

## Short-sighted chiefs

**C**hief executives are the biggest recidivists when it comes to the crime of focusing on short-term results instead of creating a sustainable business. The trouble is they do not know how to stop, according to David Carter, the chairman and founder of the mentoring firm Merryck.

The short-term perspective of boards and shareholders is one of the biggest challenges for chief executives, and Carter says help may be found from suitable mentors. In Australia, Merryck tries to match senior executives with mentors such as former Esanda managing director Elizabeth Proust and former RAMS Home Loans chief executive Charles Weiser.

Carter says: "We see it all around the world that organisations are marching to the beat of the quarterly reviews by the stockmarket analysts." Chief executives tell Merryck they must balance the expectations of companies, which frequently hire chief executives as mercenaries to get results for two or three years, against the need to protect their own reputation. Carter is not surprised that leaders load up with warrants and options — what they are in effect saying to the board is that they need to be rewarded for possible damage to their name.

He says there is support for a long-term vision among employees, particularly younger employees, who understand the need to keep up with technological change. But it is difficult to state the reasons in a way that keeps staff motivated.

Carter says mentors are constantly asked if there is a way to achieve the short-term requirements and still, almost by stealth, create long-term wealth and vision. He says the top five problems keeping CEOs awake at night are:

- Short-term vision. Sacrificing long-term objectives for share price rises is frustrating chief executives who want to leave a lasting legacy.
- Chief executive sandwich. Chief executives find it hard to attract and motivate staff without new strategies and resources, yet boards and shareholders expect short-term returns.
- Broken business model. Every chief executive in the world is struggling with how to insulate their business from economic downturn and a future of scarce natural resources.
- Technology. Chief executives are simultaneously excited and scared because they see possibilities

for new business models but know the enormous cost of failure.

- Recruitment. Chief executives doubt their company can get results because of high staff turnover. Leaders fear that suitable successors will not be found because of poaching and the impatience of senior executives.