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Butte du Lion at Waterloo Battlefield



Graeme Cooper (left) and Mike McCarthy of Corporate Battlefields describe troop deployments and tactical moves made at the Battle of Waterloo

Inside

- 4 Understanding European Anti-Discrimination Laws
Making M&As Work
Diversity and Global Networks
- 5 New Solutions in Offshoring and Outsourcing
- 5 Council News
 - Corporate Governance
- 6 Financial Executives & Controllers
- 7 IT Leadership
- 7 Legal Affairs
- e-Procurement
- Purchasing
- 8 Mergers & Acquisitions
- Strategic Risk Management

Making Decisions Under Pressure

The Conference Board Europe's new battlefield-excursion programme for business executives studies the challenging decisions made at Waterloo.

By Marc Stegeman

History repeated itself over the course of two balmy days in Belgium at the end of May, when a group of senior executives, military officers and analysts came together to examine the decisions made at the battle of Waterloo. The event was "Decision-Making Under Pressure," a new leadership skills programme offered by The Conference Board Europe in association with Corporate Battlefields. On lush green fields which saw some 47,000 casualties on 18 June 1815, these top managers walked the terrain and went through the day's decisions – to figure out what worked and what failed, and how even a genius like Napoleon could get it so wrong.

"The single most important thing in battle, and in business, is having a commander who

wants to win and who makes his organisation believe that they deserve to," said Professor Richard Holmes, professor of military and security studies at Cranfield University and the Defence Academy of the United Kingdom and author of some two dozen books on military history, who joined the participants as dinner speaker.

He told how, at the very height of the battle of Waterloo, Napoleon decided that things were going so well that he could afford to head back to headquarters to write a few letters to Paris. Feeling under the weather, and confident that the enemy was on the verge of collapse, he left in charge his trusted *maréchal*, Michel Ney – who wasted no time in losing the war.

Ney, a brilliant cavalry commander, made a mistake typical of managers facing new challenges. Uncomfortable in an unfamiliar role, he relied instead on what had worked for him in the past. Rather than overseeing the overall battle, as instructed, Ney decided to personally lead not one, not two, but eight heroic but unsuccessful charges against the British 'squares' – a formation rarely in the history of warfare



Jack Iseli, The Conference Board Europe's Regional Representative for Switzerland and Austria, ponders the implications of decisions taken at Waterloo.

ever broken by cavalry. Despite each failure, and instead of examining his options (using artillery, for example), Ney stuck with his ill-conceived strategy until his forces were all but spent. By the time Napoleon could race back to the field, it was all but over.

With the hindsight of history, these decisions seem hardly the stuff of military genius. How could such successful and accomplished leaders make such mistakes? And yet, how many times do we in business today witness the same types of behaviour? The powerful and charismatic CEOs whose teams can't function without them? The managers who stubbornly repeat the same mistakes over and over rather than admit a problem? The lessons to be drawn from Waterloo – the blunders as well as the acts of bravery and brilliance – continue to resonate not just on the battlefield, but also from the boardroom to the shop floor.

Two radically different approaches

One of the aspects of the battle of Waterloo most appreciated by business executives is the way it showcases different approaches to leadership. On the one hand we had Napoleon, with an uncanny ability to motivate people, and a willingness to strike at opportunity even in the face of seemingly insurmountable odds. On the other side stood the Duke of Wellington, a disciplined and steadfast leader, more skilled in the art of defence, a master at reinforcing and defending his positions, a man able to generate tremendous loyalty and maintain discipline among his troops. In short, a good manager, who understood the value of teamwork.

Napoleon was at the time considered the far superior leader. Despite their superior numbers at Waterloo, the opposing allied army was hastily cobbled together from a mix of nationalities, languages and cultures – a challenge to manage, even today. Despite the odds, Napoleon was still the favourite to win. So why didn't he? One answer may lie in Napoleon's style and structure of command – a leader with a strong personality, acting often on instinct, but without what the military calls 'mission command': a system that allows subordinates to understand not just what to do and how to do it, but what to achieve.

"Mission command gives a unifying purpose to an organisation," said Lt. Gen. Sir Philip Trousdell, former Commandant of Sandhurst Military Academy and General Officer Commanding in Northern Ireland, 2001-2002. "It is a key to making things really work efficiently, because what it does is it sets the mission of the firm or unit, and allows everyone to buy in to their responsibility, so that everyone, even way down in the firm, someone junior, is given responsibility and allowed the initiative to do their bit."

"The power of human decision-making right up and down the chain of command is fundamental," said Prof. Holmes, "I think that if Lt. Col. James MacDonnell hadn't shut the gates of Hougoumont, a farmhouse to the southwest of the main



Learning business lessons from military history

Photos by Frank Toogood for Corporate Battlefields



Participants at The Conference Board's Waterloo event in May pictured with re-enactors of 1st Chasseurs of Imperial Guard.

allied line at Waterloo, Wellington might very well have lost. When all is said and done, this mighty battle hinged on the closing of the gates of Hougoumont.”

For Chris Start, a former Procter & Gamble executive and the management consultant leading the business applicability discussions, this holds a vital lesson for senior managers: “In business today, we spend a lot of time focusing on the importance of big strategic decisions, and sometimes we forget the critical importance of the operational decisions being made every day by the people doing the work. At the battle of Waterloo, we are quickly reminded that much of what was decided in the battle that day was decided by the people who made the operational decisions on the ground... With Napoleon, we have arguably the greatest strategist of the time. We also have acts of extraordinary courage, both in decision-making and in action, on the field of battle. What this programme is trying to do is to ask the question: is there a process to making these decisions that will allow you to make good quality decisions when under pressure, where time is short, where the situation is dynamic and where the outcome really matters.”

Facing fire

Over the course of The Conference Board Europe programme, the executives put themselves in the position of the soldiers and generals who had to make the critical, high-pressure decisions that ultimately determined success or failure in this key battle. In workshops, they studied in depth these examples of military leadership as they apply to the business world today, identifying

tools and processes that allow managers to make good decisions even under the most extreme pressures.

Standing at the actual sites where men lived and died by the quality of such decisions, participants said the programme not only teaches valuable lessons but does so in a way that guarantees retention.

“It’s learning, but in a different context from what you’re used to,” said David Kingma, Corporate Social Reporting Manager for British American Tobacco. “You’re out there in the open air where things actually happened. It beats a PowerPoint in a lecture hall, 10 out of 10.”

“This Waterloo experience reinforces how important it is to provide clarity in the instructions that you are providing your teams, in the strategy, in the objectives and what they’ve got to achieve, and what is critical to them to deliver,” added Mike Shepherd, vice president at Unilever’s HPC division.

Karel Vankeirsbilck, Vice President, Internal Services, Belgacom, appreciated the simplicity of the tools presented at the workshops: “The methodology was very clear and simple, and that’s good because we need simple tools to make decisions very quickly.” His only regret was that the

history lessons themselves were given only by the winning side – the victor’s prerogative, perhaps. “It might have been very interesting to have another angle, another point of view, and confront these two views. Still, it was a rich experience that I’m sure I will never forget.”

“What Waterloo teaches us, above all, is to work out what you want to do, and do it,” said Crispin Black, intelligence analyst with Sky News and one of the military experts who attended the event. “This is applicable not just for the military, but in terms of business as well.

The next Waterloo events will be held on 18-19 October, 2007, and 20-21 May, 2008. Numbers will be strictly limited, so, to secure your place early, contact Keith Holland, Senior Regional Director, The Conference Board Europe:
keith.holland@conference-board.org

“The single most important thing in battle, and in business, is having a commander who wants to win and who makes his organisation believe they deserve to.”

**Professor
Richard Holmes**



European Webcast Update

Understanding European Anti-Discrimination Laws

26 June, 2007

*Note: Webcasts are
archived and available for purchase at
www.conference-board.org/webcasts*

Dr. Andreas Metz, Research Associate at The Conference Board Europe, opened June's webcast with an overview of EU legislation and the two main European directives on anti-discrimination. Andreas described the broad scope of the directives, defined direct and indirect discrimination and commented on the sanctions systems. He also outlined that the rules on the burden of proof were disadvantageous for employers.

How have European countries implemented the legislation? Dr. Gerlind Wisskirchen, a labour law specialist and partner of CMS Hasche Sigle, gave country-specific information (Germany, France, Spain and Poland), presented case studies and made practical recommendations on how business should handle the new laws.

Fiona Dunger, Senior Attorney at IBM UK, gave a company perspective on how to comply with age-discrimination legislation. Fiona outlined how the new laws will affect recruitment and selection procedures and employment conditions at IBM. Changes in the retirement processes meant that IBM had to raise the retirement age from 53 to 65, and the company has to consider new procedures for those aged over 65, who now have the right to continue working if they so wish.

Diversity and Global Networks

Diversity policies make good business sense, say 83% of the companies that have adopted them. European company diversity initiatives were presented by Andrew Tank, Executive Director for Research and Communications, The Conference Board Europe, to participants at the first in a series of "Rencontres Internationales du Management," organised in June by the alumni association of the Ecole des Mines in Paris and the Harvard Business School Club de France on the topic of "Global Networking in an Increasingly Networked World." His presentation was based on research carried out for the European Commission on organisations' diversity policies and good practices in the workplace.



Andrew Tank (right) presents research results on the business case for diversity to participants at the first in a series of "Rencontres Internationales du Management," Paris, 5 June.



Panel members (from left): Alain Minc, Chairman of AM Conseil; Louis Schweitzer, Chairman, HALDE; Erik Izraelewicz, Deputy Editor, Les Echos; Yves Barou, HR Director, THALES; Andrew Tank, Executive Director for Research and Communications, The Conference Board Europe.

Making M&As Work

Mergers and acquisitions (M&As) have strongly rebounded from the downturn in 2001-2002, but many of these transactions still fail to deliver value to shareholders. Errors in strategic targeting or financial negotiations often doom projects from the beginning. Even if these hazards are avoided, delays and failures in the complex process of integrating M&As can also diminish their impact.

"Strategic Mergers and Acquisitions: Creating Tools and Capabilities for Successful Integration" offers an overview of how companies are seeking to avoid these pitfalls and better manage their M&A activities. Documenting and sharing M&A experiences

allows employees responsible for integrating future acquisitions to learn what works and what doesn't. This is especially beneficial to "serial acquirers" – companies that pursue planned, continual growth through M&As.

After years of hard experience, many serial acquirers are building new capabilities and tools to support their integration processes, the report notes. These companies are tailoring their practices to fit their strategic intent, the size of the target acquisition, and the degree of the acquired company's industrial or geographic similarity.

Offshoring and Outsourcing

The Next Generation of Solutions

Senior executives from some of the world's leading businesses shared predictions about the next generation of solutions in Offshoring and Outsourcing at a Forum in Wiesbaden, Germany, in June. Executives from several European Councils were joined by members of The Conference Board's Global Offshoring and Outsourcing Council.

The Forum brought together a wide range of experience to review the challenges companies face in realising value as the next generation of solutions emerge. No longer can those wishing to outsource realise value through "outsourcing their problems." The challenge now is to work collaboratively in partnership with providers, measuring their performance and outputs and remaining fully engaged throughout the contract period – which is typically shorter now than in the first generation phase.

Ton Heijmen, Special Advisor and Director of the Global Council, stressed that solutions are increasingly complex, with a 'two-tier' market place emerging for providers. It is increasingly important to measure the value achieved in

order to ensure that returns are realised. Ton shared the latest findings from extensive research into global offshoring and outsourcing developments and their impact on management and governance.

Insights into how to capture the strategic and financial benefits of offshoring were given by Tim Palmer, Founding Director, UK Outsourcing Association, and Managing Director, Equa Terra. He acknowledged that the motivation to outsource today is as much a result of the scarcity of skills and know-how as of realising value through lower labour costs, as had been the case earlier.

The Forum concluded with a panel session on how to minimize the negative effects of offshoring on the workforce. Guy-Joel de Llonhais of Unilever and Russell Martin of Aviva shared their experiences of global outsourcing, and the crucial role of HR in realising value and managing the impact on employees. Poonam Barua, The Conference Board's Regional Director – India, offered an up-to-date Indian perspective of the offshoring phenomenon.

In addition to results from a survey of 86 M&A professionals, the report offers detailed case studies from leading companies on their M&A experiences and features candid comments from M&A executives. It also lists "Lessons Learned" and gives several recommendations to better support the integration process.



*Strategic Mergers and
Acquisitions: Creating Tools
and Capabilities for
Successful Integration*
Report 1401

Council News

Corporate Governance *New Equity Market Players*

Brussels, 14-15 June

Hedge funds and other forms of activist shareholder activity have increased substantially in recent years in Europe. Large institutional investors, such as pension funds, are only beginning to get in on the action. What are the roles and responsibilities of directors in this new age of activist investors?

Marco Becht, Professor of Finance & Economic at Université Libre de Bruxelles, gave an overview of the European experience with what he calls 'new active shareholders.' He noted that higher returns are possible when activist shareholders get involved in strategic restructuring rather than simply making other governance changes.

A panel discussion about corporate governance responses to hedge funds and private equity firms followed. Members agreed with Prof. Dr. Lutgart Van den Berghe, Executive Director of Vlerick Leuven Gent Management School at the Belgian Government Institute, that the roles and responsibilities of directors in this new age have become more complex – especially as minority shareholders acting as a group begin to leverage their smaller positions particularly through the media.



Dinner speaker, William Mosseray, EVP Strategy (left), and meeting host, Dirk Lybaert, Secretary General, both of Belgacom, gave a lively briefing on Belgacom's Governance Strategies.



Council participants in the Belgacom Tower boardroom.

Financial Executives & Controllers *Efficiency in the Finance Function*

Budapest, 7-8 June

The European Council of Financial Executives & Controllers joined with the Hungarian Finance Executives Council for its June meeting in Budapest. They were hosted by Zwack Unicum, a Hungarian drinks company, and Genpact, an outsourcing leader in Central Europe.

The Councils enjoyed lively discussions of improving efficiency, whether through reengineering processes or streamlining work flows. On the first day, Tamás Schenk, Director of Strategy and Economic Research at OTP Bank, the largest Hungarian bank, shared how his organisation has been able to undertake a major international expansion and the role that standardisation and overall financial controlling have played in maintaining efficiency. Schenk highlighted the struggles businesses can face in optimizing the finance function to keep pace with expansion.

The second day's visit to Genpact, a former outsourcing



Members of the two Councils enjoyed a dinner cruise down the Danube. Paul Tiller, Director, European Council of Financial Executives, is pictured on the left.

division of General Electric, included a presentation of their business structure and the opportunity to visit their office to see their workflows and talk to staff. As a business and technology service outsourcing company, Genpact offers clients a robust process for continuous improvement. In this regard, Philip Whelan, the General Manager of Genpact Hungary and the meeting host, made the point that successful companies will look to outsourcing for more than cost savings on labour.

Throughout the meeting, members were given space to discuss their companies' ongoing standardization and efficiency improvement programmes. Most left the meeting reaffirming their commitment to this continuous process of finance function improvement.

IT Leadership *Managing IT by Scale, Speed and Innovation*

Berlin, 31 May – 1 June

Is IT a necessary commodity or a change agent opening new business opportunities? Geleyn Meijer, Group Innovation Director, LogicaCMG, believes that "transaction-based ICT has become a commodity. Knowledge-based ICT is key." He advised members to seek innovations in that part of their industry or business where knowledge is critical to provide services.

In today's world, a global player in the IT services area needs to act as a globally integrated company. Karlheinz Mohr of IBM gave a case-study of the changing role of the CIO through the company's transformation over the last 15 years. The current internal strategy is the "globally integrated enterprise" which aims to come closer to the customer, develop process excellence, promote a culture of excellence and implement a common set of values.

Large organisations tend to have a complex IT portfolio, and decision-making can often be slow. Meeting host Jürgen Wasser, Chief Operating Officer of CapGemini's Consulting Organisation in Continental Europe and Asia-Pacific, explained a successful method to accelerate the decision-making process and keep the momentum going with all the executives involved.



Meeting host Brad Lentz, CIO, Capgemini (left) with Carsten Dalsgaard, Chief IT Officer, A.P. Møller-Maersk.



Visiting the ASE (Accelerated Solutions Environment) Centre at Capgemini.

Legal Affairs *Competition*

Brussels, 13-14 June

Legal arguments over competition in Europe are seldom boring. The Council gathered to consider the issues of private damages for breach of competition rules, dealing with controversies in Central Europe, risk management and state aid in the context of competition law.

Chris Hodges, leader of the Oxford University Centre for Socio-Legal Studies, set the scene of the changing trends in private enforcement of competition law. The key point for discussion was how to strengthen competition within Europe without fostering a 'litigation culture' that might increase the risk of private unmeritorious damage claims. Kent Bernard spoke



Council Chairman Alfred Gerber of Sulzer (left) and Chris Hodges of Oxford University continue their discussions over a coffee break.

about his experience at Pfizer dealing with competition law in the US and there was consensus that Europe can pursue competition without following the American system of private criminal cases.

e-Procurement *Plant Maintenance & Procure-to-Pay Process*

Paris, 6-7 June

The meeting opened with a round-table of hot topics, trends and challenges. It emerged that catalogue content remains a key challenge in e-procurement implementation. The main issues are the relevance of catalogue items for national use, pricing in line with contracts, and the approval process of catalogue updates.

Luc Sposito of Total, meeting host, presented the purchasing organisation and introduced e-procurement tools used in four areas: preparation to sourcing, sourcing, contract management and purchase-to-pay.

A large part of the discussions focused on plant maintenance and procure-to-pay (P2P) processes. Ashar Khan of Accenture stressed that quality of master data, contracts and catalogues is critical if the plant maintenance programme is to succeed. Peter Boersma of Akzo Nobel explained how, besides e-catalogue buying, the company implemented e-procurement processes to support plant maintenance. He stressed that effective change management is key to success.



Some members of the European Council on e-Procurement enjoying an after-dinner walk in Paris.

Purchasing *Sustainability and Purchasing*

Paris, 7-8 June

The June meeting of the Purchasing Council was hosted by Total in Paris and members met with e-Procurement Council members over lunch. Pierre Offant, Total's Vice President Corporate Purchasing, underlined the company's commitment to leveraging innovation and initiative with the aim of providing a sustainable response to mankind's energy requirements. This commitment has important consequences for the purchasing function, explained Jean-Pierre Kellens and Bertrand Lepinoy of Total. The company's purchasing policy revolves around essential principles of health, safety, environmental, social and ethical responsibilities which must be adhered to by Total's suppliers.

Another topic under discussion was data collection/data mining – with a presentation by Isabelle Lauzon, Group Procurement Vice President, Air Liquide. Finally, the Council looked at the "war for talent" in the purchasing function. Gordon Crighton explained how the Purchasing Master degree at the Bordeaux Business School has been developed hand-in-hand with several major multinational companies.



Pierre Offant (left) Vice President Corporate Purchasing, Total, hosted members of the European Council on Purchasing for their June meeting in Paris.

Mergers & Acquisitions

Valuation

London, 14-15 June

Race Strauss, Director of Mergers & Acquisitions at Unilever, hosted this Council's summer meeting in London, where members came together to share and discuss the role of valuation in Mergers & Acquisitions.

The Council took this opportunity to participate in a workshop on 'The Latest Insights into Valuation' led by Kevin Kaiser, Affiliate Professor of Finance and Director of the International Executive Programme at INSEAD, a leading business school. Professor Kaiser led discussion on topics ranging from the pitfalls in calculating perpetuities and accounting for risk to customer life-cycle valuation and increasing trading multiples by acquisitions.

Council members from Shell, Unilever and Fortis also led discussions of critical M&A valuation issues such as 'Scenario Technology in Practice' and 'How to capture maximum value from divestitures through preparation.' In particular, Robert Etman, VP Finance-Corporate at Unilever, shared his experience as the finance lead during sale of their Frozen Foods Division.



M&A Council members took a ride on the 'London Eye' before their dinner hosted by Race Strauss (far left) of Unilever.



Members of the European Council on Strategic Risk Management pictured at the Château de Fillerval, north of Paris.



From left: Henry Masson, Chief Risk Officer, Suez; Ellen Hexter, Council Director; Dominique Hubin, Group Risk Officer, Suez (meeting host); Aditya Mukherjee, Director, Corporate Risk Management, Unilever.

Strategic Risk Management

Assessing Operating and Strategic Risk

Paris, 26-27 June

Dominique Hubin, Group Risk Officer, Suez, was host to members of the European Council on Strategic Risk Management at their June meeting in Paris. He provided some insight into Suez and its Enterprise Risk Management (ERM) programme. The central ERM office has only two professionals to reinforce the message that they are risk officers, not risk managers – they animate the ERM process. ERM is there to break silos and to make people talk about risk exposures in order to arrive at a consolidated view. The goal is to embed risk thinking in the culture of the company.

Speaking more specifically on the topic of "Risk Reporting and IT Tools," Dominique focused on business planning efforts and how they are tied to reporting risk factors in annual and audit planning. A new aggregation tool allows risk to be reviewed on process, branch and business unit levels. All of these reviews contribute to an in-depth corporate review.

Patrick Claude of the Arcelor Mittal Group and Martijn Wissels of Fortis described how operating risk is being assessed and managed at their companies. Andreas Schnerberger of Syngenta Crop Protection told how Syngenta quantifies its operational and strategic risks to help drive performance.

A panel of members shared their companies' risk charters and mission statements, explaining how they were developed.