caroline Nahas: So I chose United Way because I believed as a leveler and an equalizer, it was the best organization to touch as many worthy organizations as possible. And they are outstanding at evaluating and knowing organizations, because that's what they do. So they're able to kind of focus on the ones that are doing work, good work and meaningful work, but over the last three years, which really impressed me, under our new leadership, Elise Buik who actually you should have to speak here--

Dean Linda Livingstone: I'll have to include her in the future.

Caroline Nahas: And she's the first female CEO of United Way in Los Angeles, which is one of the biggest United Ways in the country. And she is simply outstanding. But three years ago, she embarked on a strategy that focused on financial stability, education, and really, you know, creating pathways out of poverty. So we downsized the number of organizations, which used to be, in the United Way parlance, agencies, and we took it from about-- and I'm going to-- 200 to maybe 120 and focused in these three areas with the overarching theme creating pathways out of poverty. And so I thought, you know, I've always thought it was a worthy organization. I think it's even more kind of relevant and very results-
oriented, where their RFPs and their grants are given over a three year period with required outcomes and monitoring of those results.

And then as far as the chair, on the one hand you could look at it and say, “Are you nuts?” I mean, can you imagine right now trying to fundraise right now? It's harder. I mean, people are out of work, people are feeling uncertain. But look at it the other way, I mean, there is no-- to me, there is no organization that can do more for our community right now. So I thought what a great opportunity for me and a chance to give back. And since-- I'm not going to tell you how old I am, although you could try to figure it out.

Dean Linda Livingstone: And I didn’t ask <laughs>.

Caroline Nahas: No, good. But if you think about it, I'm at, you know, not retiring, but I'm at the end of my kind of life cycle in terms of my career. And I wanted to-- I was born and raised in Los Angeles, it may sound a little corny, but I wanted to leave something behind, and I thought this was just a fabulous opportunity. And I'll tell you, even in the short time that I've done it, which is July, I'm getting far more out of it than I'm giving and I'm giving a lot of my time. From a business standpoint though, I mean, it's-- I know it's-- everybody says this, but it's true, if we have a declining community, our businesses aren't healthy. People aren't going to come to Southern California, they're not going to want to live here, we're going to have dissention and discontent, which just breeds all sorts of problems. So if we don't solve some of these, especially education, then we're not going to have a thriving community. And I think they're kind of symbiotic.

Dean Linda Livingstone: Wonderful. Thank you so much for being with us Caroline, it's been wonderful having you.

<applause>

Caroline Nahas: [inaudible]

Dean Linda Livingstone: I have a small gift of appreciation for you before we depart here. I believe it's under here. We're going to leave you with a beautiful picture of our Malibu campus--

Caroline Nahas: Oh, thank you.
Dean Linda Livingstone: So that you can remember us fondly on days when you need a good view and don’t have one out the window or something. But thank you so much for being here, it’s been wonderful having you join us tonight. We hope that you will be with us on November 4 for Brian Moynihan and at The Jonathan Club downtown. And--

Caroline Nahas: [inaudible] taking pictures for the--

Dean Linda Livingstone: Certainly you can hear more from Caroline on iTunes with the podcasts or you can certainly see this again or share it with your friends on YouTube as well. So thank you so much and have a safe flight.

Caroline Nahas: Thank you.

<applause>