

THE MOBILE EXECUTIVE

Key Takeaways

- Extreme commuting — traveling to headquarters from a home located more than 90 minutes away, and often in another state — is on the rise; 70 percent of global recruiters report that executives are increasingly open to this working arrangement.
- Executive mobility offers advantages: access to a larger (and better) pool of executive talent, shorter executive searches, “employer of choice” allure and a healthier work-life balance for executives, among other benefits.
- Executive mobility also poses risks, including potentially negative implications on organizational culture, decreases in productivity and personal stress among mobile executives.
- Leading practices are beginning to emerge among organizations that seek to exploit the benefits and mitigate the risks of executive mobility.

Defining the pros and cons – and leading practices – of an emerging work style.

By Jeff Hocking

Lenovo does not have a corporate headquarters.

Instead, the \$16.4 billion computer-maker (which purchased IBM's personal computer business in December 2004) has a number of business operations centers, including one in Beijing and one in Raleigh, N.C. “I live the ‘worldsourced’ life,” notes Lenovo CEO William Amelio. “As CEO of Lenovo, I am an American CEO based in Singapore.”¹

Furthermore, Lenovo's chairman is based in Raleigh, the company's head of the Americas is based in Seattle, the senior vice president of strategy works in New Jersey and Lenovo's head of talent acquisition, Peter Haddad, is based in Connecticut.

Welcome to the new era of executive mobility, where more top-tier managers reside in places far away from corporate headquarters or primary operations. As workers have become “astoundingly more mobile over the past three years,”² executives have, too.

Seventy percent of executives are increasingly open to traveling – by plane to work and back each week or by car for more than 90 minutes one way each day – as an alternative to relocation, according to 70 percent of global recruiters in a recent Korn/Ferry International survey. More than half of these respondents report that it is more difficult today than in the past to convince executive candidates to relocate for new job opportunities. The primary reason? Executives' “family ties” and “lifestyle factors,” which are prompting employers to rethink relocation requirements in order to attract the best and the brightest talent.³

Companies on the leading edge of executive mobility are well aware of this challenge. When Lenovo acquired IBM's personal computer



business in 2005, the company “had a unique opportunity to do things differently and structure differently,” notes Haddad. “We realized the best talent may not reside close to the main operation centers. It’s a highly decentralized model, and it works.”

Getting executive mobility to work requires the right leadership characteristics, management adjustments and a clear understanding of the arrangement’s pros and cons. “This may be the wave of the future,” notes Freescale Semiconductor Chairman and CEO Rich Beyer, “but I think we need to figure out ways to ensure that executive mobility does not cause a loss of productivity or other problems.”

Beyer ought to know. Since assuming his current position earlier this year, he has resided in Silicon Valley while flying to Austin, Texas virtually every week. Candid assessments from Beyer and other leaders involved with executive mobility help inform this paper, which defines executive mobility, identifies its drivers, examines its pros and cons and, finally, explores emerging practices that boards, CEOs and other senior executives should consider when hiring a mobile executive.

Defining a Moving Target

Given the degree to which the frequency of business travel has increased in recent years, a standard definition of “executive mobility” remains elusive. US knowledge workers spend less than 33 percent of their time working in a traditional corporate office, according to research conducted by Work Design Collaborative.⁴

“It’s difficult to define ‘executive mobility’ because its use depends on job function and job level,” notes Yvette Galea, human resources director for Hewlett-Packard’s StorageWorks division. “It tends to be defined on a case-by-case basis.”



That tendency prevails at many companies that use some form of executive mobility. These cases include the following arrangements:

- *Executives who live more than 90 minutes away from their primary office;*
- *Executives whose primary residence is located in a state different from corporate headquarters; or*
- *Executives who work modified schedules (e.g., Monday through Wednesday in the office and from a home office on Thursdays and Fridays).*

What's Driving Mobility?

More companies, boards and executive teams want to define executive mobility because numerous forces are encouraging them to do so. Eighty-two percent of executive recruiters report that employers are at least somewhat open to having their executive candidates conduct frequent business travel in place of relocating to corporate headquarters upon joining the company.⁵

Mobility is on the rise among all levels of the organization. By 2010, the International Telework Association and Council estimates that 100 million US employees will work via mobile arrangements at least part of the time. The drivers behind executive mobility fall into the following three areas:

Organizational Drivers

The fact that companies are willing to consider executive mobility as an alternative to relocation suggests that boards are aware that if they do not consider such an arrangement, their competitors will. "In this competitive environment it's very important to get the right people into the right positions," explains Galea. "And, in some cases, you want to be more flexible to some of their personal needs. Not everyone wants to move their family."



In addition to its emerging value as a recruiting tool, executive mobility also fits with organizational structures that are growing increasingly decentralized. It “stands to reason,” Amelio states, “that ‘world-sourced’ business functions should be located solely on the basis of finding the most attractive people, skills, proximity to key markets, infrastructure, language proficiency, information technology capabilities, costs and facilities.”⁶

Amelio’s argument resonates in a business era where power is based much less on geographic location (a vestige of the command-and-control model) and much more on an extended – and increasingly virtual – network of influence.

Technological Drivers

Technological advancements have largely enabled the organizational drivers described above. Land lines, low-cost fax machines and the emergence of Internet connectivity (first, through dial-up connection) spurred the rise of telecommuting in the late 1980s and early 1990s.

The more recent explosion of cheap and nearly ubiquitous cell-phone and high-speed wireless connectivity along with personal digital assistants (PDAs) and light, powerful laptops helped release telecommuters from the confines of a home office so that they can work almost anywhere, any time.

Other developments have also helped. IBM uses three-dimensional (3D) Internet technology, like the virtual realm Second Life, to foster connections among virtual teams whose members are located far away from the executive who leads them. Employees and executives create avatars – virtual representations of themselves – who interact with each other during brainstorming sessions and meetings. The company’s “Blue Pages,” an online directory featuring resumes, photos, job descriptions and personal information, is used by mobile executives who look up their colleagues’ photos and descriptions during teleconferences. Doing so helps people “get together in a virtual way while cultivating the feeling that we are all part of the same family,” notes an IBM executive who is known as the company’s “master of social glue.”⁷



Additionally, Internet message access protocol (which synchronizes messages across all of an executive's computers and mobile devices), the standard portable document format (PDF) and so-called cloud computing (where messages and documents are stored on servers rather than tied to a specific hard drive) have further eased the logistics of executive mobility – or “nomadism” as described by *The Economist*. “The crucial difference between telecommuting and nomadism ... is that nomadism combines the autonomy of telecommuting with the mobility that allows a gregarious and flexible work style.”⁸

Cultural Drivers

Just as organizations and technology has changed, so have people. The rise of dual-income families has made the current generation of executives generally less willing to relocate. Caring for aging parents and growing concerns about the negative impact of uprooting school-aged children also make executives generally less willing to relocate today than they were a generation ago.

Sixty-four percent of global business professionals turn down CEO jobs due to the lack of work-life balance and 37 percent reject CEO job offers due to “too much stress” in the corner office, according to global public relations firm Burson-Marsteller.

“You don't [become a mobile executive] because you decide you want to live and work in two different places,” asserts Beyer, who has school-aged children. “You do it because the work is in another place and, fundamentally, you're not prepared to move – most often due to family reasons. You believe, for example, that it's not fair to yank your kids out of school.”

Future executives may be even more amenable to mobile arrangements: knowledge workers spend up to two-thirds of their time working at home or in other non-office settings, according to The Work Design Collaborative.⁹



Pros and Cons

Executive mobility poses benefits and potential problems to companies, boards, executives and the workforce. A recent CIO Insight survey identifies “increased responsiveness to customers,” “increased personal productivity” and “easier internal communication” as three of the top benefits companies gain from using technology that enables mobility. (see “Pros and Cons” sidebar on page 7)

There are other advantages. “When I initially talked to directors about this role,” Beyer recalls, “I said, ‘Look I’m just not in a position to move to Austin. If that’s a condition for employment, we should end the discussion now.’” Board members understood Beyer’s position and also communicated their expectation that he would need to spend a majority of his time in Austin at corporate headquarters. The agreement enabled Freescale’s board to hire the CEO it wanted. Companies based in locations with less allure than Austin can encounter much greater difficulty – smaller pools of candidates and longer searches – when hiring new executives who already live locally or who must relocate as a hiring requirement.

Beyer is happy to have been able to take the job without uprooting his family. However, he also points out that his travel schedule can be personally taxing. “Regardless of how much I normally travel for business,” he says, “I’m away from home a lot more than I would be if I lived nearby our corporate headquarters.”

Beyer is away from home for an extended period – five days a week – for a very good reason: he strongly believes that his full-time presence at corporate headquarters (except when he is traveling to visit with customers or employees at other Freescale locations) is crucial to successfully managing the risks that his work arrangement poses.



Pros and Cons:

Benefits

Boards can attract the best talent, not just the local talent

Boards can decrease the time to fill a vacant position by enlarging the pool of candidates

“Employer of choice” recognition and use of executive mobility as a recruiting tool

More effectively compete for talent against companies that offer executive mobility

Offers executives better work/life balance

Risks

Not all executives possess leadership competencies suitable for mobile working arrangements

Can negatively affect company culture (e.g., by fostering anxiety)

Poses management challenges; it is often more difficult to measure and manage performance virtually vs. in-person

Can reduce productivity

Can intensify an executive’s personal stress



These risks include the dilution of company culture (and/or loss of morale), productivity decreases and higher levels of personal stress among mobile executives. “Audio and video-conferencing absolutely do not completely replace the value of sitting in the room during a meeting,” says Beyer.

Conference calls can also present minor but frequent discomfort to remote executives located two or more time zones away from their colleagues: An 8 a.m. ET call to a customer in New York is a 7 a.m. call in Austin – and a 5 a.m. call on the West Coast.

Mitigating Risks, Maximizing Benefits

While Beyer may sound like an executive mobility skeptic, he is also a practitioner – and one who, like other mobile executives, relies on a disciplined approach to maximize the benefits and address the risks. These approaches often include the following actions:

- 1. Select the right leader.** The most commonly uttered sentence among mobile executives is “this is not for everyone.” Nor, says Haddad, is it for every company. “You’ve got to hire people that you trust, who are very talented and who you can rely on without micromanagement,” says Lenovo’s Haddad. While there are certain leadership characteristics that align with executive mobility (see “Leadership Characteristics of Mobile Executives” sidebar on page 10), mobile executives should also remain extremely objective about the pros and cons of their work style to clearly understand the adjustments it demands.
- 2. Establish a commitment.** Beyer’s direct reports and his workforce know that he, like them, will be in the office five days a week when he is not traveling on business. Beyer insists that sort of commitment and visibility is necessary for his arrangement to succeed, especially as someone who joined the organization less than six months ago. In time, Beyer allows that he might work one day a week at Freescale’s facilities in Silicon Valley, but before he does so, he expects to have a good idea about what type of activities he can and cannot conduct remotely without sacrificing



productivity. Many mobile executives indicate that they spend five days a week at headquarters during their first six to 12 months on the job before cutting back to three or four days a week (at headquarters). They say that's how long it takes them to establish trust and develop a strong internal network, one they can rely on when they begin to manage with a more virtual approach.

3. Develop a consistent approach. Haddad emphasizes that policies regarding remote work for executives should be clearly stated and regularly revisited. “A specific policy alleviates any perception that only the squeaky wheels are accommodated,” says Haddad. “It’s also very important to have CEO buy-in to create a culture of trust.” The policy should address how performance is measured; for lower-level executives in certain organizational cultures, that means emphasizing that performance and rewards are based on business performance metrics and highly specific individual performance measures – and not on time in the office. Additionally, mobile executives should align their schedules with their location. Some meetings are suited for conference calls or video conferencing; those should be conducted when the executive is in a remote location. Other meetings require the executive’s presence and should be scheduled when the executive is working in the office.



Leadership Characteristics of Mobile Executives

According to recent Korn/Ferry research published in the *Harvard Business Review*, 40 percent of executives fail within the first 18 months in a new job. In the majority of cases, this is due not to lack of experience or intelligence, but rather, cultural fit and leadership competencies.

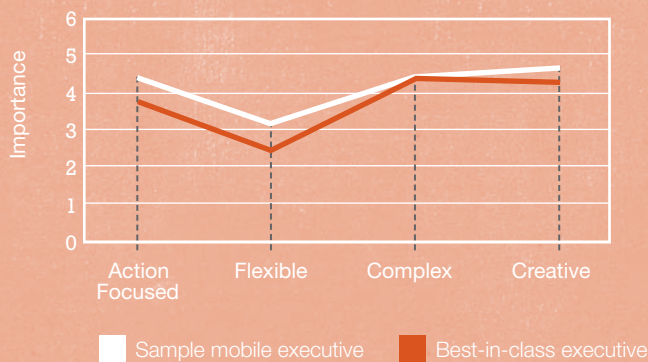
In order to more comprehensively assess “fit” between executive candidates, specific job positions and organizational cultures, Korn/Ferry utilizes a proprietary assessment tool that measures how well a candidate will match a specific company and culture.

With a research database of 500,000 executives, the behavioral characteristics and career motives of the top 20 percent (in terms of success/performance) have been identified. From this information, the firm has developed a library of “best-in-class” profiles. Additionally, Korn/Ferry has developed a research-based library of Korn/Ferry Advantage™ Leadership Characteristics critical to organizational success that clients can use to identify specific competencies needed for an open position. Depending on how the client prioritizes these Leadership Characteristics, the best-in-class profiles are then customized to reflect the client and job situation more accurately.

For example, a recent Korn/Ferry client modified its hiring profile to take into account Leadership Characteristics that it determined were important to a mobile executive in their organization. These characteristics included: strong organizational skills (such as planning and time management); communication skills (both written and oral); interpersonal savvy; the ability to deal with ambiguity; creativity; and innovation management.

As illustrated in the chart on the following page, these characteristics changed the best-in-class profile and consequently, better reflected this client’s particular needs.

**Operating Styles:
Sample Mobile Executive vs. Best-in-Class Executive**



In this example, the best-in-class profile has been modified to reflect a more pragmatic executive who focuses even more on efficiency, reliability and productivity (higher Action Focus benchmark). The Flexible benchmark also has been modified. In some job cultures, an executive with a higher Flexible style may have too short of an attention span. However, in this customized profile, the mobile executive will be part of a culture that demands him/her to be more accommodating to immediate needs, and to use intuition more.

More Mobility, Not Less

Given the competition for talent, technology's relentless advance, cultural trends, and the increasingly global and decentralized character of organizations, executive mobility is likely to increase rather than decrease.

Companies that embrace executive mobility, albeit carefully and judiciously, will stand a better chance of attracting the best executives among a talent pool that appears interested in spending more time beyond headquarters.



Endnotes

- 1 "Worldsource or Perish," by William J. Amelio, *Forbes.com*. August 17, 2007
- 2 "Mobility Boosts Worker Productivity, Customer Service," by Guy Currier, *CIO Insight*. June 12, 2008
- 3 "Executive Recruiter Index," 12th Edition, Korn/Ferry International. November 12, 2007
- 4 "Labour Movement: The Joys and Drawbacks of Being Able to Work from Anywhere," *The Economist*. April 10, 2008
- 5 "Executive Recruiter Index," 12th Edition, Korn/Ferry International. November 12, 2007
- 6 "Worldsource or Perish," by William J. Amelio, *Forbes.com*. August 17, 2007
- 7 "The Top 25 Consultants 2008: Peter Korsten," *Consulting Magazine*. June 2008
- 8 "Labour Movement: The Joys and Drawbacks of Being Able to Work from Anywhere," *The Economist*. April 10, 2008
- 9 Ibid



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The Korn/Ferry Institute was founded to serve as a premier global voice on a range of talent management and leadership issues. The Institute commissions, originates and publishes groundbreaking research utilizing Korn/Ferry's unparalleled expertise in executive recruitment and talent development combined with its preeminent behavioral research library. The Institute is dedicated to improving the state of global human capital for businesses of all sizes around the world.

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Korn/Ferry International, with 89 offices in 38 countries, is a premier global provider of talent management solutions. Based in Los Angeles, the firm delivers an array of solutions that help clients to identify, deploy, develop, retain and reward their talent.

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