

C-suite Chase: Job Cos' Search Engine Going Full Steam

Candidates rejecting offers at last minute, lack of focus on leader grooming a concern

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Mumbai: Search firms have been inundated with mandates to hunt for CEOs and CXOs as Indian companies grapple with record C-suite exits in 2023, presenting a challenge for business continuity.

Some industry leaders have also been critical of the inability of corporates to groom in-house talent for top jobs, being forced to turn to external candidates. In the light of that, boards have been paying closer attention to ensure a second line of talent is ready and available for the leading roles.

Last year saw a record departure of 179 managing directors and CEOs from NSE-listed companies against 167 in 2022,

Talent Hunt On

Top execs are rejecting appointments in final leg as cos going all out to retain them

Experts attribute trend to rise in market opportunities in mfg and GCCs, surge in IPOs



Also, there is a leadership talent crunch across various roles

Worries over lack of focus on readying in-house talent pool

as per Primeinfobase data. The search for replacements is also overshadowed by concerns about selected candidates rejecting appointments after the process is complete, something experts characterised as unexpected behaviour at the senior management level.

Leadership Talent Crunch

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The crux of the issue is that most corporates are buying talent and not developing it inhouse, said Forbes Marshall co-chairman Naushad Forbes. "The demand is a reflection of how the economy is growing," he said. "And also, an issue with corporates wanting readymade talent. This situation will eventually settle down, but companies should focus on nurturing and building in-house talent for leadership roles."

When candidates decide to stay put or go elsewhere just before their scheduled joining date, companies lose valuable time.

"Sometimes CXOs just go incommunicado just a few days or weeks before they are about to join the new company, which means that we have to start the search process all over again," said the CEO of a search firm.

Shiv Agarwal, managing director of leading executive search and talent advisory firm ABC Consultants, attributed this to an emerging trend of companies going all out to retain their existing CEOs and CXOs.

"It is becoming more and more challenging with many late drop-offs after a senior executive has finally accepted an offer," he said. "What we see quite often these days is that many of them decide to stay back in the existing company, which is willing to loosen their purse strings or sweeten their offers to

retain the executive."

Experts also attribute this trend to burgeoning market opportunities, especially in industrial, manufacturing and global capability centres (GCCs), along with a surge in initial public offers (IPOs).

"There is a leadership talent crunch in the market, which is getting even more pronounced with a gamut of opportunities, especially in sectors such as manufacturing, IPO-bound companies, EVs (electric vehicles) and others," said K Sudarshan, MD, India, and regional chair Asia, EMA Partners.

Plus, there is a scarcity of leadership talent across various roles, including CEOs, CFOs, CLOs and CIOs, he added.

"The quest for senior leadership extends beyond tier 1 cities and metros to encompass tier 2 cities such as Coimbatore, Jaipur, Baroda and Pune, among others," said Sudarshan.

INNOVATIVE APPROACH

When a candidate drops out at the last minute, it means companies have to wait another two-three months to get another person on board, experts said.

In any case, the cost of attracting CXOs is high as most of them have golden handcuffs, for which they need to be compensated. Hence, companies are trying to be innovative in luring top talent with different compensation structures, long-term benefits, stock options

and attractive joining bonuses, said search experts.

Sudarshan of EMA Partners said search firms have to be more nimble and factor in the probability of a candidate dropping out by learning to read the signs and having a back-up plan in place.

There is continued demand for high-quality talent in the executive space, not only in India but globally for Indian talent, Arvind Usretay, senior director, commercial leader, India and South Asia, Mercer Consulting, told ET recently.

"That is yet another reason for salaries to go northwards," he had said. "CEO pay in India has had to keep pace with global standards."

Demand for CEOs and CXOs has soared as companies are growing rapidly in the post-Covid period, said Narendra Ambwani, independent board member and CEO, CXO coach.

"Many are expanding their operations or buying other businesses to expand," said Ambwani, former India MD of Johnson & Johnson and member of several boards. "There is a shortage of experienced talents in CEO and CXO positions, so demand is outstripping supply. The best way to retain talent is to create opportunities for the C-level folks within the corporation and provide them leadership roles in new unexplored territories to challenge them. Most are happy with compensation but are looking for new challenges."