SUNDAY TIMES, Business Times Money
Sunday, 10 September 2006, p. 21

Hothouse CEOs are bound to fail

TOO many South Africans in management and executive positions don't have the experience to deal adequately with the responsibilities that come with these positions.

While formal education goes a long way in exposing managers to the theories of business, inexperience can set them up for failure.

Sandra Burmeister, chief executive of Landelahni Business Leaders, says it seems logical to think that "fast-tracking" means months rather than years, and speed rather than deliberation.

"But anyone who has climbed the ranks to executive level knows you can't create a CEO — or any other executive — in six months," she says.

"There are executive development programmes in large corporations where graduates — and sometimes employees of longer standing — are 'exposed' to board and executive processes for only six months." However, they take no direct responsibility for critical decisions.

While that keeps the company reasonably safe from inexperience, it truncates the trainee executives' growth.

"We're creating enormous expectations among trainee executives. We see a lot of instances where, for example, it's a case of an MBA in December and an executive position in July. This creates a position where managers cannot possibly live up to using the limited experience or exposure they've been given."

Burmeister says that by contrast, most multinationals run executive training programmes over 10 years.

"Trainees are put in charge of three to four major projects each year. If they fail on one project, they're out. But if they succeed, they're moved straight on to the next, more complex project. And, over 10 years, they work in all divisions of the company.

"Ten years from, say, graduate to head of a region or an entire division — or even to CEO — is actually a very short time. It is indeed 'fast-tracking'. But it's enough time for trainees to prove to themselves and their companies that they can be effective, contributing executives. And it's a great succession plan because it gives you a continuous depth of talent," she says.

So why do South African companies tend to take such a short-sighted, simplistic view of executive fast-tracking?

"Two of the major reasons given are the pressure of black economic empowerment and the need for gender transformation. There is a very real need to address the imbalances of the past as quickly as possible.

"But that's only part of the problem, and it's been around for only a few years. Actually, South African companies have always been notorious for taking a short-term view.

"This is hardly surprising when the lifespan of most CEOs is only five years. The pressure is too great for longer tenure. Shareholders are rapacious in their high growth expectations and insistent on delivery on those expectations," says Burmeister.

"The pace of change driven by the increasingly rapid evolution of technology and communications puts an extraordinary strain on both human and business adaptability and continuously shortens product and service lifecycles."

All of which makes short-term gains in most organisations seem more important than long-term planning.

Burmeister says one of the casualties of that sort of thinking is training budgets. Only between 2% and 5% of all trainee executives make it to executive status. And today's unprecedented mobility of talent means that the talent you've trained can and will move on very quickly. So, the thinking goes, why waste the money on training?

And, she says, the next step is to put only a few candidates on the fast track, in the hopes of minimising losses.

"In fact, you're limiting your chances of success. If you train 100 candidates and five superb people make it to your organisation's top echelons, you've certainly done better than if you'd trained 10 candidates over six months and got 0.5 of a good executive for your trouble. In executive fast-tracking you have to look at the big picture."