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IN THE LEAD

By CAROL HYMOWITZ



Only Stars Need Apply: Companies Are Hiring, But Not Just Anyone

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Picky, picky. After several years of little or no new hiring, companies are beginning to expand their staffs and replenish their management ranks. But with openings still scarce, many employers are being more selective than ever before.

"Where 10 years ago, companies maybe had five critical elements they sought in a new executive, now it's 10 or 12," says Peter Crist, chairman of Crist Associates, an executive recruiter in Hinsdale, Ill. "They want people who not only know their business and can hit a bull's eye from day one, but also have strategic skills and can advance to the next level in a pinch."

In this cautious climate, former insiders have an edge. So do candidates who have worked with one or more of a company's top executives as suppliers or customers, or at a prior employer.

But proven executives who are being approached for new jobs are often as risk averse as the companies seeking to woo them. Employers think they can get anything they want in a candidate, but "A" players won't move if they think there is inherent risk in a new situation.


Consider **Coca-Cola's** recent efforts to find a new chief. When the names of some prospective candidates became public, including Gillette CEO James Kilts and Mattel CEO Robert Eckert, they withdrew themselves from consideration. These candidates have declined to elaborate, but people close to the situation say they were wary not only of the management challenges at Coke but also of being cast as CEOs in search of new jobs.

"During the dot.com boom in the late 1990s, if your name wasn't in play you felt like a loser," says Mr. Crist. "But in this risk-averse environment, the last thing you want as a CEO is to have your board, investors and employees thinking that you are playing footsie with another company."

Coke last week finally reached for a former insider to be CEO, bringing E. Neville Isdell, a 35-year Coke veteran, out of retirement.

Whether employers are seeking senior executives or midlevel managers, they are doing far more due diligence, such as checking a candidate's references before agreeing to meet him or her and insisting on rounds of interviews with a variety of people. Chicago Mercantile Exchange, which went public in late 2002 and has

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ABOUT CAROL HYMOWITZ

Carol Hymowitz writes about leadership challenges and conflicts three Tuesdays a month in In The Lead. Carol conceived the column partly out of her experiences as a manager at the Journal, as bureau chief in Pittsburgh and now as a senior editor in New York, where she supervises a group of reporters in several cities. In her 20 years with the Journal as a reporter and editor, she has covered many industries – including steel, retail, banking, and manufacturing – as well as management and workplace issues.

"Given the technological and global complexity of business today, managers must make decisions at an ever faster pace while motivating others in new ways," she says. "Yet management and leadership remain an art rather than a science, dependent as ever on relationships among people. I try to illustrate that through the experiences of myself and others."

Carol says she sees the column as a conversation with readers. To contribute your perceptions and opinions, e-mail Carol at inthelead@wsj.com³.

rapidly moved into electronic trading, added three top executives to its 10-person management team in the past 12 months. Final candidates for these jobs -- head of corporate business development, chief marketing officer and general counsel -- were interviewed by all senior executives as well as by some directors.

For its business development spot, CME, which doubled its business in the last two years, hired an executive whom CEO Craig Donohue knew and had worked with as an outside consultant. Its new general counsel understands CME's situation as both a public and a highly regulated company. And it searched for its marketing chief for nine months.

"We needed to isolate someone who understood the arcane world of derivatives as well as branding, and we sorted through hundreds of people," Mr. Donohue says. "We'd rather wait and find someone who knows our products and who we're convinced can add value right away."

At **U.S. Cellular**, Jeff Childs, senior vice president, human resources, has been on the job for just 90 days. When he was approached for the position by CEO John Rooney, with whom he had worked at another company, there were careful deliberations on both sides of the table.

Mr. Childs, a former human-resources consultant, was interviewed by the chief financial officer, chief information officer, chief technology officer and COO as well as the CEO, but he also interviewed each of them, as well as managers he now oversees. "Top management wanted to know if I understood them, and I was anxious to find out if they were truly operating in the way they said they were," he explains.

His first priority is to add 400 to 500 new employees to U.S. Cellular's current staff of about 7,000 by the end of the year. But he cautions managers to be highly selective when recruiting. "I talk constantly about quality," he says.

At PointRoll, a small online advertising technology company in Fort Washington, Pa., founder and CEO Jules Gardner believes the days when companies recruited outstanding talent without knowing exactly how they would employ it are over. Companies that scaled back in the recession don't want to get fat again. "You don't hire someone just because they're brilliant if you don't need them for a specific job," he says. He doubled PointRoll's staff to 40 from 20 in the past six months, focusing on executives who have already built their own successful businesses. For the No. 2 COO spot, for example, he hired Chris Saridakis from rival DoubleClick. "He'd already built a half-billion-dollar business there," says Mr. Gardner. "I believe in hiring people who can run circles around me."

Other CEOs who are shopping for COOs -- often at the behest of boards concerned about building bench strength for succession choices -- are having more difficulty than they expected. "Executives with the best reputations are asking, 'Why should I leave something secure for a No. 2 spot elsewhere?'" says Mr. Crist. "They figure if they're going to move, they want to trade up to No. 1."

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