



Board Europe

A newsletter for members of The Conference Board in Europe

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Building Trust and Global Links

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Welcome to New Members

25 Years of The Conference Board in Europe

"It is now 25 years since The Conference Board established itself in Brussels to look after the needs of its member companies in Europe. Over that time, there have been huge differences in the way companies operate, not least because of the massive technological developments that have occurred and the effect that globalisation has had on European competitiveness.

The Conference Board was originally founded in New York State in 1916 – a time of industrial unrest in the United States and of declining public confidence in business. Re-building public trust motivated our founding fathers and has always been at the heart of The Conference Board story. It is crucial today, when confidence in business is again at low levels. Best practice benchmarks and advice in corporate governance, business ethics, and corporate social responsibility are prominent components of our meetings and research activity. New reports, such as *The CEO Challenge 2003*, described on page 3, uncover the chief concerns of business leaders worldwide. We are constantly developing new programmes to meet the demands of our European members, conscious of the need to bring you the knowledge you need quickly and effectively to save you time, widen your perspective and achieve greater success. Among our latest initiatives are individual web pages for each Council (see page 7) which will make it easier for members to share information between meetings. Our European Councils have links to over 100 sister Councils around the world – in the Americas, Asia and the Middle East. European members are encouraged to attend these international meetings and thereby strengthen their global links.

We look forward to the coming years under the leadership of our new chairman, Niall FitzGerald, KBE, Chairman of Unilever PLC."

Malcolm Brooks

Managing Director - The Conference Board Europe



1 Participants networking at the 4th European Work-Life and Diversity Conference

Finding Business Solutions to Europe's Demographic Imperative

The 4th European Work-Life and Diversity Conference, held in Genval, Belgium on 24-25 September, debated how organisations can manage and profit from Europe's rich diversity. Opening speaker Professor Daniele Joly, Director, Centre for Research in Ethnic Relations, University of Warwick, set the scene by giving the facts and figures of demographic changes in Europe. Businesses will be forced to add large numbers of immigrants to the workforce to counteract the effects of the EU's falling birth rate and ageing population, and will take the lead in making diversity a workable reality.



2 Professor Daniele Joly, Director, Centre for Research in Ethnic Relations, University of Warwick

Delegates divided into smaller groups to discuss such issues as the integration of people with disabilities, training, managing mobility, support networks for minority groups, and how to achieve an age-balanced workforce. While it was recognised

that older workers need to be encouraged to stay and participate in age-mixed teams to ensure the sharing of their valuable knowledge and experience, such is the pressure of today's increasing workload, that they cannot easily be discouraged from taking early retirement. The point was made that many companies, driven by short-term stock market demands, are failing to plan for the time when skilled, experienced workers will be in short supply, and are not putting sufficient incentives in place for older workers.

Speakers suggested ways of re-designing the ways we work. Monika Ruehl, Global Head of Change Management and Diversity, Lufthansa German Airlines, suggested that companies need to be aware of and respond to the very different attitudes of workers according to their generation. Rozemarijn Laureyssen, Director Work Life and Diversity, Europe, Du Pont de Nemours International, advocated moving away from the "8 to 5" culture and seeing work in terms of roles rather than jobs, and how they contribute to business objectives. Edith Jonkers, Manager of Workforce Diversity EMEA, IBM, talked about "creative job sharing". Instead of two people doing the same job at different times or on different days, the work should be viewed in terms of tasks contributing to business goals and should be divided accordingly.

Ellen Galinsky, President and Co-Founder, Families and Work

Institute, referred to a recent survey conducted by her institute in the US which found that "things are getting better" and there has been a change in the workplace culture. Supervisors have reportedly become more supportive and attitudes appear to have changed. On the other hand, work has become more demanding and the feeling of being pulled two ways by conflicting work-life demands has subsequently increased, also for men. When employees are given more flexibility over their work patterns, they are more likely to stay with a company. Ellen talked about a new action plan within communities to share the business case for changing old work patterns, eliminating time-wasting activities or low-value work. She also talked about a new award that is being created in the US that will identify and reward companies for business excellence and workplace flexibility.

Govert Boeles, Head of Global Staff Relations, Shell International, observed that "People don't leave their companies. They leave their managers". He underlined the problems caused by "hierarchy, bad leadership and bad bosses" and referred to a scheme used in Shell Canada whereby managers who had received less than a 50% rating by their subordinates, also on their approach to work-life and diversity issues, were forced to resign. He warned that such a scheme would be fiercely resisted in certain companies and cultures. ●

CEO Challenge 2003

Leadership development and engaging employees in overall corporate goals are becoming cause for concern

*The CEO Challenge 2003:
Top Marketplace and
Management Issues
Report R-1337-RR*



CEOs in all parts of the world say a rising challenge this year and for years to come will be developing quality leaders and getting employees to buy into the company's goals and values, according to the new Conference Board report *CEO Challenge 2003*, which gives the results of a large worldwide survey of chief executives.

Representing 730 CEOs in North America, Asia and Europe, the survey shows that while holding on to customers and reducing costs are the leading worries, leadership development and engaging employees in overall corporate goals are fast becoming major concerns.

This is the first time since this survey has been conducted (3 years) that more than 30% of CEOs surveyed selected developing and retaining potential leaders as one of their top three management issues, anticipating its increased importance by 2008. It was just behind customer retention as the highest ranking management concern. Engaging employees in the company's vision, values, and goals was cited by more than 30% of CEOs as one of the factors most important to their companies' success now – and nearly 18% of CEOs said it would be a key issue five years from now.

“CEOs say that management will be pushed to excel in addressing myriad new challenges posed by

both employees and corporate leaders, while continuing to sharpen the focus on customers' needs,” says Esther V. Rudis, author of the report for The Conference Board. “Having the right people at the top and throughout the organisation will be crucial for navigating through the sort of uncharted terrain we are encountering today, let alone five years from now. We may be seeing the early stages of another war for talent.”

“Developing talent, creating leadership skills, and aligning employees at all levels with organisational objectives will be tomorrow's competitive differentiator,” said Doug Merritt, Vice President and General Manager, PeopleSoft Human Capital Management, sponsor of this year's survey. “CEOs that are willing to invest in the people, processes, and technologies that promote these objectives will be the ones who will reap the future benefits.”

The Conference Board also interviewed CEOs to further explore the survey findings. These leaders warn that stakes will be raised in five years, when they expect the economy to have exited the current deflationary trough. They say that management will require more, that more will be required of management, and that both management and workers will demand more of each other.

Among the survey's key findings:

- Customer retention remains a very important ingredient of corporate success. 44.5% of CEOs say it is now an important factor; 33.4% say it will be in 2008.
- Reducing costs was cited by 43.2% as key for this year; but only 18.3% think it will be important five years from now.
- Rising in importance over the next five years were top management succession (from 9.0 to 27.4%) and talent identification and growth (from 12.3 to 22.3%).
- Improving product innovation and commercialisation remains a persistent concern – 25.3% of CEOs cite it today; 27.7% cite it for 2008.
- Lack of pricing power remains the number one marketplace concern, but fell to seventh place when CEOs tried to imagine what would concern them most in 2008.
- According to the CEOs interviewed in depth, industry consolidation will continue to occur across industries and national borders in 2008, many predicting an avalanche. Yet they are sceptical of the notion that individual mergers and acquisitions are worthwhile.
- CEOs also expect the explosion of global commerce, particularly in Asia, to be the single driving force that dominates all other aspects of competition in 2008. ●

Corporate Learning

The splendid setting of the Château Les Fontaines near Paris was the venue for the September meeting of the **European Council on Corporate Learning, Management Education and Training**. Originally built for the Rothschild family, this chateau is now l'Université Cap Gemini Ernst & Young and has been transformed into a centre of education and training. Steven Smith, Director of Education at the university, described the international business school and leadership development suites at Cap Gemini Ernst & Young.



1 Corporate Learning Council members touring l'Université Cap Gemini Ernst & Young at Château Les Fontaines near Paris.

Measuring results from Training/Learning programmes was a key item on the agenda. Erwin Ihm, Head of Corporate Learning, Deutsche Telecom AG, described how his company uses extensive surveys to monitor and adapt training programmes.

The meeting also featured a round table session, chaired by Danny Kalman of Matsushita Electric Europe. Members discussed issues relating to the selection of providers, partnering, use of consultants, and pricing. ●

Shared Services

What are the opportunities in outsourcing and in what areas is it mostly being pursued? Paul van Beveren of Rhodia Services and Peter Adye, formerly with Procter & Gamble Services, gave an update on the latest trends in outsourcing to members of the **European Council on Shared Services** who met in Munich on 1-2 October.

Other topics included:

- Designing Shared Services organisations and centres
- Activity-Based Costing and Six Sigma
- Front office versus back office functions/services. ●



2 This meeting was hosted by Deutsche Bank in Munich, and the group enjoyed a visit to the Oktoberfest.

Corporate Strategy



3 Members of the European Council on Corporate Strategy were hosted by Volvo for their October meeting in Göteborg.

Corporate Venturing provides an alternative to traditional methods of growing a company. It can be done in one of four ways: by taking a passive, minority position in outside businesses (corporate venture capital), by taking an active interest in an outside company, by building a new business as a stand-alone unit, or by building a new business outside the existing firm with a structure allowing for management independence.

The uses and limits of Corporate Venturing was the theme of the last

meeting of the **European Council on Corporate Strategy**, hosted by Volvo in Göteborg on 18-19 September. Members exchanged their own experiences, good and bad, of various aspects of venturing, and heard case-studies from Volvo, Solvay, Belgacom and Philips. Andrew Campbell of Ashridge Management College presented the results of joint research with the London Business School which identified three sound business models where Corporate Venturing efforts have a reasonable chance of succeeding. ●



Global Supply Chain

The steering committee of the European Council on Global Supply Chain.

4 From left to right: Arne Schmidt (vice-chairman) Executive Vice President, Novozymes A/S; Fred B. Holvast, (host of the September meeting), Manager Distribution and Customer Services, Heineken Nederland Supply; Ruud Bos (co-host), Partner, IBM Business Consulting Services; Wim Hoogstad (outgoing chairman, seated in front of Ruud), Senior Vice-President, Supply; Home & Personal Care – Europe, Unilever HPCE Europe; Dr. Peter D. Laurence (vice chairman); Corporate Director Supply Chain Project, Laboratories Serono S.A.; Mr. Mark Bedeman (new Council chairman), Executive Consultant, Europe, Accenture; Professor Alan Waller, Council Director, The Conference Board Europe

Purchasing

5 Members of the European Council on Purchasing examining coffee-vending machines at Sara Lee / DE's facilities in Utrecht.



Piet Gelens, Director Procurement C&T, Sara Lee/DE hosted members of the **European Council on Purchasing** for their meeting on 2-3 October in Utrecht. Stefanie Miltenburg of Sara Lee/DE presented the company's programme on sustainable coffee sourcing by working through the 4C's (Common Code for the Coffee Community), and talked about several projects in coffee growing areas such as Uganda and Vietnam.

Floris Mokveld of DSM presented the summary of the conclusions of the e-procurement group that had met on the previous day and morning. The group wants to continue to meet formally in conjunction with the Purchasing Council. For the next meeting they will focus on master data and e-procurement including aspects of e-invoicing.

For the main part of the meeting, members' discussions focused on the following main areas:

- *Purchasing policies/ethics and sustainability*
Michael Helleman; Vice President Purchasing, Novo Nordisk,

described Novo's purchasing policy within the framework of the vision, and values of Novo.

- *What will the role and format of purchasing be in five to seven years from now*

Nando Galazzo, Vice President Procurement, Borealis, gave an interesting presentation on the role of procurement under the theme – Back to the Future. "The issues we face today are the same as those already expressed in the 1980s. We still need to get the basic process and tools into order before we can move on".

Michael Hellemann of Novo Nordisk takes over as chairman of the Purchasing Council and Patrick Le Laouenan of the Sanofi-Synthelabo Group is vice chairman.

The next meeting will be held in Vienna on February 5-6, 2004 hosted by Borealis. Topics will include:

- Processes and workflows at Borealis.
- Deutsche Post World Net's purchasing organisation.
- Sourcing of key commodities (electricity, gas and transport outsourcing) ●

Heineken hosted the September meeting of the **European Council on Global Supply Chain** which was entitled "Supply Chain Development – From Vision to Reality". Fred B. Holvast, Manager Distribution and Customer Services, Heineken Nederland Supply, welcomed Council members and explained the company's strategy and organisation. Together with co-host Ruud Bos, Partner, IBM Consulting Services, he described Heineken's STAR Chain Project, restructuring the global supply and sourcing the world from the Netherlands.

Members also heard about Unilever's new e-based learning programme from Wim Hoogstad, Senior VP Supply Home and Personal Care, Europe, and Mark Bedeman, Executive Consultant Europe, Accenture. "The Supply Chain Academy", provided by Accenture, aims to bring effective web-based supply chain skills to key staff at all levels across Unilever's multi-site facilities in Europe.

Wim Hoogstad handed over the chairmanship of the Council to Mark Bedeman at a dinner hosted by IBM on 25 September. ●

*For more information, contact the Council director:
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Investor Relations



6 Enrique Locutura, CEO of Gas Natural, welcomed members of the European Council on Investor Relations

On 2-3 October 2003, the **European Council on Investor Relations** met in Barcelona, hosted by Luis Calvo, Council member from Gas Natural. Enrique Locutura, Gas Natural's CEO, greeted the group, and gave a brief overview of the company and its strategy.

Dr. Ingrid Duplain, Corporate Secretary, Novartis, and member of

The Conference Board's European Council on Corporate Governance, talked about the company's highly professional processes for enhancing corporate governance. Novartis' practices are based on a new directive of the Swiss Stock Exchange, US Sarbanes-Oxley Act, and the Higgs Report.

Jon Downing of TPG and Luis Calvo shared their processes and experiences in targeting shareholders, while Claudia Zannini, IR manager, Unicredito Italiano, and Marco Peyron, IR director at Banca Nazionale Del Lavoro, animated a discussion on the internal communication of investor relations.

The Council meeting ended with a shortened in-box discussion on how members react to analysts' draft reports. Specifically, there was an engaging discussion about how much guidance, if any, IROs can give to analysts. ●

Forthcoming Forum

*Business Implications
of the proposed Environmental
Liability Directive*

[www.conference-board.org/
307Environment.htm](http://www.conference-board.org/307Environment.htm)

The 12th Annual Environment Forum will take place in Brussels on 22nd January, hosted by Total. It will address the proposed EU Liability Directive, exploring its basic principles and how it will intersect with the existing regulatory framework. Discussion will centre on major issues for industry, such as natural resource damages, the intersection with the existing environmental regulatory system, and the insurance ramifications, as well as the impact on industry strategy for base-line and due diligence investigations both at existing properties and those being acquired or divested. Leading academic and industry speakers will explore the ramifications for industry practices and management responses.



The forum is being held in conjunction with the **European Council on Managing the Environment**. Members are pictured here at their meeting in Paris on 2-3 October, hosted by L'Oréal. ●

*To receive the full agenda or to
register for this forum, contact:
yvrone.vanbeek@
conference-board.org*

Hungary – Financial Planning for EU Entry



7 Csaba Lazlo, Hungarian Minister of Finance, addressed members of the Hungarian Council of Financial Executives at a Financial Planning Conference in Budapest.

The **Hungarian Council of Financial Executives** joined forces with the *Budapest Business Journal* at a Conference on Financial Planning for 2004, the year of Hungary's entry into the European Union. Participants at this event, held in Budapest on 30 September, included financial and planning

executives, government officials, representatives from institutions and banks, venture capitalists, portfolio managers and experts in strategic planning.

Keynote speaker was the Hungarian Minister of Finance, Csaba Lazlo, who talked about the factors relating to EU entry included in the budget, submitted to Parliament that same day.

In the afternoon session, Council members presented their experiences with outsourcing and insourcing, focusing on how to measure success and the lessons learned. The cases discussed included the accounting deal between Mol Krt. and Accenture, which is believed to be the largest outsourcing project in the region. ●



1 Neil McPherson, Head of European Business Development, Standard Life Investments
2 Trevor Blackman, Head of Reward, Royal Bank of Scotland Group

Compensation and Benefits in a Changing World

Executives from 18 different countries gathered at the Hotel Château du Lac in Genval near Brussels for the **2003 Compensation and Benefits Conference** on 23-24 September, entitled “*Coping with a Changing World*”. On the agenda were issues of current public concern such as governance, executive pay and pensions, but also bedrock HR issues such as performance management, incentives, flexible benefits and expatriation.

Neil McPherson, Head of European Business Development, Standard Life Investments, gave a comprehensive overview of pension alternatives and retirement options in various European countries. European governments are trying to tackle the pensions issue by increasing contributions through higher taxation, plans to raise the retirement age, reducing benefits, and changing the way indexation is done.

In Neil’s view, the decline of Defined Benefit (DB) and rise of Defined Contribution (DC) schemes will accentuate the worker/management divide. The employee will be increasingly vulnerable. Education in financial planning will be crucial for employees, who will not be protected from market volatility and

from unscrupulous providers. To sum up, Neil McPherson provided an answer to the question “What is the future for European retirement?” by misquoting Thomas Hobbes, author of *Leviathan*: “...the life of man: solitary, poor, nasty, brutish and long.”

Trevor Blackman, Head of Reward, Royal Bank of Scotland Group, showed how the flexible benefits plan is at the core of RBS’s Total Rewards strategy, helping employees feel more engaged with the organisation. The plan, offering a series of choices (e.g. private medical cover, buying holidays, personal computer leasing, supermarket vouchers, dental insurance) successfully delivers value to employees with different needs. ●



3 Exchanging ideas over coffee at the 2003 Compensation and Benefits Conference

NEW for Conference Board Council Members

The recently updated Members Only website now offers information exclusive to your Council. You can:

- Download up-to-date list of members and contact information
- E-mail your entire Council
- Register for Council meetings online
- Get upcoming meeting logistics and materials
- Download past meeting presentations and summaries
- View surveys and other resources

To login to Members Only, please go to <http://www.conference-board.org/membersonly.htm> and follow the instructions.

If you have problems, just e-mail webmaster@conference-board.org for assistance. ●



WELCOME TO NEW MEMBERS

The Conference Board Europe welcomes the following companies as new members:

Belgium
Guidant Europe N.V.

France
Gaz de France

Germany
Lexzau, Scharbau GmbH & Co.

Ireland
Seagate Technology Media

Netherlands
Dieme, & Van Gestel Select BV
Royal Numico N.V.

Poland
Bank Zachodni WBK S.A.
Browary Zywiec S.A.
Elektrownia Belchatów S.A.
Metro AG Przedstawicielstwo w Polsce
Przedsiębiorstwo Panstowe

UK
BD Europe
Convivium
Diageo plc
Diamond Trading Company
Henley Management College
KBR
Makinson Cowell
Merrill Lynch Europe plc
Smith & Nephew plc



1 Gail Fosler, Senior Vice President and Chief Economist, The Conference Board, speaking at the annual conference of the Confederation of Danish Industries (DI).



2 Gail Fosler in conversation with Jess Soderberg (left), CEO, A.P. Moller - Maersk, Global Counsellor of The Conference Board.

“Business as Usual?”

September 11th, the fight against terrorism, the war in Iraq, and SARS are recent examples of incidents with far-reaching repercussions for business, affecting people, companies and governments around the globe. At the annual conference of the Confederation of Danish Industries (DI), held in Copenhagen on 30 September, speakers sought to answer the question “What happens when business is no longer what it was yesterday?” Hence the title of the conference, “Business as Usual?” Gail Fosler, The Conference Board’s Senior Vice President and Chief Economist was a keynote speaker on the subject “World Economy as Usual?”, and offered her views on future economic developments in a global business environment. Following her on the speaker’s platform was the Danish Prime Minister, Anders Fogh Rasmussen, who looked at the political challenges ahead.

The DI Annual conference has become a major business event in Denmark, attracting a prime audience of about 1,000 business and political leaders. The Confederation of Danish Industries represents the interests of management and owners over a wide range of issues affecting the competitiveness and profitability of the 5,800 member companies. Many DI members conduct business on a global basis, so all decisions by the WTO and other international and national organisations that affect Danish business are of concern. As a network organisation, DI offers its members the opportunity to enter into formal and informal networks that cross over traditional trade and interest spheres. DI is an Associate of The Conference Board, and so are many of its members. ●

3 The Danish Prime Minister, Anders Fogh Rasmussen (centre), listening to Gail Fosler’s views on the world economic outlook. The PM is flanked by the Chairman of DI, Johan Schröder, President and CEO of Radiometer (right) and the Vice Chairman of DI, Jørgen E. Tandrup, Managing Director of Scandinavian Tobacco Company (left).

