CEO FORUM

CROSS-INDUSTRY MOVERS

Traditional CEO succession plans based on an ingrained system of "heirs apparent" or luring an executive from a direct competitor might no longer be the best approach, says Joe Griesedieck, vice chairman and head of the CEO practice at **KORN/FERRY INTERNATIONAL** (KFY). A CEO from outside the industry may offer different skill sets, deeper experience and a unique perspective — and may be better able to recognize needed changes, he adds. "A number of factors, such as people skills and well-matched values, behaviors, skill sets and functional experience, might be better predictors of a candidate's success than industry experience," he notes. *nyse magazine* asked several CEOs who have switched industries for their advice on making the transition.

What advice do you have for leaders when they transition from one industry to another? What are the challenges, and how can they be overcome?

ROBERT A. ECKERT, chairman and CEO, Mattel Inc. (MAT) [former president and CEO, Kraft Foods Inc. (KFT)] My advice is to focus on the difference between the two industries, because it's the unknown that can derail you. The key to identifying and understanding differences is to listen. Query investors, customers, new colleagues and retirees — then shut up and absorb. Avoid the trap of trying to appear more knowledgeable than you are in an attempt to justify your appointment.

ROBERT NARDELLI, chairman, president and CEO of The Home Depot Inc. (HD) [former CEO, GE Power Systems division of General Electric Co. (GE)] The challenge is that you're considered an outsider. I was fortunate to move a lot within GE, and by doing that I developed a tool kit of skills. I think about 70 to 75 percent of those leadership skills are portable from one industry to another. For the other 25 percent you have to be a dry sponge in a bucket of water and absorb everything you can about the new business.

RANDALL J. HOGAN, chairman and CEO, Pentair Inc. (PNR) [former president, The Carrier Transicold division of United Technologies Corp. (UTX)] You need to understand the fundamentals of the new industry and undertake a critical assessment of your organization's strengths and weaknesses. A new industry brings many challenges, and how you respond to them defines the parameters of your success. Whether you regard them as action-driving or burdensome is predictive of whether you'll overcome them.

ED MUELLER, CEO, Williams-Sonoma Inc. (WSM) [former president and CEO, Ameritech Corp.] One of the challenges you face is learning the metrics and measurements for the new industry. It is also important to understand the company culture and industry norms. This should be absorbed as quickly as possible. The fastest way to adapt is to spend as much time as possible with your frontline people. Be careful not to spend too much time relying on the numbers instead of staying in touch with your people.

ROGER H. BALLOU, president and CEO, CDI Corp. (CDI) [former chairman, Global Vacation Group] Leadership, management and communication skills honed in one industry are easily transferable. The key challenge following a job change is to be able to quickly understand the new industry's customer dynamics and key business metrics. This requires asking the right questions and being a good listener. A crisply executed industry transition can create immense value, as new perspectives often lead to clearer insights for both the leader and the new firm.

JACK L. STAHL, president and CEO, Revlon Inc. (REV) [former president and CEO, The Coca-Cola Co. (KO)] Listen and learn, and realize that assumptions from different industries may be irrelevant in your new environment. However, even as you are grounding yourself in your new role, draw upon the core skills that you bring from your past roles, such as your ability to innovate and think strategically, to plan and execute, to communicate effectively and to develop your organization. These skills are important in any environment.

JONATHAN P. WARD, chairman and CEO, The ServiceMaster Co. (SVM) [former president and COO, RR Donnelley & Sons Co. (RRD)] The first and most important activity is to listen to all constituents. The newly transplanted leader should respect the tenure and experience of the in-place team and seek their guidance and recommendations. Remember that the board hired you for certain skills and qualities. Where you need additional knowledge and expertise, strengthen the team by hiring "better than you" executives with complementary skills.

NEXT ISSUE'S CEO FORUM TOPIC:
"WHAT ARE THE KEYS TO SHAREHOLDER VALUE CREATION?"
TO RESPOND, PLEASE CONTACT US AT
NYSE@TIMEINC.COM.

COURTESY RESPECTIVE COMPANIES; BOTTOM: COMSTOCK

THE WD RAPTOR, THE WORLD'S FASTEST 10,000 RPM SERIAL ATA HARD DRIVE, WHICH IS MANUFACTURED BY WESTERN DIGITAL CORP. (WDC), REVOLVES 5.26 BILLION TIMES PER YEAR.

nyse MAGAZINE IS PUBLISHED BY THE NEW YORK STOCK EXCHANGE IN CONJUNCTION WITH TIME INC. CUSTOM PUBLISHING. © 2005 NEW YORK STOCK EXCHANGE, INC. ALL RIGHTS RESERVED.