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HEADLINE: Executive coaching grooms tomorrow's business leaders

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BODY:

David Carter, who runs an executive mentoring company, has strong views about the direction of UK business. "The business model of many of the top 500 FTSE companies is either broken or breaking down," he said. Merryck & Co, founded by Carter in 1997, mentors managing directors of business units or subsidiaries within larger groups. It is to this generation that the challenge of reinventing their company's business model will fall. However, these same managers find themselves being squeezed from above and below.

Carter said: "Chief executives at the tail end of their career suffer from a 'not on my watch' syndrome. They don't want the whistle blown in the next year or so because that's when they collect their pay, options and pension. There is definitely a huge amount of this sort of thinking on boards of big companies.

"But the person who runs the main business units within the group knows he or she has a business model in need of severe overhaul, and staff know it, too. These managers have to lead their staff through a change in business strategy against an internal tide of resistance, while at the same time delivering year-on-year 10% profit growth to keep the financial markets happy."

The problem is partly generational. The typical large company chief executive, probably in his 60s, has what Carter calls a command and control style of leadership. They set targets and expect results. At the bottom of the ladder, by contrast, are Generation X types, who have a more relaxed management approach and set more store on work-life balance.

Business unit heads are stuck in the middle. Carter said: "They are being managed by a set of people who want command and control results today, yet they are trying to lead a group of people who have a completely different social orientation. We call it the generational sandwich. Our clients are the filling."

No wonder these people want someone to talk to. So how does Merryck help? "We provide them with a mentor who is completely outside the company, who has no axe to grind, no hidden agenda, no conflict of interest and no vested interest in the outcome other than the success of the client," said Carter.

The client decides what he or she wants - whether to be groomed for the main board, to lead a buy-out of his division or be headhunted - and interacts with the mentor through regular meetings, telephone conversations and e-mail. Merryck has half a dozen UK mentors, all former chief executives.

For a newly appointed divisional head, it can be a useful way to find their feet in a new job. Carter said: "Inside the organisation, everyone always assumes that they know the answer because they are the chief executive.

If it is the first-time appointment as chief executive, and they've been the sales or marketing director, they don't know all the answers. They didn't go to a chief executive training camp for two years. All of a sudden, they've got to make all these decisions about finance, human resources, production, manufacturing, marketing and maybe they have never worked in half these departments before.

"I tell our mentors they will be quite surprised by the ABC nature of some of the questions they will be asked by clients. Someone this morning asked me: what is a 360-degree report? He'd never done one before but he didn't want to sound stupid in the boardroom, so he made a note to ask me later on."

The mentoring is aimed at improving what Carter calls the three Ps - profit, performance and personal development.

Carter said: "It's very results focused - everything that we talk to our mentors about is to boost profits, help the business be more successful, and make the share price go up."

Additionally, Merryck puts together annual seminars called the business leaders' forum. This brings together up to 21 executives and a leading business thinker or management author for three days of debate and discussion. Carter said: "People decide what it is they want to learn, either from each other or from the author. No one turns up and preaches at them."

For companies, sending an executive on Merryck's business leaders' forum and a year of mentoring costs £39,500. Basic mentoring is on a retainer basis at £5,000 a quarter. The company has recently launched in the US and Australia and has plans to expand into continental Europe next year.

Merryck's programme is aimed at helping companies with leadership development and succession planning. "It's a training school for that group chief executive of a FTSE 100 company slot," said Carter.

Companies including Dell, Reuters, Royal Dutch/Shell, HSBC, Barclays and Lloyds TSB have used Merryck to develop the next generation of top executives. "They are taking some of their top talent and sending them on the business leaders' forum as part of leadership development for their succession plan," said Carter.

Mentoring and leadership development is also aimed at fostering improved long-term thinking within companies. Carter said: "Over the past 10 years, the tenure of chief executives has fallen from seven years to below four years, and short-termism in the financial markets is even shorter than before."

These pressures, reinforced by three-year incentive schemes, means few companies look beyond the medium term.

Carter said: "A lot of companies operate under that paradigm but I don't think it is sustainable. Often there's a vacuum of long-term strategic insight on boards, which are quite disconnected from how the businesses are run and operated. The boardrooms of Britain need to develop much greater long-term strategic insight into the vulnerability of their current business model and the need to reinvent themselves." kbingham@efinancialnews.com

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