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Cross-industry CEO hiring maximum in e-tail

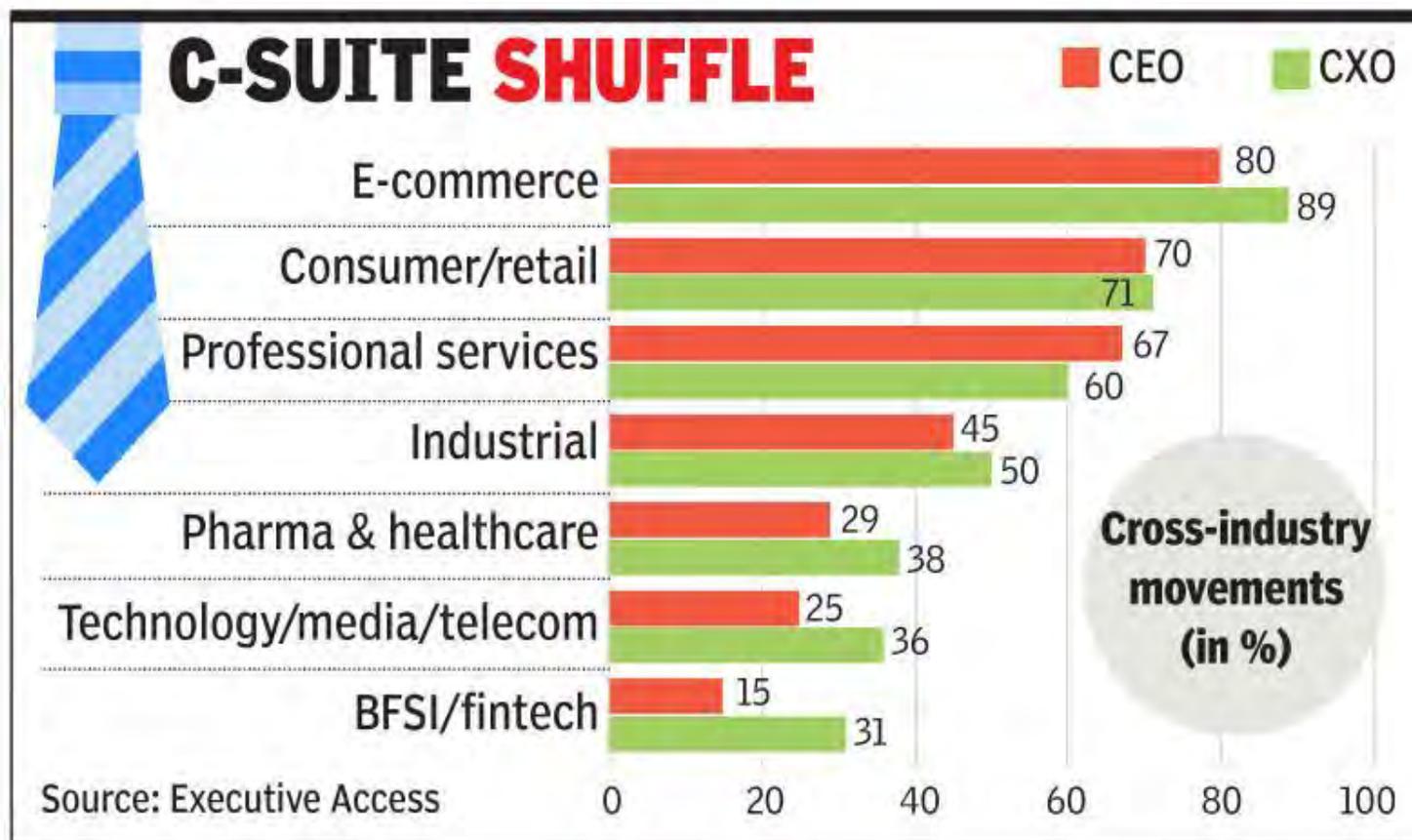
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MUMBAI: Last year, a good 40% of CEO placements were cross-industry hires, while the number was even higher among CXOs at 43%. Today, hiring CEOs/CXOs doesn't warrant core industry experience in many organisations. This trend also demonstrates the growing demand for contrarians who can bring in fresh perspectives, keeping in view the manifold increase in the threat for disruption of most businesses.

These observations were drawn from a research project undertaken exclusively for TOI by Executive Access to study the statistical trends of movements of over 220 CEOs and CXOs across industries in the last year.

While the trend of cross-hiring has been amply established, it is more pronounced in industries like e-commerce, consumer/retail and professional services. Cross-industry movement percentages of CEOs in these industries is 80%, 70% and 67%, respectively. A similar trend is seen even in CXO hiring in these three industries.



Executive Access (India) MD Ronesh Puri said, “There’s a churn happening across different industries but it is very high in e-commerce where there is a constant fear of consolidation. The burnout here also is high.” Being a young industry, cross-sector hiring is being fuelled by the necessity to fill from other industries.

Bigbasket head (HR) and adviser to the Fundamentum fund for entrepreneurs, Hari T N, said new-age startups in e-commerce and consumer internet are disrupting existing business models. “Smart executives from outside the industry are best at spotting innovation opportunities and creating disruption better than those from within the industry. This is because those from within the industry come with baggage, blind spots and constrained thinking. Therefore, when disruption and innovation is critical for success, it is a better bet to hire someone smart from outside the industry who comes with an open mind and

unconstrained thinking,” said Hari.

However, Hari added when one wants to expand an existing market or grow a mature company, executives from within the industry may have an edge.

On the other hand, the appetite for cross-industry hiring in industries like pharma/healthcare (29%), core technology companies (25%) and banking, financial services & insurance (BFSI - 15%) are relatively low. The niche nature of most areas of these businesses and the requirement for higher technical specificity in these industries could be driving this conservative trend.

Consulting, on the other hand, takes sector specialists, which leads to higher incidence of cross-hiring. PwC India leader (people & organisation) Chaitali Mukherjee said, “Industries are evolving rapidly and their very reason for existence is changing. Hence, organisations are keen to get an ‘outside-in’ perspective, since problems are now cutting across industries. Technology revolution, multi-generational workforce and changing customer personas are almost merging industries, thereby adjacent sectors come together to solve common client problems. Technology, telecom and internet companies have all merged to become one. Thus, talent proliferation across those as well as from consumer sectors who understand the other side is happening at a rapid pace.”

In industrial sectors, the trend of cross-hiring is gaining momentum. Executive Access sees cross-industry hiring picking up pace in the coming months. The change could be substantive even in other areas, including diversity cross-industry hiring, which currently is a mere 10%. “Previously, there used to be the fear element, which restricted executives from moving to another industry. Now the confidence levels of people moving has risen. During our placements, we realised two out of three candidates want to move to another industry. They are far more excited working in a different industry where the learning curve is greater,” said Puri.

Mukherjee said leaders of the future are not going to be leaders on account of their industry expertise. Going forward, she said, the ability of the leaders to practise ‘disruptive envisioning’ and ‘multi-dimensional sense-making’ that gets them to think

of non-linear problems, in a bold and disruptive manner by connecting discrete and unconnected data points, will be their reason for being reckoned as leaders.