

---

## PROFILES

### The CEO's role in talent management

How top executives from ten countries are nurturing the leaders of tomorrow

---

*Executive:* John Swainson

---

*Chief Executive Officer and President*

---

*Company:* CA Inc.

---

*Location:* Islandia, N.Y.

---

*CEO since:* 2004

---

*Age:* 51

---

*Previous position:* Vice-president of worldwide sales, IBM (Software Group)

---

*Sector:* Technology

---

*Revenue (2005):* US\$3.5bn

New chief executives may have to make big changes in how they develop executives and retain them. This is a major challenge. When John Swainson became CEO of CA Inc. in 2004, the company's approach to talent management was disjointed. Senior managers showed little interest in developing subordinates, relying more on outside recruiters to fill openings as the company grew. Human resources—not top executives—was in charge.

As a result, the software company lacked potential replacements for a number of its top 35 management positions. Mr Swainson, a former IBM executive, says a company with more than 16,000 employees and 1,000 executives should be able "to develop 15-20 [senior] vice-presidents capable of leading the organisation. What there was driven by HR, and from what I can tell, talent management wasn't taken terribly seriously by the former senior management team. There just wasn't a well of inside talent. Historically, the answer at CA [was], 'We'll hire somebody for that role.' That isn't a very good answer." He adds: "The issue of organisational development wasn't taken seriously until now. So there is a big gap which we are starting to close."

Mr Swainson believes this deficiency can be costly and undermine long-term stability. "The fact that people are prepared to move into positions rapidly and can assume those positions is an important thing," he says. He adds that even a thorough recruiting process may not ensure that the right person is recruited. "No matter how good your due diligence is, you can never be sure that the person you are hiring really is well suited for

the job," he says. "You may get somebody onboard and discover that they are not really as good as you thought. That can strain growth. In a business like ours, there is such an incredible interdependency that the lack of an effective leader in one part of the organisation can actually strain another."

But CA was in a period of transition and faced other challenges. An investigation by the Security and Exchange Commission led to the resignation of the company's former CFO in 2003 and other senior executives. A year later, CA agreed to pay shareholders US\$225m to avoid criminal prosecution. Shortly afterwards, the company's former CEO and another senior executive were indicted for security fraud, conspiracy and obstruction of justice.

Mr Swainson spent much of his first year focusing on operational issues, such as revamping the firm's accounting system. However, over the past six months, he has been focusing more on personnel strategy. In a series of meetings with his inner circle of about 35 senior managers, he began last September to identify future leaders and discuss how to prepare them through training and job experience. He subsequently presented his findings to CA's board of directors. Mr Swainson reviews CA's current

**"In a business like ours, there is such an incredible interdependency that the lack of an effective leader in one part of the organisation can actually strain another."**

succession plan for its top executives and plans one-to-two years and three-to-five years into the future.

Mr Swainson spends 5-10% of his time on talent management, but he plans to increase this level. He sees talent management as his exclusive responsibility. He helped to assemble CA's present management team and has improved its succession planning. "We have created replacement tables that help us to design programmes that give people the skills and experience that they need to move up," he says.

Mr Swainson covers leadership development and succession at quarterly business reviews with his top executives,

quarterly conference calls with a wider circle of about 150 managers, retreats and other events. The meetings have a secondary purpose of involving promising managers in important business decisions. Mr Swainson sees his role as more strategic, while his COO supervises daily operations. Human resources is a source of ideas and ensures that the company executes its personnel strategies. "The HR guys are the facilitators," he says.

CA is in the process of creating a formal mentorship programme. But Mr Swainson already mentors executives. Along these lines, he assigns a vice-president from one of CA's business units to a six- to nine-month stint in his office. The assignments give these executives a better overview of the organisation. The company holds seminars and other talent management events, where Mr Swainson is a regular speaker. Among his favourite topics is what makes a great leader.

CA uses executive coaches, although Mr Swainson has personally found mentors to be more helpful during his 28-year business career. He says that his informal advisers taught him the importance of "clear, effective communication and common sense". These are, he says, "the two most important management attributes. The only way you can be effective as a leader is to empower your leadership team and give them as much information as you can and as much of the thought process to deal with the information so that they will make decisions that are as good as one can make. My management philosophy is what I try to impart on my team. I try to get them to the point where they would make the same decision I would make if I was in that position. That entails getting them to think logically and clearly about the issue and getting them to ask questions, to probe for data and make sure that they really understand the situation."

Mr Swainson believes a well-rounded background is the best preparation for CEO or COO, but with one caveat. He says that breadth alone is not sufficient; rather, candidates for these jobs should possess particular expertise in one area and in-depth knowledge in key categories. "You have to be acknowledged as extraordinary in what you do," he says. "That combined with breadth gives you the necessary prerequisites for the CEO job. The

**The CEO's role in talent management**

How top executives from ten countries are nurturing the leaders of tomorrow

hardest part about this job is that you have to be able to dig fairly deeply into so many different areas. You have to be conversant in what goes on in sales and marketing, product development, finance and auditing. There has to be in-depth knowledge in all those areas. You have to excel in one of them and have developed competencies in the rest."

Running a global organisation, Mr Swainson says that diversity in management is important, especially a mix of nationalities. He could see a foreign national running the company.

He embraces different management styles and says that good executives can change approaches according to circumstances. "Management styles are clearly situational. There is a time for a very authoritarian management style and a time for a more collaborative style. Effective managers understand the role they need to play and adapt accordingly."