



Tough Choices for Divisional CEOs

Good divisional CEOs have always been able to align multiple interests at both a group and local level. Criticaleye speaks to those on the frontline to find out how the role has evolved since the financial crisis began, and what core leadership skills are now needed to achieve success

The skill-set of the divisional CEO is changing. It's always been a highly demanding role, but it now requires the ability to respond to greater shareholder scrutiny, while also dealing with the complexity of balancing the operational and strategic goals of the business, often at a local, regional and global level.

Bryan Marcus, Regional Director for the South America region of Volkswagen Financial Services, says: "On a daily basis you need to be able to switch from being the 'HQ guy', steering international business units in a manner consistent with the standards of the centre, to being the champion and advocate of local ideas and variations to the central

plan. This requires a different skill-set from the past; a hybrid executive who has strategic and tactical insight."

Indeed, as **Bryan's** job title may suggest, the term 'divisional CEO' is something of a misnomer these days given the various elements of a business that may be spread over

regions and functions. **Stephen Catling**, CEO of manufacturer ABF Ingredients, comments: “You’re working across businesses with multiple P&Ls, different management teams, and with direct reports that are often MDs who run different parts of the business.

“You’ve got to look at how you help each of those businesses continue to develop and give them the freedom and space to do that... Then you take a wider look at the strategic direction of the group of businesses that you have, and the ones which you want to invest more in, or place greater activity around business development or M&A.”

Andy Hague, UK CEO of HR outsourcing provider Croner, says: “Divisional CEOs have to be much more operational. They’ve got to know the numbers, the market and the client inside and out. The Group CEO is going to command a reasonable amount of divisional heads and just wants to be sure they know what they’re doing and be able to support them.”

In addition to this, it’s a role that is under much closer scrutiny. **Andrew Hosty**, CEO of Morgan Ceramics, a division of engineering company Morgan Crucible Plc, comments: “Investors have grown more inquisitive and want to know greater details of what’s going on within the business. This has raised the profile of divisional CEOs from what they would have been five or ten years ago, when it would have been the Group CEO and CFO who interacted with shareholders and analysts within a company.”

TOWER OF STRENGTH

It’s a challenging position, compounded by an influx of data and information that needs to be sifted through, the ability to inspire and engage employees, communicate effectively with stakeholders and the media and, somewhere in the midst of all this, to do the proverbial day job.

Bryan comments: “You’re the ‘meat in the sandwich’, who is being squeezed between the strategic and political expectations of

Divisional CEO Retreat: 2013

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the corporate head office and the demands of international business units that need more flexibility and space to execute their local plans.”

Of course, the traditional pressure points still exist too, such as achieving alignment between divisions. **Kevin Freeguard**, Managing Director at banknote printer De La Rue, comments: “It is about partnerships and doing what is right for the company, the division and the people inside the company. Naturally, there has to be a degree of challenge in that, both individually and also for the business.”

It is about partnerships and doing what is right for the company

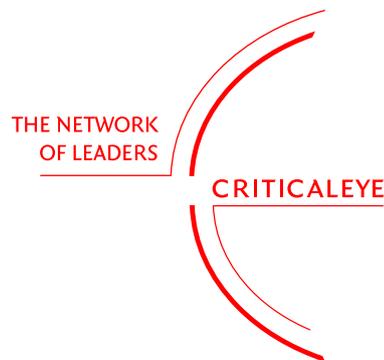
Steve Cooper, Managing Director of Business and Personal Banking at Barclays, comments: “You have to make sure that you are aligned and that you are delivering as part of a wider strategy and there must be synergies between your divisions, either in terms of revenue, growth opportunities or sharing talent and ideas.”

The reality is that this doesn’t always happen as egos naturally come into play, which is something the Group CEO needs to keep in check. “Senior executives are, by nature, competitive and ambitious – they’re successful people, otherwise they wouldn’t be in the positions they’re in,” says **Kevin**. “That’s why alignment around the objectives of the business and where you fit in becomes quite important.”

In order to perform the role effectively, it’s vital to have the people around you that can be trusted in terms of both judgement and execution. **Jo Sellwood-Taylor**, Founding Director of the Mullwood Partnership, says: “The role is changing. CEOs can’t manage the complexity directly, so they need to employ the best people beneath them. It’s much more about working as a team now.”

And that’s why, when speaking to divisional CEOs, the key issue at the moment is around talent management and employee engagement. Quite simply, the command and control style will not work in a large organisation given the multiple responsibilities of leaders today.

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Featuring Commentary From:



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