

'HERA'S



At DuPont,
Holliday (right)
saw Kullman as
a potential CEO a
decade ago

Photo: AP/Wide World; Illustration: David Sipress

It's time for succession

By Matthew Boyle

Illustrations
by Alexandra Campain-Tissier

Pulling off a CEO transition is never easy, especially during a recession. DuPont's smooth baton-passing early this year underscores the importance of having a solid plan

This is not an easy time to nurture a new generation of corporate leaders. Training budgets are being slashed while a depressed housing market has made it harder to move around for better job opportunities. And yet the need for top talent is growing. A record 1,484 U.S.-based chief executives left their jobs in 2008, according to outplacement firm Challenger, Gray & Christmas. Many more could step down this year as losses mount and executive angst runs high. "The CEO job today is more stressful and draining than at any time in history," says Tom Stemberg, the founder and former CEO of Staples. "People have just run out of gas."

At a time when corporations worldwide are crying out for new thinking, *Business Week* decided to take a look at some of the CEOs of tomorrow. These are senior executives who are not yet in the corner office but who have won the attention of headhunters, peers, and their own bosses. Some of the 20 leaders profiled in the next few pages are company veterans. Others have eclectic resumes that cite experience in different industries and jobs. What unites them is an understanding of the global marketplace as well as a knack for sensing and seizing new opportunities.

What's striking about many of these candidates is that they were identified as promising early on and given opportunities to prove themselves. Their careers highlight the critical importance of an oft-ignored management priority: succession. While the median CEO tenure today is just six years, according to Booz & Co., few boards and managers carefully nurture a stable of successors. Last year, the National Association of

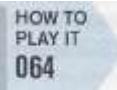
Corporate Directors found that 42.4% of companies had no succession plan at all.

The economic crisis has exacerbated this problem as resources have diminished. Guy Beaudin, an executive coach at RHR International in Toronto, has seen a 25% reduction over the past year in work helping clients groom future leaders. Veteran coach Marshall Goldsmith, who just wrote a book on succession, compares such moves to cutting back on research and development: "There's a short-term benefit but a long-term cost."

For a sense of how to do it well, look at the seamless CEO transition at DuPont earlier this year. Chief Executive Charles

O. Holliday Jr. had spotted top lieutenant Ellen J. Kullman as a potential successor more than a decade ago. Holliday, a gregarious Tennessean and DuPont lifer who became CEO in early 1998, had mentored Kullman since they met in the early 1990s in Tokyo. He was running the Asia-Pacific operations, and she was visiting as a senior manager in the electronic imaging unit. He was impressed with Kullman's willingness to learn. "There goes a future leader," Holliday recalls saying to himself. Kullman remembers being peppered with questions. "He scared me," she says.

Kullman joined DuPont as a marketing manager in 1988 and was quickly promoted, distinguishing herself by improving troubled units. She was tapped in 1995 to run DuPont's \$2 billion titanium technologies business and later turned a newly formed safety-products division into what became the



company's highest-earning segment during the time she ran it. "We had to change our business model three times before we found the right one," Kullman recalls. "There were times when I questioned whether we could get there or not."

Kullman was executive vice-president when Holliday told her last September that she would soon replace him in running DuPont. While her appointment came a bit sooner than Wall Street analysts expected, no one was surprised to see her taking over as CEO at the start of this year. (Holliday, 60, has stayed on as chairman.)

Within DuPont, a 206-year-old Wilmington (Del.) conglomerate, executives appreciate the importance of cultivating the next generation of leaders. Their predecessors learned the hard way: President Henry du Font's death in 1889 left the company without a strong hand on the helm since the family patriarch had designated no obvious successor. In the aftermath, DuPont was nearly sold to a competitor before three du Pont cousins bought the business for \$12 million in 1902.

Although family members continued to run DuPont well

Holiday says Kullman "was able to grasp the image of what it could be." For instance, she came up with new uses for Kevlar synthetic fibers, a brand made famous in bulletproof vests. Among the more popular innovations: \$7,000 tornado-proof storm rooms.

When the time came for Holliday to leave, he knew who was ready to replace him. Along with helping Kullman join the General Motors board in 2004 to broaden her management perspective, he encouraged her to work with a coach to modify her impatient nature. "If I made a statement before, I was just one of the group. Now, it's law," says Kullman. "I have to make sure I am getting everyone's input."

That's especially crucial in a fast-changing environment. Many boards are wondering whether their current CEOs can get them through this crisis. "Overnight, companies that were stable are now in a turnaround sit-

uation," says David Bliss, CEO of consultancy Oliver Wyman Delta. "A lot of boards are saying, 'Do we have in our current leader what's required for the future?'" Gerry Roche, senior chairman of search firm Heidrick & Struggles, notes that recessions typically prompt boards to have a "quicker trigger" when it comes to jettisoning leaders. And, the veteran head-hunter adds, they're more likely to favor outsiders in filling those vacancies.

The decisions Kullman makes today may translate into a very different DuPont in the future. With almost one-quarter of sales tied to the auto industry, she'll need to look elsewhere for growth. Kullman knows that her biggest decision, though, is not which businesses to invest in, but which people.



HOLLIDAY HELPED KULLMAN JOIN GM'S BOARD TO BROADEN HER SKILLS, AND HE ENCOURAGED HER TO WORK WITH A COACH TO TEMPER HER IMPATIENCE

into the 20th century, there was a clear recognition that the company's long-term survival depended on its ability to groom competent, professional managers. The \$32 billion-a-year outfit has since become what's known as an academy company, alongside General Electric, Procter & Gamble, IBM, and ExxonMobil. Such giants rarely have to look outside their own borders to find their next chief, and their emphasis on giving executives broad experience across functions and geographies has made them prime targets for CEO headhunters. (For a look at the new breeding grounds for talent, see page 38.)

Holliday himself had a lot of help in getting to the top job. He came to the company on a summer internship and says he was mentored all through his career, even after he got the CEO job. Former DuPont chief Irving Shapiro, who ran the company during the 1970s, critiqued Holliday's performance after shareholder meetings, and outside executive coach Bill Morin taught him to be more up front with his staff.

Holliday says he began talking about succession "immediately" on becoming CEO. In addition to the usual "truck list"—a roster of people who could run the show if he were hit by the proverbial 18-wheeler—he tried to imagine who would be best suited to lead DuPont in the 21st century. In his mind, Kullman was an obvious possibility. Although the mother of three's gender and marketing background made her an unusual CEO candidate for DuPont, Holliday felt the aggressive and sometimes sharp-tongued Kullman had a keen ability to see around corners. While many colleagues—including Kullman's husband, who also works at DuPont—counseled her against taking over the nascent safety-products unit, Hol-

Business Exchange

Read, save, and add content on BW's new Web 2.0 topic network

Measuring Decision-Making

In a paper to be included in an upcoming book titled *CEO Succession: 2020*, Noel Tichy, a professor at the University of Michigan's Ross School of Business, along with leadership consultant Chris DeRose, presents a way to analyze an executive's past decisions in order to forecast his or her ability to make good calls in the future.

To read the paper, go to <http://bx.businessweek.com/leadership/reference/>



CEUS OF TOMORROW



**VIRGINIA M.
ROMETTY** 51

IBM
Senior Vice-President,
Global Sales & Distribution

the first expense cut by corporations in a recession, and Virginia Rometty, the IBM executive charged with merging PwC Consulting into IBM's business consulting unit, had a big job on her hands.

It hasn't been easy, but Rometty delivered. Last year the \$19.6 billion IBM Global Business Services unit produced \$2.3 billion in profits, up from \$184 million in 2003. So Rometty, who has been at IBM for 27 years, went out on a high note when she shifted in January to run IBM's global sales force." Ginni really created GBS," says Frank Kern, who took over the consulting business. "She had to constantly evolve it to stay relevant."

That skill is one reason Rometty is widely considered a possible chief executive. CEO Samuel J. Palmisano, 57, often has her speak at IBM's leadership forums. She's also an accomplished strategist. Rometty led her group into the business of providing technology for complex transportation systems and upgrades of the electric grid. That spadework blossomed last year into IBM's liber-strategy of providing the business expertise to help create a "smarter" planet.

When IBM bought the consulting division of PricewaterhouseCoopers in 2002 for \$3.5 billion, the tech-industry was in the midst of its worst slump since the mid-1980s. Add in consulting is usually



**JOHN S.
WATSON** 52

CHEVRON
Vice-Chairman

Recently promoted to vice-chairman of Chevron, Watson has experience in nearly every part of the company. Recruited out of the University of Chicago Business School in 1980, he has tackled jobs that typically go to engineers, such as running refineries and international oil exploration efforts. "Numbers tell only part of the story," Watson says. "People get things done." These days, he spends much of his time on the road trying to sell foreign governments on Chevron's expertise and to motivate his people. "Tough times can test you," he says. And the push to green? "The world needs all forms of energy."



**CHRISTINE
BEAUCHAMP** 39

ANN TAYLOR
President

Christine Beauchamp became president of the division of Ann Taylor Stores that makes Ann Taylor clothing in August 2008 at a key juncture. Same-store sales for her unit plunged 29% in the fourth quarter of 2008 as professional working women slashed spending. Now Beauchamp must rely on all her smarts and experience to turn the brand around. A Harvard Business School grad, she worked at Boston Consulting Group before joining Limited Brands in 2003, where she developed beauty products and apparel. If she succeeds, Beauchamp has a shot at replacing Kay Krill, 54, who is CEO of the parent company.

Robert D. Isom Jr. 45 | US AIRWAYS | Chief Operating Officer



When Isom joined US Airways Group in 2007 as chief operating officer, the carrier was known for two things: late arrivals and lost luggage. Isom, who honed his skills at Procter & Gamble, devised a strategy that was as much salesmanship as Six Sigma. His push to improve everything from customer service to on-time departures catapulted the airline to near the top in industry rankings. Now many call Isom a leader to watch. Says airline industry consultant Robert W. Mann: "His ability to walk in from the outside and turn around a difficult situation is remarkable."

ARI BOUSBIB 48

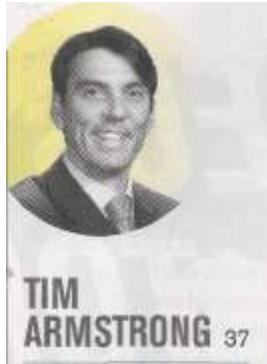
UNITED TECHNOLOGIES
President, Commercial Companies

One year into his expanded job overseeing UTC's Otis, Carrier, and Fire & Security units, the intense Bousbib is using some of the same techniques that helped him turn elevator maker Otis into what Credit Suisse analyst Nicole Parent calls "one of the best-run businesses I have ever seen." But Bousbib is more than just an operations whiz. The Parisian, an engineer by training, speaks four languages and was the brains behind some 100 acquisitions and divestitures earlier in his career at UTC, including the 1999 sale of its automotive unit to Lear and the \$4.3 billion acquisition of aerospace manufacturer Sundstrand. Analysts laud his willingness to experiment with innovative ideas while acting decisively when projects fail.

While it's hard to top the diverse and global nature of his current gig, recruiters say Bousbib has sent signals he'd be interested if the right CEO job came along. In the meantime, he has joined Home Depot's board, a resume builder for any future public company CEO. Home Depot Chief Executive Frank Blake sees him as a strategic and operational sounding board. Says Blake: "This is one very, very smart guy."

One year into his expanded job overseeing UTC's Otis, Carrier, and Fire & Security units, the intense Bousbib is using some of the same techniques that helped him turn elevator maker Otis into what Credit Suisse analyst Nicole Parent calls "one of the best-run businesses I have ever seen." But Bousbib is more than just an operations whiz. The Parisian, an engineer by training, speaks four languages and was the brains behind some 100 acquisitions and divestitures earlier in his career at UTC, including the 1999 sale of its automotive unit to Lear and the \$4.3 billion acquisition of aerospace manufacturer Sundstrand. Analysts laud his willingness to experiment with innovative ideas while acting decisively when projects fail.

While it's hard to top the diverse and global nature of his current gig, recruiters say Bousbib has sent signals he'd be interested if the right CEO job came along. In the meantime, he has joined Home Depot's board, a resume builder for any future public company CEO. Home Depot Chief Executive Frank Blake sees him as a strategic and operational sounding board. Says Blake: "This is one very, very smart guy."



TIM ARMSTRONG 37



JOHN C. COMPTON 48

AOL

Chairman and CEO

The media world was shocked when Time Warner moved swiftly to oust both the CEO and chief operating officer of its long-suffering AOL division on Mar. 12. But few were surprised when Google advertising executive Tim Armstrong was tapped for the top AOL job. He has been credited with forging relationships with the advertising community that have been key to the search engine's growth. It was widely rumored Armstrong was itching for a CEO position.

While Armstrong still has to report to his overlords at Time Warner, it may be just a matter of time before he really is boss: Time Warner is mulling a spin-off of AOL. "It's hard to imagine another industry that will have a bigger impact on the world in the next 100 years than the one AOL plays in," says Armstrong, who started his career by co-founding a Boston newspaper.

Armstrong is tight-lipped about his strategy. So far, he's been holding meeting after meeting with his new colleagues, who are adjusting to their third CEO in as many years. A sociology and economics graduate of Connecticut College, Armstrong has something of a philosophical approach to managing. "It's important to have fun as a team," he says. "When it is time to hop in the pine box, you'll wish you had high-fived more people and taken more risks."

PEPSICO

CEO, Americas Foods division

As oil and grain prices soared over the past year and consumers tightened their belts, PepsiCo's North American food divisions boosted sales while increasing operating profits 3.8%. That's thanks in part to John Compton's leadership. He says his division, which includes Frito-Lay and Quaker brands in North and Latin America, adjusted prices fast.

The son of entrepreneur parents and a graduate of the University of Tennessee, Compton started at PepsiCo right out of college when a recruiter suggested he work at the company instead of in banking, his planned career. He has run the salty snacks division of Frito-Lay North America, where he streamlined the ordering and delivery process, and PepsiCo's Quaker Tropicana Gatorade unit. Since 2007 he has led PepsiCo Americas Foods.

Industry observers see Compton as a likely successor to PepsiCo's current CEO, Indra K. Nooyi, 53. Compton says he has learned much from PepsiCo's two past CEOs, Roger A. Enrico and Steve Reinemund, as well as from Nooyi. "All three of them encouraged me to take calculated risks," he says. "We have a company we believe absolutely has to be the fastest-growing—and you have to take some chances to grow faster than everyone else,"



Jeff Henderson 45 | CARDINAL HEALTH Chief Financial Officer



Some 20 years ago, a mentor told Henderson to keep a list of leadership principles and look at it regularly. Henderson still reviews a list every Friday. His top three: "Act with urgency;" "keep things simple;" and "it's all about the execution." Those principles have remained constant, even as he worked his way up the ranks at General Motors and Eli Lilly before moving to Cardinal in 2005. Recruiters like his breadth. Henderson says he's moved by "a desire to learn and challenge myself, as well as the opportunity to make a difference."

**HEWLETT-PACKARD**

*Executive Vice-President,
Personal Systems Group*

Todd Bradley's accomplishments come to life every day—in the form of passengers at Chicago's O'Hare International Airport grabbing tourist information from HP's glitzy touchscreen computers, and women waiting at a Vivienne Tam store for hours to check out hot pink "clutch" notebooks that Tam designed. In just a few years, Bradley has transformed HP's struggling PC business from an also-ran into the world's top seller of personal computers. "I hope the big one is still to come," he says. "You never let a win go to your head with competitors always on your heels."

Bradley insists he's happy running the \$42 billion unit, but his name comes up often when someone is looking for a turnaround specialist. Last year he was on the short list to take over Motorola's troubled wireless unit. After being appointed CEO of handheld maker Palm in 2003, he cut costs while shifting Palm's focus toward high-end smartphones. Bradley's success formula at HP: He handpicks top lieutenants and prods them to challenge everything, from the price the company pays suppliers to the look and feel of HP's products. "I'm never satisfied," he says, "that we're efficient enough, innovative enough, and generally customer-focused enough."



NIKLAS SAVANDER 46

NOKIA
*Executive Vice-President,
Services*

Niklas Savander is already one of the most visible executives at Nokia, helping to turn a once-bankrupt Finnish manufacturer of rubber boots into a global mobile-phone behemoth. Savander has been instrumental in extending Nokia's dominance

in phones to the burgeoning world of mobile Internet services. He's trying to persuade Nokia users to buy music, games, navigation, and other extras over their handsets. "The rest of the company knows how to make phones," says Savander, a 12-year company veteran with degrees in both science and management. "Our job is to add the secret sauce."

What has caught outsiders' attention is Savander's vision and his ability to be innovative on a global scale. Besides selling services such as mobile navigation to affluent Europeans, he has helped roll out a new service aimed at Indian farmers. Called Life Tools, it uses text messaging to keep them up-to-date on crop prices and disease threats, as well as weather. While Savander denies any ambition to succeed Chief Executive Olli-Pekka Kallasvuo, headhunters say he is clearly on the short list of CEO candidates. And many believe rivals also covet his mix of skills.



URSULA M. BURNS 50

XEROX
President

Ursula Burns, 50, is next in line for the top slot at copier maker Xerox. A mechanical engineer by training with a no-nonsense demeanor, Burns was named president two years ago. She started at the company as a summer intern in 1980 and has survived all its troubles since then, from executive shake-ups to near-bankruptcy.

Burns helped build Xerox' high-profit color copying business before taking charge of manufacturing and the supply chain in 2000. She is a champion of innovation and research at the Norwalk (Conn.) company, which has revenues of \$17.6 billion. During Xerox' credit crunch in 2000-01, lenders and investors pushed for a cut in R&D, Burns recalls. But as an engineer, she argued that the innovation pipeline had to be fed or the company would risk huge product gaps down the road. Her boss, CEO Anne M. Mulcahy, 56, kept research pumping, and in the past three years the company has come out with 80 new products.

Burns expects Xerox to maintain R&D even in these lean times. Revenues dropped 18% in the first quarter of this year as sales of copiers, ink, toner, and paper all plunged. "We must look closely at costs," she says. "But at the same time we need to decide where to invest, with innovation high on the list."

Michael B. Polk | 48 | UNILEVER | President, Americas region



When Michael Polk left Kraft Foods in 2003, company insiders were devastated, feeling as if Kraft's future CEO had just walked out the door. With a Harvard Business School MBA, a three-year stint at Procter & Gamble, and Asian experience on his resume, Polk is an ideal corner office candidate. Former boss Bob Eckert, now CEO of Mattel, says: "He gets the right things done, period." Polk attributes that success to inspiration and a "keep it simple, stupid" approach to management. "Ideas are at the heart of our business," Polk says. "It's about simplifying what appears complex."

John Rice | 52 | GE TECHNOLOGY INFRASTRUCTURE | President & CEO



Rice has had a steady stream of successes at GE. Today he runs the conglomerate's aviation, transportation, and health-care units, the first two of which posted double-digit revenue increases in 2008 despite the tough economy. Analysts applaud his humility, smart cost-cutting, and operational chops. Rice is viewed as a top internal contender to succeed CEO Jeffrey R. Immelt should the embattled chief step aside. Says recruiter Peter Crist: "He has all the right qualities in our book for what today's leaders need to have."



DENISE
MORRISON 55

CAMPBELL SOUP

President, North America
Soups, Sauces & Beverages

As one of the first female sales representatives hired by Procter & Gamble in the late 1970s to hawk Pampers and Bounty, Denise Morrison was once mistaken for a panty hose rep by a grocery store manager. Her reply: "With these legs? Are you kidding?" Having a sense of humor helped in those days, but it was her sharp instincts in marketing and product development that led to her success in the realm of consumer goods.

Morrison has moved her way up through the most stellar names in the business—P&G, PepsiCo, Nestle, Nabisco, and now Campbell Soup, where she oversees the businesses that make up about 80% of the company's profits. Recruiters put her near the top of the short list to succeed CEO Douglas R. Conant, her mentor going back to their days together at Nabisco. "She's thoughtful and incisive and not afraid to make the tough call," says industry consultant Ken Harris of Cannondale Associates. One recent Morrison move was to increase the appeal of soup as an affordable meal for cash-strapped consumers through offers like a can for a dollar, while also appealing to their health instincts by lowering sodium. "We're dealing with a different type of consumer today," she says.



NATARAJAN
CHANDRASEKARAN 45

**TATA CONSULTANCY
SERVICES**

Chief Operating Officer

Chandra, as he's called, has been on the fast track ever since he joined India's largest IT outsourcer straight out of school 23 years ago. His forte: handling big projects for U.S. clients, building teams from scratch, and establishing long-standing global client relationships. Non-U.S. markets today account for half of the \$5.5 billion in revenues of TCS, a unit of the \$83 billion Tata Group.

With his global experience and prowess in developing new business opportunities, Chandrasekaran is regarded as the top contender to succeed current CEO Subramanian Ramadorai when he turns 65 in October. Diptarup Chakraborti, IT analyst at Gartner Research, argues that Chandra deserves the credit for turning TCS into a global heavyweight.

Chandrasekaran says he's less interested in his next career move than in seeing customers through a trying time in the global economy. "Revenue is important, but customer satisfaction is even more crucial," he says. "I've always believed that it's not just what you do but how you do it that's important." With his focus on taking on new leadership challenges and importing best practices from multinational clients, headhunters say he's a leader to watch—even beyond the realm of IT.

**EDWARD D.
SHIRLEY 52**

PROCTER & GAMBLE
Vice-Chair, Global
Beauty & Grooming

After Procter & Gamble acquired Gillette in 2005, most of the razor company's top executives were gone within two years. Not Ed Shirley. Although P&G CEO A.G. Lafley says he played no favorites in choosing which executives would run

the combined company's businesses, most turned out to be Procter people. It's easy to see why Shirley was an exception. In his 27 years at Gillette, he was instrumental in restructuring its international businesses and in revamping the company's supply chain—all with a special focus on the customer.

That passion for customers fits well with P&G's culture. Within a year of the merger, Lafley made Shirley president for North America, P&G's largest division. "I was able to lead the integration of some of Gillette's best practices into P&G," Shu-ley says. Last fall he took over the beauty and grooming unit, which is expected to drive P&G's growth in the next decade. The move almost seems guaranteed to land Shirley a C-suite in Corporate America. Several Procter alums, including eBay's Meg Whitman and General Electric's Jeffrey Immelt, have gone on to become CEOs. With his range of experience, Shu-ley could easily follow the same path.

C. Douglas McMillon | 42 | WAL-MART INTERNATIONAL | President & CEO

On his first day of work unloading trucks for Wal-Mart Stores in 1984, Doug McMillon, then 17, drove his Honda Civic into his boss's car. It's lucky for Wal-Mart he wasn't fired. McMillon has spent much of the last 25 years working his way up to become CEO of Wal-Mart International in January. McMillon is credited with streamlining operations and boosting same-store sales at the company's Sam's Club unit. Analysts see his promotion as a move to groom him to be CEO of the parent company. With \$81 billion in sales, Wal-Mart International is the company's fastest-growing division.





**ELIZABETH A.
SMITH** 45

AVON PRODUCTS
President

Liz Smith is credited with being a key architect of the turnaround at Avon, the world's largest direct seller of cosmetics. After 14 years at Kraft Foods, where she was most recently president of the U.S. beverage and grocery unit, she joined Avon in 2005 as global brand marketing chief and became president in 2007.

Working closely with CEO Andrea Jung, Smith has slashed management ranks and centralized marketing operations. Branding decisions are now made at New York headquarters rather than by separate country managers. Smith has also ramped up recruiting of salespeople globally. Sales have grown nearly 10%, on average, in the past three years, to \$10.7 billion in 2008. Revenue outside North America is now 77% of the group total, up from 70% in 2006.

Smith is viewed as heir apparent to Jung, 50, but she brushes such speculation aside: "I'm just focused on transforming the company and continuing to drive it. That takes all of my attention." In four years on the job, Smith has learned it's crucial to get out in the field to manage Avon's network of 5.8 million salespeople. She travels several months a year. "We need to be adaptive," she says, "Personalities, consumers, workforces, and cultures differ dramatically from market to market."



**KENNETH C.
FRAZIER** 54

MERCK
*President,
Global Human Health*

Kenneth Frazier is nothing if not persistent. Before joining Merck, the former partner at Philadelphia law firm Drinker Biddle & Reath once represented an Alabama man on death row for 10 years until the sentence was overturned. And as general counsel for Merck, Frazier opted to defend lawsuits individually against the pharma giant's painkiller Vioxx, which was withdrawn in 2004 after it was linked to heart attacks and strokes. The case-by-case strategy was deemed risky because it hinged on scoring early wins. But it paid off, with Merck settling most of the U.S. lawsuits pending in 2007 for \$4.85 billion, far less than analysts' estimates, some of which ran as high as \$50 billion. "If you believe what you're doing is right, it's important to persevere," he says.

In his current role, Frazier oversees sales and marketing for the key pharmaceutical and vaccine businesses. But some believe it's Frazier's legal background that may ultimately win him a top job. (Rival Pfizer is led by lawyer Jeffrey Kindler.) Standard & Poor's analyst Herman Saftlas notes that, with new health-care initiatives in Washington and Merck's proposed acquisition of Schering-Plough, "having a person with legal expertise is a major asset right now."

CEO BREEDING GROUNDS

Looking beyond GE and P&G for talent

By Jena McGregor

With their deep pools of talent and vaunted leadership training, General Electric, PepsiCo, and Procter & Gamble have long been popular places to poach talent. While those credentials still dazzle in a CEO search, other breeding grounds are emerging. Recruiters increasingly look at some midtier players, companies in emerging markets, and such tech icons as Cisco Systems and Google.

Some of the centers of excellence are hardly household names. Headhunters point to Swiss electrical engineering player ABB and diverse manufacturer Danaher in Washington, D.C., as excellent training places for future leaders. The record of \$12.7 billion Danaher is already strong, having produced CEOs for such industrial companies as Belden, IDEX, and Polaris Industries. "It's not on the tip of everyone's tongue," notes Korn/Ferry International

partner Dennis Carey, "but their business process is far superior to anything I've ever seen."

In consumer goods, recruiters say Campbell Soup has a particularly rich stable of talent. The reason: CEO Douglas R. Conant makes it a priority to develop strong leaders. Unilever, too, has been the source of several high-profile names in recent years.

Headhunters also see India's Infosys Technologies as a new hunting ground. Chairman N.R. Narayana Murthy calls himself the company's "chief mentor" and has launched a program that lets managers work at nongovernmental organizations for a year to broaden their leadership skills. He has also set up a 334-acre training institute in Mysore (below) that dwarfs GE's Crotonville (N.Y.) education center. No wonder about a half a dozen Infosys executives are currently being considered for CEO posts.

Robert L. Lloyd | 51 | CISCO SYSTEMS | Executive Vice-President



Lloyd recently took over Cisco's vast sales and distribution operations, making him a prime candidate to one day replace Chief Executive John T. Chambers. While known as a stellar deal closer and strategist, Lloyd also embodies the more collaborative approach to management that Chambers now favors, creating virtual teams that have helped his units exceed sales targets. The Cisco vet, who joined in 1994, is also a global player, having worked in Europe during the Internet boom. Says Rick Justice, who led sales and distribution before Lloyd: "He set stretch goals, and he hit them."