ceo*

The magazine for decision makers. April 2009

Dossier job & career. Plans, goals, experiences – reflections on the working life.
Freshness/maturity. The competence that each generation brings.
Entrepreneurial spirit. How-tos from start-up pioneers to directors of the board.

Publisher: PricewaterhouseCoopers AG ceo magazine, Birchstrasse 160, CH-8050 Zurich, Switzerland

Editors-in-chief: Alexander Fleischer, alexander.fleischer@ch.pwc.com, Franziska Zydek, zydek@purpurnet.com
Creative director: Dario Benassa, benassa@purpurnet.com

Concept, editing and design: purpur ag, publishing and communication, zurich, pwc@purpurnet.com
Photos: page 3: Andreas Teichmann, page 24: Dagmar Schwelle/laif, page 49: Marc Wetli

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ceo magazine appears three times a year in English, German and French. Circulation: 26,000
Free subscriptions and changes of address: sonja.jau@ch.pwc.com

Lithography/Printing: ud-print AG, Lucerne. Paper: Magno Satin FSC, woodfree, two side coated, silk, bright white

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fibre
www.fsc.org Zert.-Nr. SQS-COC-100038
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It's in times of crisis that true manager qualities come to the fore: the ability to focus on core business, nurture relationships with customers and staff, take decisive action to keep the business agile, and, most importantly, keep a cool head and relieve other people of the paralysing burden of uncertainty. There is a great deal of this to be seen in Switzerland – especially now.

Dr Markus R. Neuhaus
CEO PricewaterhouseCoopers Switzerland

When faced with an extraordinary event, people need to be able to frame it in terms they can understand. For example they look for similar events in the past or other parts of the world. This is just what is happening as the global financial crisis evolves into a full-blown economic crisis. While deciding on a firm response on the basis of comparisons like this is dangerous, comparisons can be helpful in terms of recognising the particularities of the present turn of events. What strikes me about the current economic crisis is the global dimension and sheer uncertainty. Nobody can say with any certainty when the crisis will reach its low point, what industries will be hit in what order and how hard, or whether and when the measures taken by governments will bear fruit, and to what extent they will help. It's in times of crisis that true manager qualities come to the fore: the ability to focus on core business, nurture relationships with customers and staff, take decisive action to keep the business agile, and, most importantly, keep a cool head and relieve other people of the paralysing burden of uncertainty. There is a great deal of this to be seen in Switzerland – especially now. Most business leaders are not waiting for things to take a turn for the better or leaning on the support of the state. They are taking action. This is what I am seeing, and this is what gives me confidence.

In the expertise section of this magazine we share knowledge and advice from our own organisation on four issues that currently concern many businesses: building trust, compensation systems, cutting costs, and cash management. I hope you will get some ideas and inspiration on how to tackle the issues your organisation presently faces as it moves into the future.

Respecting other people's point of view

There is no contradiction between a forward-looking, solutions-oriented entrepreneurial approach and the recognition that certain foundations of our economy are looking shaky – not to mention some of the convictions that used to be taken as gospel. Belief in the solidity of companies seen as more or less vital to the interests of the state, and in elements of our constitution such as banking secrecy, has been shattered. The global economy will be different when it moves into the next upswing.
The people responsible have to exercise some self-criticism and ask how their value system, and thus their expectations of the people that represent them, could have deviated so far from the value system and the expectations of the rest of society. Some representatives of the business world have made mistakes and pursued false values, but the business world's value system per se is not wrong or irrelevant. It is the basis of progress and prosperity and of freedom and peace. The response to recent events shows that large parts of society do not accept the legitimacy of the values and beliefs of the business elite. This is a problem. The solution is dialogue. Dialogue starts with listening, respect for other people's point of view, and the willingness to understand and persuade – but also the willingness to admit mistakes and correct them if necessary. But dialogue also means standing up for what you believe in. Business has to stand up for fundamental liberal economic and social values, embedded in a regulatory framework that is trusted by the public at large. We have to communicate these principles credibly – and put them into practice.

This issue of ceo magazine focuses on people as doers. We present a number of examples showing different approaches to living and different career and life options. The issue starts with three people at the beginning, middle and end of their professional lives talking about the qualities of freshness and maturity.

I wish you interesting and inspiring reading!

Markus R. Neuhaus

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Cover: Christian Grund
Reichle & De-Massari

Dossier Working life

Hans Vontobel: It is important to cultivate different interests at an early stage and to see more than just your career. This applies for young and old alike.

Dr Hans Vontobel, 93, is the honorary chairman of the board of directors of Vontobel Holding and Bank Vontobel AG. The banker with a doctorate in law has set up various foundations.

Dreams? Yes, I do still have dreams, even at the age of 93. I have dreamt all my life. My mother used to almost despair of me: "Hans, you're an eternal dreamer." My father, for whom an idle brain was the devil's workshop, organised jobs during my holidays from university to keep me occupied. I am physically and mentally able to enjoy my later years. It gives me an inner freedom. And I also get pleasure from the little things in life. When I'm on one of my walks around Lake Greifen and buy a couple of wiener sausages to eat in the rain, letting my eyes wander across the lake, that's happiness. Happiness is also spending time with others.

Mens sana in corpore sano: In the past, I used to go for a swim in Lake Zurich at six o'clock every morning in the summer. I have stayed mentally fit by standing by my views and defending them against opposing ones. That strengthened my self-confidence.

In the half-century that I have spent at the helm of our bank, my behaviour towards staff has changed somewhat. In the early years, because of my military service, I used to give clear, short instructions and issue orders. As I grew older, I began to engage with people more and to judge them less quickly. When recruiting for top positions, I increasingly trusted my gut feeling. Getting to know the candidates' wives also proved to be a help in making decisions. Above all, I have arrived at a crucial insight over the course of the years: it is important to cultivate different interests at an early stage and to see more than just your career. This applies for young and old alike.

Older people in particular should not let up. In 1990, we set up the Stiftung Kreatives Alter, a foundation to promote creativity among older members of society. Every two years, it awards prizes to creative works, primarily books, that have been produced by retirees. Those with a particular skill should have their achievements recognised, even if it comes at a late stage in their life. The foundation's popularity is constantly growing. Five hundred and thirty-seven people over the age of 65 sent in work last year; 12 of them were awarded a prize worth CHF 10,000; 19 others received a commendation. There's only one negative aspect about the whole thing: you can't award a prize to everyone. It's not only seniors whom we support. With the Lyra Foundation, we assist highly talented young musicians and make it possible for them to perform at public concerts.

During the week, I am usually in my office in Zurich. I deal with the foundations and follow the bank's development. Sometimes, the chairman of the board of directors or the CEO asks me for my opinion, but they're the ones who make the decisions. I give lectures and travel frequently.

Like any company, a bank is personified by people, and they have to develop a corporate culture that works for everyone. For that, you need young as well as experienced staff. It's not easy to find the right blend. The young ones are ambitious and want to get ahead; they want to take their opportunities when they get them. They pressurise their older colleagues, many of whom are already worn out when they reach the age of 50. They have a right to be treated with respect. At our bank, long-serving employees are almost part of the family. We have to bring the generations together, but it is equally important to create new working methods, such as part-time models for men and women.

A lot has been said and written about the financial crisis. One topic concerns me particularly in this context. The Western world has a distorted relationship with time – everything has to be done quickly, and this promotes short-term thinking. In my opinion, quarterly statements in companies are absurd. The maxim of "the bigger, the better" has also proven to be just as damaging in the banking sector. We urgently need a return to dimensions that are sensible from a commercial perspective as well as for the people involved.

Do I think about death? I don't worry about it. I'm still alive, I have a positive mindset, and I'm cheerful and humble. //

Photo: Markus Bertschi

Melanie Raouzeos: A degree course only prepares you for the business world to a limited extent. You know a little about a lot, but in my opinion not enough about anything.

Melanie Raouzeos, 24, is head of the International Students' Committee (ISC) that organises the St. Gallen Symposium. Last autumn, she completed her bachelor's degree in international relations at the University of St. Gallen.

I don't have much professional experience yet. But one thing is already clear to me: there should be a good mix of young and old, or inexperienced and experienced employees, at my future place of work. There are two reasons why I'm hoping for this. The first has to do with me: I don't want to be the only young person in a company. Instead, I want to work in an en-vironment that's used to dealing with young people. I want to work with colleagues who are in the same boat as I am. First, because I know from my studies that a trouble shared is a trouble halved. Second, because people can motivate one another. Ultimately, I would like to have role models: other young people who have already taken one or two steps on the career ladder and who can provide me with direction for my own career plans.
I am convinced that a good blend is valuable for the company itself. At the beginning of their career, young people have an unobstructed view of things such as structures and processes, thanks to their inexperience. They ask questions, criticise, have the courage to put forward way-out ideas. Older employees, for their part, often ensure with their experience that the wheel isn't constantly being invented anew. I expect them not to simply ignore the suggestions of their young colleagues or dismiss them with arguments such as "We've never done it like that" but instead to be open to suggestions and ideas and have at least discussed them before they wave them aside. If young people with ideas and the motivation to achieve something are not taken seriously, they become resigned or hand in their notice.
A degree course only prepares you for the business world to a limited extent. You know a little about a lot but in my opinion not enough about anything. That is why I will not be starting out in professional life straight after my bachelor's. Instead, I will also be taking a master's so that I can enhance my expertise in a particular topic area. I believe in-depth knowledge is very important today. Doing a master's also has the benefit that you are no longer that young when you start out on your career. A certain amount of life experience undoubtedly doesn't do any harm, even in your first job. The one or the other experience from everyday business life is particularly helpful here. That includes important things such as dealing with criticism and authority – both are relevant in professional life; you don't learn either at university itself. Nor does university teach you leadership.
In my position as head of the ISC, which organises the St. Gallen Symposium, I can acquire initial management experience despite my young age. It is still too early to draw a conclusion. But what I already know for later on is that the way and manner in which a superior communicates is a pivotal factor in many cases.
Freshness/maturity: at the St. Gallen Symposium, that's ultimately what it's all about. We bring students and top managers together at one table, and create opportunities for the exchange of ideas between those with practical experience and students, between generations, between disciplines, between the experienced and inexperienced. At this year's symposium, which is being held from 7 to 9 May 2009, the conference topic is titled "Revival of Political and Economic Boundaries".
At the ISC, we agreed on this topic at the end of summer 2008. With the billions in state intervention that have since been promised, the topic is more current now than ever. It is explosive and exciting; and this has also been demonstrated to us by the positive feedback that we received when we approached potential speakers over the last few weeks. Yet if you ask the CEOs why they come to St. Gallen, many reply that it is not the topic that interests them most but rather the prospect of meeting young people. This discussion is seen as important and inspiring – by seasoned CEOs and us inexperienced students even more so. //

Photo: Vera Hartmann

Philippe Gaydoul: You often hear of sons who can’t live up to their parents’ expectations. It was my good fortune to be a grandson rather than a son.

Ten years ago, Philippe Gaydoul succeeded Karl Schweri as head of the discounter Denner. At the end of 2007, he sold the company to Migros but committed to staying on as CEO until the end of 2009.

I can still clearly remember the day my grandfather appointed me CEO of Denner. As always, he gave us a call on Sunday morning; but this time he asked my mother and me to come and see him. He recognised the work I was doing; and for that reason I was to become the new boss at the company, starting the next day. This wasn’t an offer, but an order. The press release had already been prepared. Thus I took over the management of the discounter on 1 August 1998, at the age of 26.

Well, I knew what my grandfather was like. At Denner, there was only one boss – no matter who was promoted. I always respected that too; after all, up until my grandfather’s death in 2001, Denner was always his company and nobody else’s. Even as a child, I was aware that Karl Schweri was an important man. When he bought the toy store Franz Carl Weber as well, my fascination knew no bounds. The older I got, the more he became interested in me too. When I indicated to him that I could imagine joining Denner, he was delighted but made it clear that I would have to learn the job from scratch.

You often hear of sons who don’t want to carry on the family business because they can’t live up to their parents’ expectations. It was my good fortune to be a grandson rather than a son. This took the explosiveness out of our personal relationship. Nevertheless, my grandfather was incredibly demanding. For seven years, I underwent a strict programme of training at Denner. No matter where I happened to be working at the time, he gave me a ring several times a day. This made our relationship even closer, until ultimately I was also allowed to take part in company management meetings.

Monday was always the worst day for me. That was when the sales figures were presented, in black and white. For several years, they only knew one direction: downwards. One morning, I screwed up the courage to tell my grandfather how much it hurt me to see everything that he had built being destroyed. He allowed me to draw up some proposals for improvement. Of course, I knew that there was no point in suggesting any measures as radical as renovating the stores – that didn’t come until later. To my astonishment, however, he agreed with my proposals, and we managed to stop Denner’s free fall.

As a young boss, however, dealing with seasoned executives was more difficult in the beginning than I had imagined. Looking back, I know that my initially very tough style of management equated to a certain kind of self-preservation. Although I am still very demanding today, I am undoubtedly more relaxed than I was back then. Since then, I have sometimes heard the criticism that I am old-fashioned, for instance, because I strictly use the formal mode of address, even with long-standing company executives. But I believe that a respectful relationship makes it easier to work in a serious and objective manner together.

Since the death of my grandfather, I have often asked myself what he would have said about my decisions: regarding New Denner, the purchase of Pick Pay, the sale to Migros. I think he would have been satisfied. In the long term, Denner only has a chance with a strong partner. I am convinced of that. Nostalgia or emotions are out of place in such existential situations; you need to put your own interests on a back burner for the benefit of the matter at hand and only focus on the well-being of the company.

After all, once again something new is being created out of the family assets. With my holding company, my aim is to build an empire within 10 years that stands up to comparison with Denner. The takeover of Navyboot is just the beginning; I want to acquire three, four or five companies in the consumer goods industry and take them international. I am only 36 and can imagine managing the operations of one or the other affiliated company when I leave the helm of Denner at the end of 2009.

One thing I learnt from my grandfather, and that’s something that most bosses tend to forget: it is important to deal with the issue of your own successor at a very early stage. //

Photo: Cédric Widmer

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Fair value accounting: The best route to transparency.

Since the middle of the 1990s, fair value has become established as a method for measuring the value of financial assets and derivative financial instruments. But the market turmoil of recent months has triggered controversy on fair value accounting. Nonetheless, it is still the best way of clearly representing the impact of the market in financial statements and building trust in reporting.

peter.ochsner@ch.pwc.com

With the advent of the financial crisis, an issue that was previously only of interest to a small group of accounting specialists, and an even smaller number of politicians, has become the subject of public debate: the valuation of financial instruments in corporate balance sheets. The question of correct valuation was never an easy one to answer, and even the standard-setting bodies have made heavy weather of issuing clear guidelines. With these financial instruments now suffering huge losses, and so many markets illiquid, the difficulties have again become very apparent.

Since the mid-1990s, so-called fair value accounting has become established, first for financial assets, then for derivative financial instruments as well. The two international accounting standards – IFRS and US GAAP – contain standards on the recognition and measurement of financial instruments and disclosures (IAS 39 and IFRS 7, and FAS 157). Both standards allow the valuation of financial instruments at fair value. One of the clearest definitions of fair value is the one laid down by the US Financial Accounting Standards Board (FASB) in 2007. This defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Under IFRS, the reporting company must designate financial instruments to one of four categories at inception (see box page 14). The subsequent assignment of financial instruments to another category is only allowed in specific cases defined in IAS 39. The restrictive and complicated requirements laid down in IAS 39 (governing the separation of embedded derivatives and the performance of impairment tests), growing accounting transparency requirements and the option of recognising gains in the income statement have prompted many financial institutions to make use of the fair value option – although the decision was made in an environment of functioning and hospitable markets.

Fair value in illiquid markets

The definition of fair value highlights the current problem: for many financial instruments such as mortgage-backed bonds and derivatives there is now no market; no one wants to buy asset-backed securities (ABSs), collateralised debt obligations (CDOs) and credit default swaps (CDSs), once in hot demand but now shunned because they are seen as lacking in transparency. But how should fair value be calculated in a volatile and illiquid market when current, binding prices are no longer available?

The international accounting standards lay down a hierarchy for determining fair values. In active markets, fair value is based on the current market price (mark-to-market valuation). If there is no active market for the financial instrument in question, fair value is estimated on the basis of a comparable, more actively traded, financial instrument (mark-to-matrix). If no current fair values are available even for similar instruments, internal valuation models such as discounted cash flow (DCF) or option pricing models can be used (mark-to-model).

The use of valuation models

The use of valuation models to determine fair value is standard practice in many different areas. For years, investment companies operating in venture capital and private equity, which often invest in illiquid instruments, have been using valuation models to determine fair value.

But these types of valuation model do have their drawbacks, as they rely on assumptions (for example cash flows or default rates). If the underlying assumptions are wrong – and this is something we have seen with mortgage valuations in the United States – you end up with valuations that fail to reflect the economic reality of the markets.

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reporting

Peter Ochsner, Member of the Management Board, Leader of Assurance

You have to make sure that the assumptions underlying the valuations really do reflect current market developments. So using models to calculate fair value in no way means you have carte blanche to ignore current developments. If a company moves over to mark-to-model, depending on the valuation method it chooses it has to take account of current market conditions and make adjustments for risks like credit and liquidity that market participants would also make. It must also ensure that these models are adjusted to changing market conditions on an ongoing basis. On the other hand, the US FASB standards body has issued guidance saying that fair values should be based on orderly transactions, not on so-called fire-sale prices. The IASB has issued similar guidance.

The valuation methods used should also be validated periodically in the light of current market transactions and prices to ensure that models adequately reflect current market conditions.

What is undisputed is that determining fair value in volatile, relatively inactive or illiquid markets involves uncertainty. In practice, however, it is possible to determine fair values; indeed, fair value turns out to be the only way of creating the necessary transparency. This also applies if the prices determined on the basis of fair value fail to match the hopes of the company producing the financial statements.

The fair value approach is currently the subject of great controversy. Critics argue that fair value accounting can lead to highly distorted results in extraordinary market conditions. If a company has to book losses on the basis of the market situation, they argue, this sends negative signals to investors that can ultimately be misleading. Another criticism is that fair value does not reflect the future value of assets. Some even maintain that fair value accounting increases market volatility.

But this greatly overestimates the influence of accounting. The accounts cannot trigger market volatility; they can only reflect events on volatile markets which result from the interplay of supply and demand. Basically, financial markets behave procyclically.

Rising asset prices generally go hand in hand with greater risk appetite, higher leverage and more aggressive loan-to-value ratios. Declining asset prices lead to a reduction in debt-financed positions (deleveraging), greater risk awareness and more conservative loan-to-value ratios, which puts additional pressure on prices.

Successful lobbying

After months of lobbying, the critics of fair value have obviously made an impression on politicians and standard setters. The EU Commission and the European Parliament have stepped into the regulatory breach because they were afraid that European financial institutions would be put at a competitive disadvantage (US GAAP has long allowed financial instruments to be reclassified under another category). The EU authorities gave the go-ahead for an option created by the IASB in October 2008 whereby non-derivative financial instruments accounted at fair value (financial assets at fair value through profit or loss, AFV) can, under certain circumstances, be reclassified as held-to-maturity assets or loans and receivables (see box below). Until 1 November 2008, entities using IFRS even had permission from the IASB to reclassify with retrospective effect to 1 July 2008. The new valuation at amortised cost that this entails is designed to avoid further write-downs. This development raises a number of fundamental questions.

The purpose of financial reporting

Accounting standards play a key role in enhancing the comparability and transparency of financial statements. They are designed to give market participants a sound basis on which to make decisions. Following the collapse of Enron in 2002, the standard-setting bodies did a great deal to improve the transparency of financial reporting. Principles such as fair value accounting have evolved with the aim of providing information that best serves the

Under IFRS, the reporting company must designate financial instruments to one of the following four categories at inception:

1. Financial assets at fair value (AFV) through profit or loss: This category covers the trading portfolio and derivatives. There is also a fair value option, in other words the option of assigning financial instruments to the AFV category.

2. Held-to-maturity (HTM) financial instruments: These are financial assets with fixed or determinable payments and fixed maturity, for which there is a positive intent and ability to hold to maturity. Held-to-maturity investments should be measured in the balance sheet at amortised cost using the effective interest rate method. The allocation of the discount or premium over the term and any impairments are recognised in the income statement. Interest is stated on the income statement as interest expense or income.

3. Loans and receivables (L&R): This category covers non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments should be measured in the balance sheet at amortised cost using the effective interest rate method. The allocation of the discount or premium over the term and any impairments are recognised in the income statement. Interest is stated on the income statement as interest expense or income.

4. Available-for-sale (AFS) investments: This category of investments measured at fair value covers financial assets that do not fall into any of the three categories above (e.g. all equity instruments that have not been assigned to the AFV category). Changes in value are stated on the balance sheet in the revaluation reserve under share capital and reserves. Only on disposal or when there is an impairment are the cumulated changes in value moved over to the income statement. Interest and dividends are booked to the income statement.

interests of investors and the company in the long term.

The fair value approach was a milestone in the efforts to enhance the transparency and comparability of corporate financial statements. Fair value is oriented to the market, and creates transparency. So in professional circles there was widespread agreement that fair value accounting was the most appropriate way of measuring the value of financial instruments. Is an approach that was viewed as the right one during a period of rising prices suddenly wrong just because the market has turned? Certainly not, at least in terms of transparency.

A reflection of reality

Financial statements should give as true a picture of reality as possible. Representing all transactions and the development of value accurately is certainly a challenge. But financial reporting cannot do more than reflect and represent; it cannot change corporate reality.

If the principle of fair value were to be dropped or replaced with another method based on historic costs, it would be left to investors themselves to find out the current value of financial instruments in the notes to the financial statements. But this would hardly be the best way of creating trust and transparency.

Added to this, financial reporting reflects the reality on certain cut-off dates. The balance sheet shows the value of assets and liabilities on the balance sheet date. Neither the balance sheet nor the profit and loss statement have anything to say about the way value will develop in future. If management wants to publish its views on the future development of value, which is certainly something to be desired if the company is committed to value reporting, then the financial report or management discussion and analysis (MD&A) is the place to do it. But it would contradict the principle of a true and fair view, not to mention the principle of commercial prudence, to discount potential future increases in value in the current valuation.

Via fair values, volatile markets lead to more volatile corporate earnings. The impact on the profit and loss statement is just as unpredictable as the market developments themselves. To this extent, the fluctuations in the value of financial instruments that result from fair value estimates merely make the reality of the market visible. Fair values show in the accounts how current market developments have affected financial instruments. This creates transparency in good and bad times, and thus builds trust in the entity and its financial reporting.

It is undeniable that fair value accounting results in more volatile corporate earnings. The scale of these fluctuations depends on the change in market prices and – decisively – in the position held. When times are good, nobody objects to the substantial paper gains, and nobody worries about the risks. But as soon as the wind changes, suddenly the brutal reality of inflated positions becomes a great embarrassment, and companies try to banish the “truth” to the notes to the financial statements. Many financial market participants still have to learn how to deal with this type of volatility. It is particularly astonishing to see the conclusions so-called analysts sometimes draw on the value of a business from highly volatile quarterly results. Taking a longer-term view would surely lead to a more realistic assessment.

Continuity in application

If, for example, a company decides that certain positions in the trading book are no longer held with trading intent, it can make perfect sense to reclassify them and disclose the fair values transparently in the notes rather than stating the positions in the balance sheet and profit and loss statement. But if the company reclassifies with the aim of masking the development of its earnings, this does nothing to enhance trust. It is the continuity of the accounting and valuation principles applied rather than the continuity of the values stated that builds trust.

Comments in the German Council of Economic Experts’ 2008–09 annual report are revealing in this respect. The council states that the solvency problems accompanying a systemic crisis can be formally reduced by easing valuation rules to avoid the need for write-downs or value adjustments. The advantage of this approach, the report says, is that it gains time. On the other hand, the council also admits that greater leeway in accounting also increases uncertainty about the actual situation of the banks, and thus also leads to greater mistrust in the stability of the financial system. It points out that experience with this type of accounting flexibility in the American savings and loan crisis and the Japanese banking crisis was anything but positive.

For an illustration of where a lack of transparency can lead we need look no further than the complete collapse of interbank lending, the result of a breakdown in trust between the banks.

SUMMARY

Used correctly, fair value accounting results in the greatest possible transparency in financial statements. Reverting to the historical cost convention is no alternative. Once they have been decided on, valuation principles have to be applied consistently, regardless of how the markets develop. Especially in times of uncertainty, market participants rely on the continuity and transparency of information. Accounting for financial instruments at fair value gives investors the best insight into an entity’s actual situation.

Compensation systems: A mirror of corporate culture.

Now is the time to rethink compensation systems and see them in the context of a new overall picture. The right remuneration system for a particular company depends directly on its business strategy and the environment in which it operates.

robert.kuipers@ch.pwc.com
remo.schmid@ch.pwc.com

The remuneration of top managers has been a topic of public debate for some time now. But with the advent of the financial crisis, political and media debate on compensation systems has become much more heated. The main target of criticism is the amount paid to top executives and the way this can encourage them to take too many risks. And it's not just the public that believes that compensation systems are often badly conceived – many people in the corporate world also share this view. This is the finding of a survey of 250 financial industry executives conducted by PricewaterhouseCoopers in collaboration with the London-based Economic Intelligence Unit in early summer 2008. Even back then, before the full impact of the financial crisis had been felt, 95 per cent of those polled said they thought that compensation systems in the financial industry were due for at least some degree of reform. Only 5 per cent saw no need for action.

Cause or symptom of the crisis?

Well-known politicians and regulators in all industrial nations believe that remuneration practices have led to a focus on maximising short-term gains. But does the whole financial crisis really boil down to just this one cause? Have inappropriate compensation systems resulted in distortions in the markets that have led to the slide into recession? Or is executive compensation merely a reflection of strategy, corporate culture or mainstream behaviour in times of ever-increasing returns? On this question, opinions are divided. Some believe that the amount and type of remuneration is the cause of the crisis, while others see it as a symptom. Both camps have good arguments, and each one is right in its own way. Compensation systems have undoubtedly been an important factor in the boom of recent years. In a highly competitive employment market they have been – and still are – a useful tool for attracting, motivating and retaining qualified managers. But the way these systems are designed has at times left a lot to be desired. In many cases, bonus systems have been too short term, with a horizon of no more than one year. Most have not included any kind of claw-back clause allowing companies to reclaim bonuses in the event of poor performance. Both these shortcomings have led to bonus practices that stand in no relation to the long-term success of the company. With performance and results rarely measured on a risk-adjusted basis, these systems have also encouraged a tendency to take excessive risks. More than 80 per cent of the executives polled believed that the most serious problems of compensation systems could be attributed to these three critical areas.

Even so, remuneration can hardly be blamed as the main cause of the financial crisis. In truth it has been more like a catalyst that has exacerbated inadequacies in strategy, risk management and corporate culture. The real problem has lain in the interplay of a corporate culture encouraging excessive risk taking, a lack of far-sightedness, the complexity of financial products and inadequate transparency – all made worse by easy monetary policy and, in some cases, an inadequate regulation. Good management also has to do with the managers themselves and their integrity.

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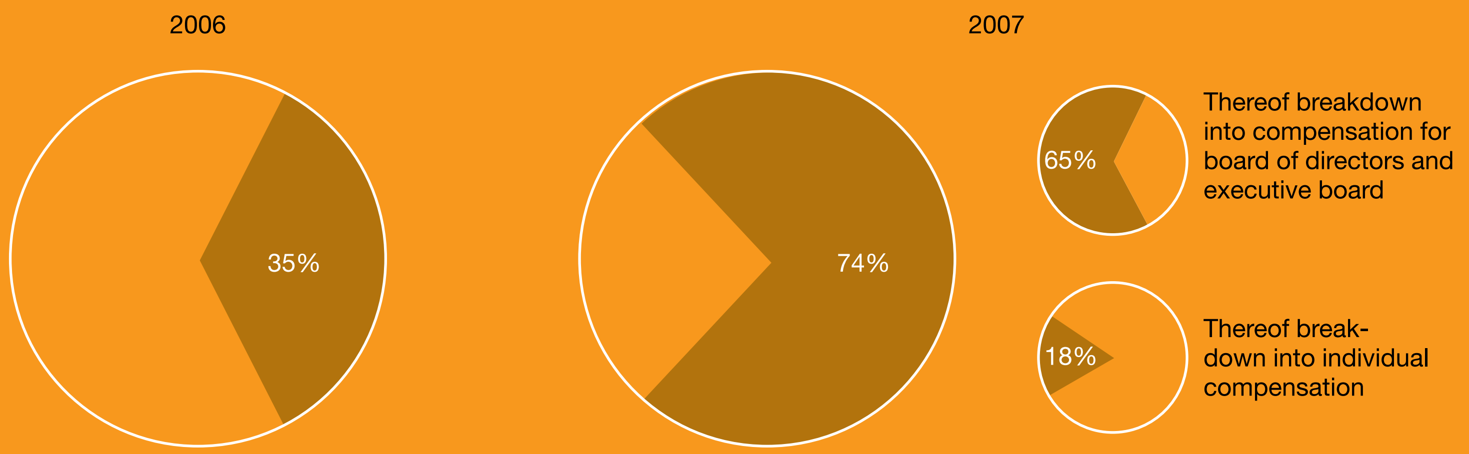
Dr Robert W. Kuipers, HRS Consulting
Remo Schmid, HRS Consulting

Year-on-year comparison of compensation



On 1 January 2007, new provisions in the Swiss Code of Obligations governing the transparency of rewards and remuneration paid to management and members of the board of directors entered into force. Since the law did not apply retrospectively, exchange-listed companies were not obliged to publish prior-year figures for comparison in 2007. Even so, 74% of the 61 companies polled by PwC for its Executive Compensation & Disclosure study did so voluntarily. Of these companies, 65% differentiated between remuneration paid to the board of directors and that paid to executive management. In 18% of cases there was a breakdown of total compensation by individual members. Since the 2008 financial year, all companies have been obliged to publish prior-year figures as well.

Even with a theoretically perfect compensation system, many of the crises of recent months could not have been prevented.

How is value created?

But this does nothing to alter the fact that it is high time to review, and possibly redesign, reward systems. We need to start looking at compensation as part of the bigger picture. The best approach is still the principal-agent theory, which was developed back in the 1970s. A consequence of dividing ownership and management is that owners delegate decision-making powers and responsibility for the fate of their business. Value-based management only works if the interests of the owner (i.e. the principal) and management (the agent) are equally aligned to creating value. This raises certain questions. Are managers sufficiently motivated to create value? Are they adequately rewarded if they exploit the value creation potential of the business? And if the opposite is the case, how are decisionmakers penalised for destroying value?

Carefully designing the relationship between the principal and the agent is a good way of preventing management from exploiting the knowledge edge they have over the owners to their, management's, advantage, and at the expense of the principal. The financial crisis shows just how great a risk this moral hazard poses. Agents took risks with the promise of substantial gains for themselves. But when these risks actually occurred, they had to be borne by the principal and the entire business. Put bluntly, agents reaped the rewards while principals had to bear the consequences when they failed to assess the risks correctly. On the other hand it should be pointed out that many investors have also been quite content to make quick profits and hefty returns over the years.

Should shareholders and the state have a say?

Now, however, shareholders, supported by legislators and regulators, are calling for a greater say in the rewards paid to management and boards of directors.

At the beginning of December 2008, the Swiss Federal Council proposed an amendment to the revision of company law. Among other things, the amendment would mean that the total amount of all compensation paid to the board of directors would have to be approved by the meeting of shareholders every year. It would also make it easier for companies to claw back payments in the event of poor performance.

FINMA, Switzerland's new integrated financial supervisory authority, has announced a circular laying down minimum standards for the financial industry. There are also

signs of similar moves in the United States and the EU.
It is difficult to judge whether involving shareholders directly is the right approach to ensure adequate remuneration guidelines and appropriate rewards. A good way of improving corporate governance would be to strengthen the board of directors and its committees and make sure they take greater responsibility in the matter of remuneration.

Strengthening remuneration committees

Switzerland does not have a long tradition of remuneration or compensation committees. Like audit committees, they still have to become established. Drawing up compensation systems should be at the very core of the responsibilities of the remuneration committee, acting on behalf of and in close consultation with the full board of directors. For its part, the full board must ensure proper transparency so that shareholders have all the data they need to decide on remuneration. If the AGM does not agree with the proposed model – in other words if it feels that the board of directors has not acted in its interests – it still retains the right to dismiss individual members or the entire board.
Designing compensation systems is a difficult task. The remuneration committee has to act as an intermediary between the different stakeholders, so much of its work involves consultation and communication. For one thing is clear: the days when the rewards system was published in the annual report for the information of the meeting of shareholders are gone.

The pros and cons of being the first mover

The discursive approach is one thing. The actual form of the compensation system is another matter entirely. There is no such thing as an ideal system to fit all companies – not even in a single industry. Compensation systems have to be specific to individual organisations. The first step is always to look at the company's vision and strategy. The "right" system of rewards is something that can only be developed on the basis of the specific corporate strategy. This is not as easy as it may seem. Every organisation has to consider the challenge of finding the right personnel: managers who are able to implement strategy; people who don't just have the right professional qualifications, but who also set the right tone at the top. Issues such as retaining key people, attracting the right talent and developing staff are of key importance. But they also restrict a company's options. Given the first mover disadvantage, no organisation willingly plays the role of pioneer. How does a company propose to retain key talent when the competition – on the surface at least – are offering more attractive rewards?
It is hard to see a way out of this dilemma. Industry-wide self-regulation has failed to work in the past, and is not going to work in the future. Firstly, self-regulation would have to be adopted worldwide; secondly, it would come into conflict with each organisation's individual objectives. Against this backdrop, some companies see (minimum) regulatory requirements as the lesser of evils. But beware: when the state intervenes there is also the risk of creating false incentives.

The courage to adopt best practice

Perhaps we should bear in mind that while monetary incentives are important – and in some industries very important indeed – they are not the only thing that counts. Maybe companies need the courage to set, and adopt, best practice. Best practice is an asset, an integral part of good corporate governance that boosts a company's reputation. Designing a best practice reward system still means taking account of various components of overall compensation, but the relative weighting of these components will shift.

- Basic salary will again play a more important role. In 2007, the fixed salary component made up only 21 per cent of total CEO compensation at SMI companies. The basic salary represents the market value of the function a manager performs within the organisation. A structured evaluation of functions is a good basis for the entire remuneration system.
- Bonuses are designed to reward past performance and results. In most cases they are calculated on the basis of financial objectives. But performance evaluation should also take account of the manager's risk taking, plus qualitative objectives such as customer and employee satisfaction, reputation, etc. Bonuses should also contain components that are more long term than they are in most cases now, and in special situations the option of a clawback clause should be given careful consideration.
- Profit-sharing and option-based schemes should be aligned to corporate culture and long-term business strategy. The aim should be to enable managers to participate in the long-term value creation of the business and align the interests of management and the shareholders.
- The importance of retirement and fringe benefits should also not be underestimated.

A balanced remuneration system is one that offers long-term incentives, is geared to strategic objectives, and includes risk taking in the evaluation of performance and results.

SUMMARY

Compensation systems are a means to an end. Get the system right, and you enhance value creation, strengthen staff loyalty and align the interests of shareholders, management and other stakeholders.

Business technology management: Effective ways of reducing IT costs.

Most companies have exhausted the potential for boosting the efficiency of their IT. Nevertheless, there are still costs to be saved by way of professional business technology management.

pierre.brun@ch.pwc.com
holger.greif@ch.pwc.com

At the end of last year, few companies could have predicted such a serious turn of events. The financial crisis has spilled over into the real economy more quickly than expected, dragging industrial countries into recession. Cost cutting is a proven response when times get tough. Reducing costs can make up for at least part of the lost revenues. But there are areas of a business where the opposite is required: investment to assure long-term competitiveness. IT is an area where it pays to take a very differentiated approach to costs and investment. Since information technology is a major cost item at many companies, it is one of the areas subjected to close scrutiny, especially at times of economic downturn. There are two different types of IT costs: costs that are necessary to keep the business running (so-called run IT), and the costs of investing in projects designed to bring about operational change, improvements and innovation (change IT). The latter can also include projects connected with the implementation of new regulatory requirements.

Avoid undifferentiated budget cuts

However, the potential for straightforward cost cutting in IT is usually limited, as IT functions will already have been streamlined. Many organisations have taken repeated measures to rationalise run IT, and have exhausted the potential for boosting efficiency in this area. It is hard to see where run IT could be made even leaner. This means they must assess any further cost-cutting measures to ensure that they will not jeopardise operational effectiveness and reliability or the ability to respond to disruptions in production.
The process of technological innovation in IT continues unabated, and there is still great potential for boosting its efficiency. But implementing innovative solutions comes at a price. Many organisations, for example, are trying to virtualise their centralised and decentralised infrastructure to bundle hardware capacity, enhance operating efficiency and make sure that resources are optimally utilised. But really getting the desired benefits from virtualisation means ensuring that engineering and IT processes meet the highest demands. For strategic reasons, innovative, IT-supported projects aimed at boosting competitiveness can often not simply be cancelled. But integrating this type of solution as part of the existing IT environment is expensive and time-consuming, requiring both monetary investment and innovative specialists.
Taking all this into consideration, it is clear that undifferentiated cuts in the IT budget could jeopardise IT innovation and the operational effectiveness of the entire company. So what can be done?

Targeted business technology management

First of all, it may be possible to take ad hoc measures that do not endanger IT innovativeness or operational effectiveness. They might include the following:

- Software asset management: The idea behind software asset management is to ensure that software licences and IT usage are matched and coordinated with other departments. In PwC's experience, this is somewhere where there are significant, easy cost savings to be made. Often the demarcation of responsibilities is not clearly defined within a particular department or over a number of units, licence agreements exist that people do not know about or which have not been implemented, or the organisation has licences that it does not use but has to pay for. A good example of this is the inflated subscriptions companies have to pay for financial information services. To ensure that software asset management has a lasting impact, processes have to be redefined and responsibilities assigned clearly.

Security
Innovation
Efficiency

Dr Pierre Brun, Business Technology Management
Holger Greif, Business Technology Management

Creating and maintaining transparency requires a systematic approach to IT costs

Cost blocks

Application-related costs

Application A ... Application N

IT overhead

Workplace

Network

File, print and mail services

- Maintenance
- Support
- Software licences
- Workplace hardware
- Network hardware
- Server hardware
- Hardware-Storage
- Miscellaneous hardware
- Administration
- Development and project costs

Service provider	Cost background
IT department	Operating expense
Business side	Investment

Type of costs	
Internal personnel costs	Software
External personnel costs	Hardware

A systematic approach to IT costs creates transparency
The first step in cutting costs is to create transparency. To do this you need a structured approach to booking IT costs. The general model illustrated in the graphic can be adapted to the specific needs of your organisation. The important thing is to identify the relevant cost blocks, and also to take account of work done internally.

- Review existing contracts and agreements: The scope and usefulness of contracts and agreements with outside companies should be reviewed. As PwC's project experience shows, this is often another place where quick savings can be made.

- Review of the way regulatory requirements have been implemented to date: Regulations are often principles-based, so there may be plenty of room for interpretation when implementing the rules.

As part of its business technology management endeavours, an organisation may also want to implement targeted measures in the following areas:

- Analysis of the IT project portfolio: Any IT change and innovation projects should be reviewed in accordance with clear criteria. This analysis can serve as the basis for selecting change IT projects: projects that do nothing to boost competitiveness can be stopped or put on ice.

- Analysis of the IT budget: This is a good way to identify and make transparent any hidden or non-assignable costs. By doing this it is often possible to make more efficient use of tight IT budgets and resources.

Necessary projects should be planned and delivered on the basis of a clearly defined business architecture (including a clearly defined information system architecture). This allows redundancies in planning and implementation to be eliminated at an early stage to make as efficient use as possible of scarce financial and human resources. This approach can also be used to develop sustainable systems with plannable and affordable maintenance.

Systematically evaluate the benefits of IT

Effective project management is another way of reducing costs. An increasingly widespread way of doing this is managing internal demand for IT. Gathering the facts on IT requirements within the organisation enables targeted savings to be made in areas which have the least impact on core business. Demand management may involve, for example, returning software and hardware that is no longer required after downsizing, extending hardware life cycles, or scaling back internal and external service level agreements. It is also important to check whether security measures are really necessary. These often account for a significant portion of IT costs.
Vendor management may also be an effective way of achieving cost savings. Generally it is not cost-efficient to work with many different suppliers when procuring systems, applications and know-how. Reducing the complexity of IT procurement often enables a company to keep better track of its suppliers and consultants. On the other hand, intelligent multisourcing makes sense to avoid a situation where a single supplier has the monopoly. All these cost-saving measures should ultimately be reviewed to ensure that they have actually delivered the promised benefits.

SUMMARY

Professional business technology management is a good way of reducing IT costs quickly. It also ensures that cost-cutting measures do not put IT effectiveness or the competitiveness of the business as a whole in jeopardy. Business technology management also makes it easier to implement regulatory and compliance requirements appropriately and efficiently.

Cash management: A matter of survival.

Liquidity is an indicator of a company's economic health. These days top managers are well aware that even profitable businesses will struggle for survival if they are not able to generate sufficient cash.

sebastian.di.paola@ch.pwc.com
mathias.bopp@ch.pwc.com

Cash, until recently a plentiful resource, is now scarce. When loans become rare and costly, companies – even those that have never had to worry about short-term financing – have to go in search of cash. Managing current assets, and cash management in particular, used to be the domain of corporate treasury. But these days, with most boards of directors demanding monthly or even weekly updates on cash flow, procurement of funds and refinancing sources, cash management is a matter for the highest echelons of management.

Find out where the cash is

Before you go looking for new sources of liquidity, you should first look to see what cash is already available within the organisation. Where is the cash that the company has earned? To get the full picture, this means getting visibility on the cash positions of all your subsidiaries. Once you have identified these cash positions, the best way of managing these is generally to centralise them. Cash pooling can be done physically or virtually. Physical cash pooling entails actually transferring funds from subsidiaries to accounts at headquarters, while virtual cash pooling means centralising cash positions on paper by netting out balances and overdrafts at a bank, thus creating an interest offset which saves on spreads paid to the bank.

In practice it makes sense to combine cash pooling with professional cash forecasting to ensure that each subsidiary receives cash from the head office as soon as it needs it. This approach has particular advantages at times when cash is scarce, because surplus cash can be used to pay off debts and thus avoid costly refinancing. Tax optimisation also plays an important supporting role in this context (see page 22). At times when profits are not exactly sparkling, for example, smart arrangements for paying VAT are a tried-and-tested cash management tool. Group taxation is one of the options available, allowing VAT credits and liabilities at individual subsidiaries to be set off against each other. Applying for group taxation may be worthwhile if some group companies have credits while others have outstanding tax liabilities. For organisations with sufficient cash, having VAT credits may be a good option, as these credits are secure investments that often bear attractive rates of interest.

Security first

In cash management the priorities are security, liquidity and yield – in that order. If a business has surplus cash on its hands, it will want to invest it. Now more than ever, security is the priority. Companies do not want to speculate with their cash, which would create the risk of loosing part of the amount invested. They also want invested liquidity to be readily available when needed. While it may be a nice bonus to earn interest on assets parked for the short term, the main objective must be to safeguard principal investments and ensure liquidity.

These days, however, many companies are not in the comfortable position of having to decide how to invest surplus cash. Their challenge is how to raise funds. Let's look at a possible scenario. A company that has borrowed money ends up in an unfortunate situation where most of its liabilities are due in the short term. Management is forced to

Sebastian di Paola, Performance Improvement
Dr Mathias Bopp, VAT Consulting

Examples of the cash benefits of tax optimisation

Optimising the cash tax rate is a way for companies to generate positive cash flow with immediate effect. Unlike the effective tax rate, which covers current and deferred tax expense, the cash tax rate measures only the cash flowing to the tax authorities for tax on profits in relation to the taxable profit. There are various ways of influencing the cash tax rate. The options include adopting a different depreciation method (for example immediate write-offs), exhausting any potential for creating reserves, or changing the functional currency to the group currency to reduce the volatility of taxable profits.

It is worth analysing the options for adapting intercompany interest spreads to the current market environment to reduce the effective tax rate and the cash flow rate at group level.

Companies whose business is very international can profit from VAT tax relief introduced by some countries in the wake of the financial crisis. For example in some cases there may be the option of having input tax credits refunded more quickly (e.g. in Belgium, France and Spain).

In Switzerland the law includes the option of exemption from the CO_2 levy. Companies that make use of this option must undertake to limit their CO_2 emissions. This has the advantage that the CO_2 levy does not have to be paid on the procurement of energy, leaving the company with extra cash. On the other hand the benefits of this approach have to be weighed against the costs of future investment.

look for alternative sources of funding, such as securitising some of its assets or factoring. The key these days is to diversify the sources of external financing.
It used to be considered best practice for companies to reduce or consolidate the number of banking relationships. This was particularly true for companies in which historical acquisitions or decentralised decision making had inflated the number of banks used beyond what was really required. These days, however, considerations of efficiency are secondary. It has become more important to diversify risks – in terms of both counterparties and maturities. Some companies, for example, now take care to ensure that not more than 20 per cent of their liabilities fall due within a twelve-month period and also have policies on diversification of funding sources.
Funding risk is composed of both interest rate and credit/liquidity risk so it makes sense to strictly separate these two components to ensure sound and transparent risk management. Indeed, regardless of whether the interest on a liability is fixed or variable, at a certain point it will be due for payment and will have to be refinanced.
Another increasingly important aspect of treasury and cash management is managing foreign exchange risks. There are two reasons why foreign currency exposures are now back in focus for many companies: structural shifts in exchange rates, and increased volatility. This means that companies may have to resort to new strategies for hedging currency risks, for example for positions that previously did not require hedging. Depending on the level of currency risks, it may even make sense in some instances to shift production to an alternative location or modify sourcing arrangements to reduce economic currency exposures.

Liquidity as a performance indicator

Cash management is an integral part of the financial value chain. Just as the physical value chain has been increasingly integrated, primarily via IT systems and logistics, we are now seeing a growing trend to integrating the financial supply chain also. Cash management has many facets, not least due to the interplay between assets and liabilities and the order-to-cash and purchase-to-pay processes. Cash management as part of the overall financial value chain is shaped by relationships with banks, customers, business partners and suppliers – and can also be actively influenced via these relationships and their inherent risks. For example a company may have such a close relationship to a supplier that it cannot afford to allow the supplier to become insolvent. Or there may be such a complex web of business relationships with a particular business partner that the company would face huge difficulties if this partner were to default. Credit risk is therefore a key consideration in managing the financial supply chain from both a cash generation and a business perspective.

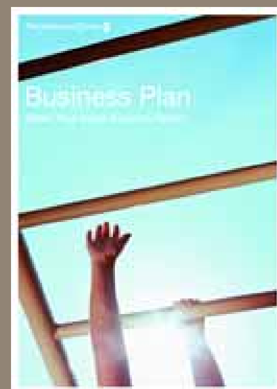
SUMMARY

In recent months there has been much talk of the need to rethink corporate culture. Profits and margins are not the only indicators of a company's well-being. The ability to generate cash and manage that cash optimally is just as important an indicator of the health of a business, and therefore something that should be of direct concern to top management.

Events, publications and analyses.

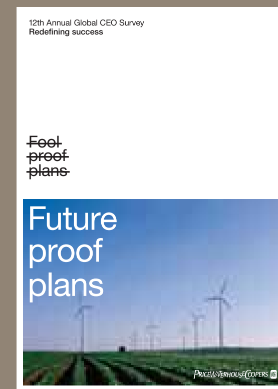
Electricity market liberalisation

The book “Stromrechtliche Gesetzestexte zur Liberalisierung” (legislation in connection with the liberalisation of the electricity market) contains all the relevant laws and ordinances on the liberalisation of the electricity market, including the newly revised Electricity Supply Ordinance (StromVV/OApEl) of December 2008. The comprehensive index of key terms, concordance tables for the Electricity Supply Act and Electricity Supply Ordinance are designed to help energy providers deal with the new legislation. You can order the publication in German and French from sonja.jau@ch.pwc.com



Business Plan

To establish a new business or develop an existing one, you need to have a good business idea and be able to put it into practice. The road to success will only be clear once you have won over investors, business partners and staff to your vision. The new edition of “Business Plan” explains how to go about implementing a business idea, what resources are required, and what results to expect. The handbook, available in English and German, is geared to anyone who wants to exploit new strategic opportunities. You can order free copies from sonja.jau@ch.pwc.com



Global CEO Survey

The recession has severely eroded CEOs’ confidence in the further development of the economy. Managers expect a gradual recovery over the next three years. Of the CEOs polled worldwide, 21 per cent (50 per cent in 2008) say they are very confident ofeconomic growth in the next twelve months. And 29 per cent are pessimistic as far as the outlook for the coming year is concerned. These are some of the findings of PricewaterhouseCoopers’ “12th Annual Global CEO Survey”. The report was produced on the basis of interviews with 1,124 CEOs in 50 countries. www.pwc.ch/en/press_room

Events

Transport & Logistics Round Table

The first Transport & Logistics Round Table is geared to directors, CEOs and CFOs of companies in the transport and logistics industry. The meetings are an opportunity to discuss current market developments and share practical experience.

Basel, 26 May 2009

For information and registration: daniela.rentsch@ch.pwc.com, tel. 058 792 55 18

Swiss GAAP FER Campus

The first Swiss GAAP FER Campus in German-speaking Switzerland is an opportunity to find out about the latest developments in the standards and learn how to put them into practice. The campus is aimed at CFOs of SMEs that already report under Swiss GAAP FER or are considering doing so.

Egerkingen, Monday 8 and Tuesday 9 June 2009

For information and registration: anita.thom@ch.pwc.com, tel. 058 792 54 23

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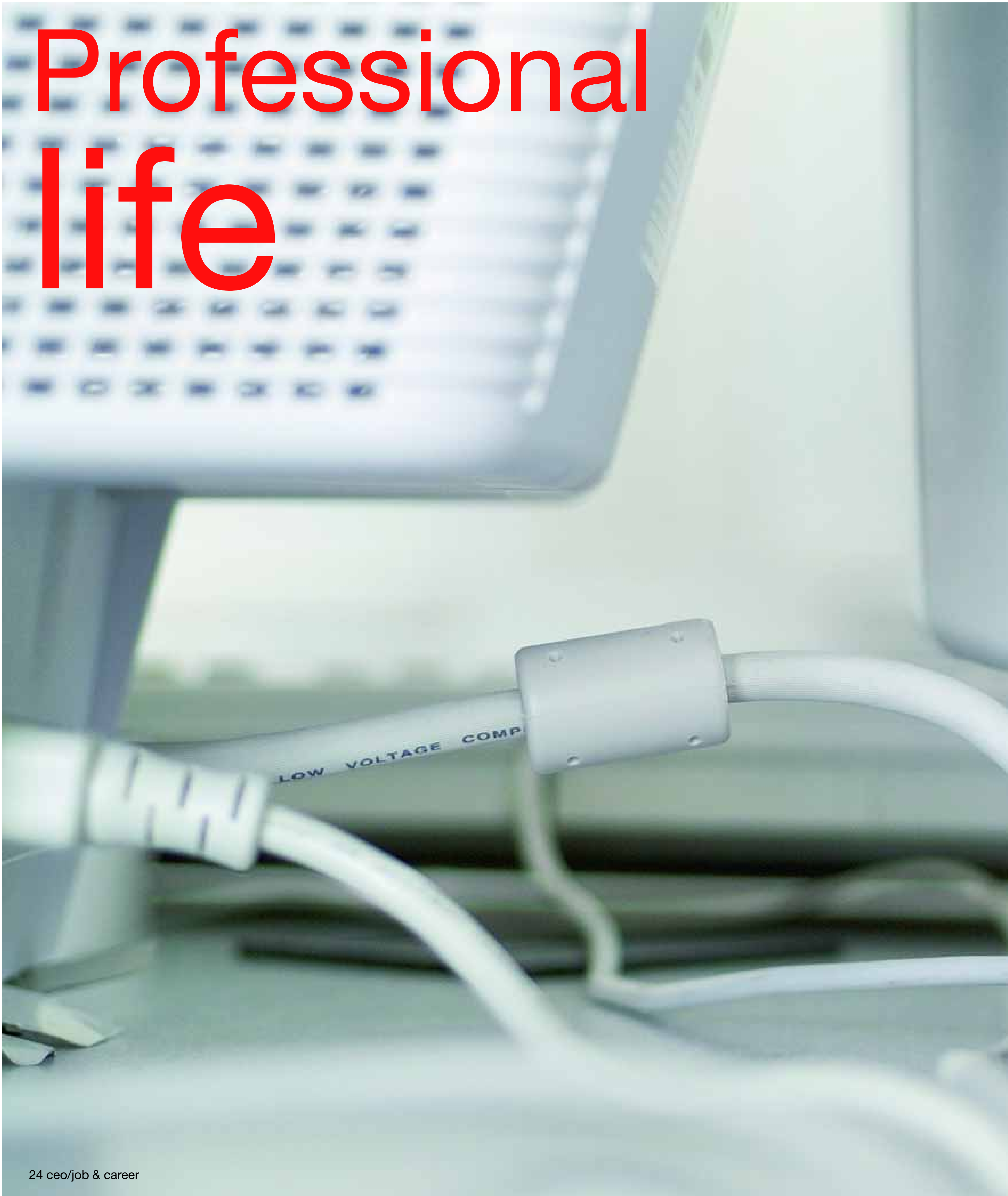
Professional life



dossier job & career

Working to live? Or living to work? CEO or entrepreneur? Looking for start-up capital? Running a successful business? Born into wealth? No matter how you answer these questions, one conclusion applies across the board: job and career are pivotally important in life. In this dossier, accomplished professionals from the Swiss business community, ranging from a student to the doyen of the country's banking sector, talk about their everyday working lives, their experiences, insights, plans and goals.

Reporting: Corinne Amacher, Iris Kuhn-Spogat, René Bortolani, Kaspar Meuli, Franziska Zydek
Photos: Christian Grund

A labour market in flux.

Well-qualified people are in demand. Companies are particularly keen to attract young talent. But there is also potential in other areas, potential that is a long way from being exhausted: older people with specialist skills, women and people from abroad. As business prepares for radical change, new ideas, attitudes and expectations are a precious resource.

Baby boomers are middle-aged and entering their senior years. Born in the years between 1946 and 1964, which had particularly high birth rates, they are now gradually retiring. The number of new retirees far exceeds the number of young people entering the labour market.
The over-50 workforce is the fastest-growing age group in Europe. In 2020, people over 40 will be in the majority here for the first time in history. At the CEO event organised by PwC in the autumn of 2008, Roger de Weck asked, "Will experience be our next competitive advantage?" Statisticians are talking of a "demographic change". They're all referring to the same thing: the ageing of society with its drastic consequences for the labour market. Companies are heading towards a shortage of labour, and the current crisis won't do much to help the situation. But who is supposed to keep the economy going in future? It will only be possible with labour whose potential has not yet been fully exploited: older workers, women, foreigners – and young people.

1. Older workers

According to a study conducted by the recruitment company Adecco of 5,000 personnel managers, most European companies are not sufficiently prepared for the age shift in their workforces. Too few managers understand how the generational shift will impact their companies and what consequences it will have for individual business divisions, remuneration systems, pension funds and further training. On average, staffing requirements are planned only about a year in advance – much too short to be able to meet the demographic challenges. Particularly in times of crisis, com-panies stick to well-tried measures such as early retirement and rationalisation and seem to forget that the departure of older employees represents a major loss in knowledge and experience for companies.
Instead of letting the 50-year-olds go, companies should investigate how they can maintain the productivity of older employees. "Career management and knowledge management should be adjusted to the changed conditions by introducing, for instance, instruments that provide information about the specific experiences and fields of expertise of employees," says Christine Gora, an expert for personnel management at PricewaterhouseCoopers. Heads of personnel therefore must develop career models that

make it possible for employees to grow old with dignity in their organisation.

With the slogan "Weg vom Jugendlichkeitswahn" ("Away with the youth craze"), Rudolf Stämpfli, president of the Swiss Employers' Federation, is also trying to sensitise company bosses to a senior-friendly personnel policy. In its brochure on age strategy, the federation shows how that can work. It advises keeping systematic records on how an employee's competences develop. Investment should also be made in the further training of older employees. Models for part-time employment prior to retirement should make it possible for employees to retire from the labour process gradually.

ABB Switzerland holds an exemplary position here. The electronics corporation offers older employees the chance to hand over management responsibility without a loss of face. Employee surveys have long been analysed according to age. Mixed-age teams are encouraged, remuneration is independent of age, and there is also the option of skills assessment at the age of 45 or 50. ABB is also a role model with its programme enabling executives to flexibly withdraw from operational positions. The managers at ABB and the other two holdings Bombardier and Alstom can, for instance, move to the consulting company Consenec AG at the age of 60. As senior consultants, they make their knowledge available to younger managers as required until they retire, or even beyond, or assist aspiring managers as their mentors. It is left to individual consultants to decide the extent of their commitment.

2. Women

The maxim "No economic growth without women", which Economics Minister Doris Leuthard likes to repeat at every opportunity, applies particularly in times of crisis. "We have to do everything," says the Swiss Federal Councillor, "to ensure that women are integrated even better into the labour market." She is not alone in demanding this. Around the world, a host of problems would be solved differently if women were more strongly involved in economic development, as the PwC international study "Empowering women to empower the earth" points out.

In Switzerland, the employment of women has grown strongly in the last decade. The percentage in work is around 60 per cent, compared to 75 per cent of men. In Europe, only Denmark, Norway and Iceland post higher percentages. Seen over an entire lifetime, the statistics of women's employment, however, show a dip. Up to the age of 25, the curve rises like that of men, but falls after 30 and rises only slightly again after the age of 45. Federal statisticians see this as a reflection of the fact that many women withdraw from the labour market due to family obligations and rejoin it again at a later date, albeit usually in part-time rather than full-time work. For instance, four times as many mothers with a university degree and children work part-time as opposed to full-time – which constitutes untapped potential.

Although part-time employment makes it possible to reconcile family life with a job, it is also the greatest barrier to a career. Women who work part-time often remain stuck somewhere in the hierarchy. Women are still underrepresented in management positions. Their share of executive positions is around 25 per cent; in decision-making bodies such as boards of management and boards of directors, that figure is even as low as 5 per cent. "Switzerland could benefit from making it possible for more well-trained women to reconcile motherhood with full-time employment," write the economists of Avenir Suisse.

"We are heading for a huge deficit in management capacity," says Yves-André Jeandupeux, head of HR and member of the group management at Swiss Post. "It is therefore absolutely essential that we activate this reservoir of qualified women." Swiss Post sets a good example and has facilitated many instances of 80 per cent jobs up into the higher-management levels; job-sharing models are also drawn up for management tasks. In addition, it has been mandatory at Swiss Post for some time now that at least one woman is on the shortlist for every executive vacancy.

3. Foreigners

It has only been possible to prevent a drying-out of the Swiss labour market over the last few years thanks to the influx of specialist foreign staff. "Freedom of movement for persons has made a decisive contribution to the adaptability of the Swiss economy," says Jean-Daniel Gerber, director of the State Secretariat for Economic Affairs (Seco), "Swiss companies must aim to remain attractive for qualified employees: for residents so that no exodus takes place, and for foreign specialists so that existing gaps in the labour market can be filled."

There has been a distinct shift in the composition of the people in employment who come from abroad. Up until the 1990s, only 15 per cent of incoming labour had an academic background. Since the middle of the 1990s and in particular the implementation in June 2002 of the agreement with the old EU countries on the freedom of movement for persons, more than half of the incoming specialist workers possess a university degree. Professor George Sheldon, head of the research unit for labour market and industrial economics at the University of Basel, has compared the educational mix of the incoming and local labour force and determined that the proportion of academics coming from abroad is substantially higher than among the domestic population in employment. As Sheldon recently pointed out at the anniversary celebrations of the Employers' Federation, "this equates to a massive import of human capital".

Large areas of the pharmaceutical and mechanical engineering industries are dependent on foreign staff due to a lack of Swiss

Focus on people?

For years, most industries and the entire service sector – in particular, management and advertising – have been proclaiming that people are the focus of their business endeavours. This is needed for clients, but it is also essential within organisations themselves, especially, for example, when it comes to personnel-related decisions. However, while organisations have defined the necessary objectives and approaches, so far they have not had the tools to precisely measure the needs, preferences, goals and expectations of individuals. The result is that ultimately the focus has been on groups (segments, target audiences, classes, types, hierarchical levels, etc.) rather than on individuals themselves. Technology is lacking for systematically narrowing the focus from a large group to the people that make up the group, and gearing the organisation or service to a large number of distinct individuals. In collaboration with ISG Institut, PricewaterhouseCoopers has created a solution for reliably and robustly measuring soft factors in areas such as customer management and human resources, enabling the development of new approaches combining soft and hard factors. This provides a more solid basis for businesses to develop strategy and get closer to the market. Now the focus can shift squarely to individual customers, employees and investors – in other words, the people that really matter to the organisation.

thomas.scheiwiller@ch.pwc.com

specialists, and not least due to the permeable Swiss labour market, more and more foreign corporations such as Google, Kraft Foods and Cisco are also setting up bases in Switzerland. Five years after it was established, Google Switzerland, for instance, employs 400 highly qualified employees from 40 countries and is the largest research centre of the Internet search engine outside of the USA. In the future, Swiss companies too will be forced to increasingly align their recruitment strategies to the international market by developing new channels.

4. Young people

Since the beginning of the millennium, the “millennials” have been joining the employment market – people born between 1980 and 1990, the representatives of the so-called Generation Y. Because relatively few millennials will have to finance a growing number of pensioners, they will have a decisive role in future economic life. Their starting position is therefore a very comfortable one. In the competition for talent, which has already been raging for 10 years now, the emphasis will shift further away from employers towards employees. To even out the age mix of the corporate workforce in future, young people are being wooed even more strongly than before.

Indeed, to recruit them, companies must dream up totally new incentive systems. For Generation Y dances to a tune slightly different from that of its predecessors. “They have other ideas about working life,” says Stephan Peterhans, head of personnel at PricewaterhouseCoopers. “We would do well to prepare for a change in values.” The millennials are the first to grow up with computers; they are used to working in virtual teams and have taken the constantly accelerating pace of life on board: e-mail, Internet, computer games. They want to have fun; they are flexible and mobile, and are highly committed over a particular period of time. They have an aversion to cumbersome structures. By the same token, they appreciate a flexible structure that supports them within their development as responsible leaders. Loyalty is not their speciality, which is already being demonstrated now in the increasing fluctuation rate of their age group.

Companies who adapt to the millennials will generate a competitive advantage for themselves. “The promotion and career models have to be adapted to the new generation,” says Peterhans. In line with the PwC study “Managing tomorrow’s people”, employers should offer their young staff the following: diverse and international experience within the company, a technologically clear and innovative work environment, a strong sense of social and ecological responsibility. The new generation does not, however, question traditional working methods. Most still consider office work to be normal; only a small minority could imagine regularly working from home. Interestingly, when it comes to remuneration, a paradigm shift vis-à-vis previous generations is emerging: for Generation Y, further training and personal development are very important. Training is a permanent business. Employers expect their employees to train and deploy their new skills specifically to boost their own market value within and outside the organisation. //

Professor Roman Boutellier, Swiss Federal Institute of Technology Zurich: Business angels wanted.
“Few pioneers are salespeople. Or they get into difficulties because they haven’t a clue about cash management. The business world lacks people with practical experience who can help and support young entrepreneurs.”

"To be successful, you need an idea, coupled with motivation and business acumen,"

says Roman Boutellier, professor at the Swiss Federal Institute of Technology (ETH) in Zurich. Despite the current economic crisis, he is anticipating between 10 and 15 start-ups per annum over the next few years at the university. Indeed, funds are available – for the right projects.

Mr Boutellier, what effect will the economic crisis have on the start-up scene in Switzerland?
As long as there is no return to economic growth, it will be tough. First, everyone is now trying to cut costs. And second, venture capital investors have become more cautious.

Are start-ups already starting to feel the pinch from the recession?
Yes, it has become more difficult to get funds. But I am convinced that at the ETH we will still have between 10 and 15 start-ups per annum over the next few years, the same number that we have had up to now. Because funds are available; the only question is whether you can convince people that your idea is good.

How do you convince potential investors?
The easiest way is if the product or service meets an unfulfilled need of a potential investor. If, for instance, someone discovered a way of reducing CO_2 emissions in the cement industry, he or she would have achieved something that nobody else has been able to do up to now. That solution could then initially be given almost any price tag and would still sell. If, however, a technology is only a variation on existing technologies, it is more difficult.

Starting up a business is one thing; surviving is another. What do the statistics tell you?
The survival rate of ETH start-ups is 90 per cent.

That's surprising.
Yes, but we have also noticed that only 10 per cent of all start-ups have 50 employees or more after five years. The others don't develop in this respect. This poses the question whether it's right to continue if you don't grow, or whether it wouldn't be wiser to join forces with someone else or start something new.

What's your opinion?
If you pursue something intensively without having any success with it in the long run, you should have the courage to abandon the idea and start afresh. At some point, you need a breakthrough, and this is primarily demonstrated through the creation of jobs.

What do you need to be successful?
First, a marketable idea. Second, the motivation to give more than 100 per cent,

Profile
Prof. Dr Roman Boutellier, 59, has been vice president of human resources and infrastructure at the ETH Zurich since October 2008. Previously, he was a lecturer for technology and innovation management at the ETH's Department of Management. Between 1999 and 2004, Boutellier was CEO of SIG in Neuhausen, with key responsibility for restructuring the group.

and to do so over many years. Third, the skill to turn an idea into a business.

What's the biggest obstacle?
The most common stumbling block is the third aspect. Few pioneers are salespeople. Many also lack the necessary expertise in running a company, meaning they get into difficulties because they haven't got a clue about cash management. I believe the bottleneck for start-ups in Switzerland is the lack of so-called business angels, i.e. people with practical experience in the business world who can help and support young entrepreneurs.

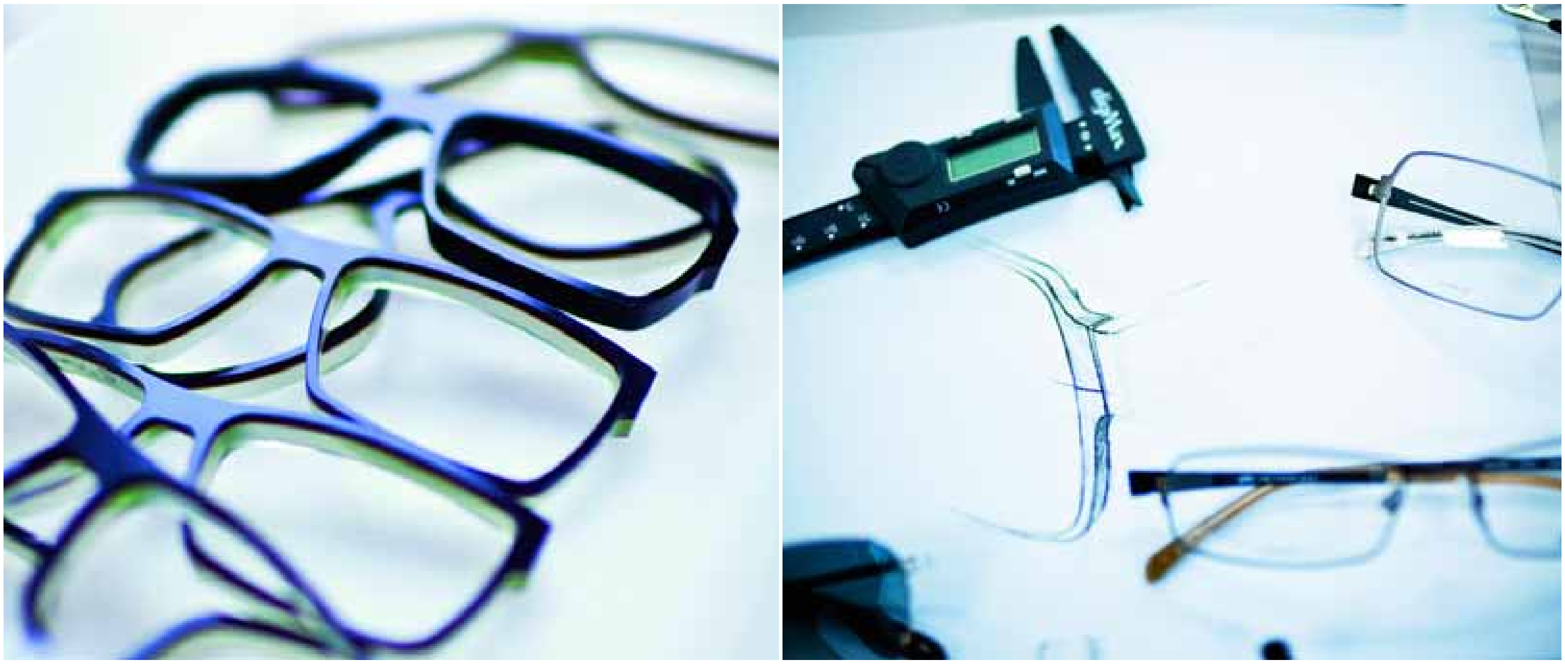
You yourself are a business angel for an ETH start-up which was established last year. What do you do for it exactly?
The start-up developed out of a number of dissertations that were written in our department. My role was to bring the PhD students into contact with companies so that they could develop, apply and test their projects. Eventually, the projects launched in this way became mandates; in other words, these young entrepreneurs were able to start up in business with a good number of orders on hand. Today, I am in close contact with them as their adviser, making suggestions, asking questions and expressing concerns.

What are the advantages of starting up a new company, instead of, for instance, joining an existing one?
With a start-up, you're forced to deal with every aspect of a business. Specialisation on its own is not sufficient. You're also in direct contact with customers, which means you get intensive feedback on a continual basis. //

Götti Switzerland: Good timing.

In 2002, the Zurich designer Sven Götti, along with two employees, launched his own collection of eyewear. Today he claims 10 per cent of the market in Switzerland and supplies opticians in 32 countries.

Glasses are the same the world over, or at least that's the common perception. Yet nothing could be further from the truth. Although they were invented as early as the 13th century, new eyeglasses have regularly been developed ever since, in different forms and shapes, and made of different materials. "It's like music," says Sven Götti, "you think you've heard it all, but new melodies and songs are constantly being composed."



Götti's business principle is to “have a distinctive line”. His eyewear features minimalist design and the best materials.

The 43-year-old CEO of his company G.P.N. GmbH designs two collections of eyewear every year, each with 15 models made of buffalo horn, titanium or acetate, and the comparison with music makes him confident that he'll never be short of ideas. “We develop existing models further using computers. CAD offers an inexhaustible supply of possibilities.” CAD, or computer-aided design, refers to the creation of design documents with the aid of special software.

G.P.N. occupies one floor of an office building in Wädenswil, a municipality in the canton of Zurich. Fourteen people work here. The abbreviation stands for Götti plus Niederer: in 1992, Zurich-born Götti had opened an optician's store in Lucerne with his business colleague Urs Niederer. For him, the apprenticeship as an optician and a degree at a university of applied sciences were only the start, not the end. “I already knew during my apprenticeship that I wanted to design eyewear; just being a salesman would never have been enough for me.” His first collection was created in 2002.

In addition to an idea, commitment and business acumen – criteria that Swiss Federal Institute of Technology professor Roman Boutellier lists as the requirements for successfully launching a start-up (see interview on page 30) – Götti mentions another factor: the right timing. “If I had launched my first collection on the market straight after training, I would probably have failed. I needed the experience from the optician business to know the requirements of the market and of the customers.”

The income from the Lucerne store helped to finance the new company. In the meantime, the G.P.N. founders had “amicably gone their separate ways”. Niederer is in Lucerne, Götti in Wädenswil, and G.P.N. GmbH will soon become Götti Switzerland. The CEO's new partner is Felix Moreno, the sales manager. Investments are also being made in research. “Our glasses are not only meant to be beautiful,” says Götti, who is responsible for the design, “they also need to be state of the art.” The company has been profitable for the last three years. In 2008, Götti received the Swiss Economic Award for innovative young companies.

If Götti had to start over again, he would do “things pretty much the same” – with a few changes. “I would invest more in research, and I would also have taken on a second designer earlier.” Above all, he could gladly have done without one experience: “I worked with three distributors abroad who were no longer able to pay for the goods that I had delivered to them.”

Today, Götti employs 30 or so field sales staff who work on a commission basis. They sell the eyewear collections in 32 countries to optician stores in the upper market segment who are supplied and supported directly from Wädenswil. The contact with the stores is made via the field sales representatives on site or at one of the 12 international specialist trade fairs. The top events are held in the spring in Milan and in the autumn in Paris. There are many international competitors, but they don't bother the Swiss designer: “The important thing is to keep to your own line.” For Götti, that means distinctive design, reduced to a minimum, using the best materials.

His company in Wädenswil has reached its ideal size. The company plans to grow in field sales: “We want to open up other countries. In Switzerland, we now supply 10 per cent of the optician market. This is also the target figure abroad, even if we won't reach that everywhere.” It's the American market that attracts him. Götti wants to explore the opportunities offered by the USA from an office in Florida that he opened last year. //

Götti Switzerland

The company currently markets its own eyewear collection in 32 countries. It employs 14 staff and around 30 field sales representatives at its headquarters in Wädenswil. In 2008, the company generated a turnover of some CHF 11 million.
www.gotti.ch

Reichle & De-Massari: Family planning

It took nine years to make the succession arrangements, and then the sons took over the helm of the company. From a rational point of view, the handover was a smooth one. Nevertheless, “the process of letting go is very emotional, and that’s something which is often forgotten,” says Hans Reichle, the company’s founder.

Exemplary changing of the guard.

When companies are passed from father to son, family arguments are a common pitfall. That wasn't the case at Reichle & De-Massari in Wetzikon – thanks to the foresight of the company's founder.

Hans Reichle was 50 years old when he began to plan for his successor. At the time, he parted company with his co-founder at Reichle & De-Massari (R&M), and took over the latter's 50 per cent share in the communications technology company, in addition to the 50 per cent that Reichle already held. However, he didn't want to remain the sole owner forever. Accordingly, he evaluated all the options open to R&M – from a sale or management buyout to flotation on the stock exchange. A handover to his sons was also discussed, but this option hung in the balance for a long time. The boss had always refrained from pushing his sons into a particular profession. Instead of feathering the nest for them, he felt that they should first prove themselves elsewhere. And the sons had not shown all that much interest in the family-run business. Although they earned their pocket money there in the school holidays sharpening pencils, they couldn't imagine taking over the company one day.

Careful planning

Today, 18 years later, Reichle's sons Martin and Peter run R&M together – one as CEO, the other as COO. Reichle père calls it a "stroke of luck" and a "solution that others can only dream of".
He knows many cases of failed successions. Some businessmen fail when it comes down to passing on their life's work to the next generation. In most cases, they only tackle the topic when they want to retire from business life, which is often too late. The result? They jeopardise the existence of their company. Various studies show that more than 150,000 successor arrangements are looming over the next few years in Swiss small and medium enterprises; up to 15,000 jobs are lost every year through a lack of planning. Experts advise that letting go cannot be tackled early enough; there should be at least six years between the initial thought and the handover of the company. In Reichle's case, it was nine years. In 1999, at the age of 60, he retired from his position as CEO, exactly as he had intended to. Thanks to his farsighted planning and the successful handover to the next generation, R&M is seen as a paradigm of a successful changing of the guard.

Reichle & De-Massari
Reichle & De-Massari AG (R&M), which is headquartered in Wetzikon in the Zurich Oberland region, develops and produces passive cabling solutions for communication networks and is one of the world's leading suppliers in this sector. Three quarters of its turnover of CHF 241 million (2007) are generated abroad. Operating profit (Ebit) is 13 per cent of sales. The company is entirely owned by the Reichle family and employs approximately 650 people.
www.rdm.com

Growing into management

Although Reichle encouraged his sons to earn their spurs outside of the company, he picked the right moment to intervene.
Martin did an apprenticeship as an electrical fitter and was working in Australia when, at the age of 29, he was offered an interesting job by a competitor. His father recognised the explosiveness of the situation, got on the plane and convinced Martin to join the family business rather than the competitor.
Peter is a highly skilled mechanic and joined the family business when he was 28.
Supported by a long-standing executive, he was gradually promoted over several years. "It was important to me not to join at the top level straight away," he says. "My desire to manage the company only developed after I had been working at the firm."

The company Reichle & De-Massari is one of the world's leading suppliers of passive cabling solutions for communication networks.

After Reichle's sons had passed this test, which lasted several years, the baton was handed over in 1999. Martin and Peter took over the management of the company, and Hans Reichle withdrew from the day-to-day business. The sons believe that the division of roles works for the operational management because their areas of responsibility are clearly defined and they complement one another well, thanks in particular to their contrasting characters. CEO Martin Reichle, the more impulsive and innovative of the two, contributes his skills in marketing and sales; COO Peter Reichle, the quieter one, provides his expertise in logistics and production.

The start of a new phase

What the management duo have in common are basic values such as respect, decency and modesty. The board of dir-ectors has five members. This prevents stalemates, and an external chairman of the board brings an independent voice to the family constellation. Founder Hans Reichle is a member of the R&M board and chairman of the separate family holding which maintains the shares of the company. The father has a stake of just under 50 per cent in R&M; his sons hold a good 25 per cent each. "If they want, they can outvote me," says Hans Reichle with a laugh.
From a rational perspective, the succession process ran smoothly at R&M. But for it to really work, it needs more than well-developed plans. "Handing over the reins to someone else is very emotional," says Reichle, "something which is often forgotten." For instance, he himself didn't fully appreciate that having an office on the top floor or parking his car in front of the entrance could cause tension. Even after he stepped down, he was sometimes sought out by employees after a disputed decision by his sons and was thus caught between two camps. "I realised that I had to withdraw fully; otherwise, I would prevent my sons from developing their full potential," says Reichle.
In the beginning, he still sometimes visited the cafeteria to feel out the mood at the grass roots level, but soon stopped doing that. Since his retirement, he has only attended to clearly defined dossiers such as the expansion building at the company's headquarters in Wetzikon, near Zurich, that is to be opened at the end of 2009. It will offer 400 jobs and a logistics centre.
Business has boomed since R&M was handed over to the second generation. In the last five years, turnover has increased from CHF 130 to 241 million and the number of employees from 474 to 655.
R&M produces high-tech cabling systems and network solutions and is one of the world's leading companies in this sector. Its status as a family-run business offers a decisive advantage over their faceless competitors: "We share the same name as the company and deal with our customers and employees personally," say the Reichle brothers. "They should feel that they are more than just a number." Their management credo is correspondingly simple: "Our employees' laughter is our most important indicator. As long as they are laughing, we know that business will run smoothly in the months ahead."
In the almost 10 years in which Martin and Peter Reichle have headed up the company, which is based in the Zurich Oberland region, they have done many things differently from their father, who established the company in 1964. The pioneering phase is over. Martin is 41 years old, Peter 44; they represent a new phase in the company's history, in which growth and internationalisation are the order of the day. This requires new structures and more formal decision paths.
"Our father dealt with every detail. That's totally impossible today," says Martin. "That was probably the most difficult thing in the entire succession process for both of us: I didn't want to follow in my father's footsteps; instead, I wanted to develop my own style." Consequently, he delegates the details and concentrates on keeping an overview. In line with the company's size, the brothers made a special point of increasing middle management and reorganised the running of the business. For the international expansion, local managers were recruited in distant markets such as China and Australia; they think independently and entrepreneurially, as if the company belonged to them. The role model function of their father is still there: "He let us go," says Martin Reichle, "and we are letting go too." //

Smooth transition
Hans Reichle: Four tips for successful succession arrangements.

1. Start early: The transfer process lasts between five and ten years and should be started early on. If something goes wrong, there is time to try again.

2. Write a storyboard: The individual steps and goals should be clearly defined in advance in the succession plan.

3. Neutral support: The changing of the guard should be accompanied by a person who has nothing to do with the family – an external consultant or an independent member of the board.

4. Clear allocation of roles: Letting go of the old position is more difficult than recruiting the successors. The predecessor should stay away from the day-to-day business. A clearly defined dossier should be given to him or her to ensure a smooth transfer.

Occupation and vocation in sync.
Eight years ago, Urs Bühler stepped down from the operational management of Bühler AG. Today, he works around two days a week for the company as the chairman of the board of directors. The rest of his time he spends at a health centre for people and animals. The company's goal: a life in balance.

A life in balance.

Urs Bühler is the owner and chairman of the board of directors of Bühler Holding AG in Uzwil. In 2003, he set up HealthBalance AG and started a second career – as a lifestyle consultant for people and animals.

His mandate as the chairman of Bühler Holding AG in Uzwil, in the canton of St. Gallen, is his profession; his vocation is his second career as a therapist.

That would make a nice introduction to a portrait of Urs Bühler. The 66-year-old is the fourth generation of his family to own Bühler AG, the boss of around 7,000 employees, active in 140 countries with "sustainable success", to quote the title of the company's 2007 annual report. But for the last few years, his role has been more that of a "horse doctor" ("Rösslidoktor", as the "SonntagsBlick" newspaper called him) or a "horse whisperer" ("Bilanz") than a businessman. But Bühler sees no big difference between occupation and vocation. "I can small talk about either," he says, playing down the importance of both with this choice of words.

The graduate in mechanical engineering says he is at all times "just one of the employees" at the company, "a metal bender" – and as for his work as a lifestyle consultant, he rejects any claim to special skills: "I'm only a technocrat."

That is an understatement, but it is said without any coquetry. Slim, good-looking and youthful, Bühler is naturally self-deprecating. Casually dressed in an open-necked shirt ("I've also got a tie with me"), and holding a cup of espresso, he sits in a modern, austere meeting room at Bühler AG chatting about his life. He wanted to be a surgeon, he says. But his hands had a tendency to shake back then, and the choice would not have been ideal. He decided instead to start an engineering course at the Swiss Federal Institute of Technology (ETH) in Zurich out of an interest in science. No, his father didn't put any pressure on him to follow in his footsteps at the company. "Do what you want to do," he said to his son, and Bühler is grateful to him for that. "I was lucky with my parents," he says.

Irrespective of whether it's his vocation or second career, Bühler now invests more time in his new venture than in Bühler Holding AG. The company HealthBalance incorporates the TierGesundheitsZentrum (Animal Health Centre) and the VitalQuelle facility for humans. The headquarters of HealthBalance was set up for around CHF 8 million on 78,000 square metres of land owned by the family at Flawilerstrasse in Uzwil. HealthBalance offers "holistic services for people and animals", and employs a dozen people, including vets, a masseur, therapists and a homeopath. The company's goal: a life in balance.

Mastering the hand rod

In 2001, Bühler handed over the operational management of Bühler AG to Calvin Grieder. As the chairman of the board of directors, Bühler meets his CEO once a week or as required. He also follows the progress and strategic development of the company, and looks after a few older clients who are used to dealing with him in person. In total, he works around one or two days a week for the firm.

Bühler AG, which was established in 1860 by Adolf Bühler as an iron foundry, originally produced textile machine components but later specialised in the construction of grain mills, supplying them to the global markets. Today, Bühler is a technology corporation for the food industry, chemical processing and die casting.

Bühler AG is viewed as a "hidden champion", a company that is a leader in its sector but is underestimated, attracting little attention from the general public or business media. With sales of CHF 1.8 billion, 2007 was the most successful in the company's history to date. Despite the economic crisis, Bühler is looking to the future with cautious confidence. "Our products are attractive, and we are well organised. You have to be able to react quickly to changes."

Bühler discovered his second career in 1992. His horse, Sunny, qualified for the

HealthBalance AG

HealthBalance AG provides the commercial basis for the work of the HealthBalance team and also runs the two health centres VitalQuelle (for people) and TierGesundheitsZentrum (for animals) in Uzwil. The company was established on 3 January 2003 with Urs Bühler as its chairman.

www.healthbalance.ch




HealthBalance AG was set up on land owned by the family in Uzwil for around CHF 8 million. The aim is for the centre one day to be able to finance itself.

Swiss championships in military riding – "despite me as its rider," he adds. Shortly before the competition, the horse went lame. The vet's diagnosis was osteoarthritis. To save Sunny, Bühler took the 14-year-old fox gelding to a homeopath who, using a hand rod, detected that the horse was not ill but instead had been given the wrong diet. Ten days later, after its diet had been changed, the horse was able to move about again without any problem. Sunny died a natural death in the autumn of 2005, aged 27.

After the homeopath retired, Bühler decided to learn how to use the hand rod himself. He attended a course run by the homeopath Dr Rosina Sonnenschmidt in Stuttgart but was initially frustrated: "With the other course participants, the rod soon moved; but with me, all that happened was that my hand shook." Bühler persisted and gradually acquired the necessary expertise.

Simply put, the therapeutic services of HealthBalance are based on the theory of kinesiology, which assumes that body, soul and spirit are connected with one another and that the well-being of an animal or a person depends on whether the body's own energies are in harmony and can flow unhindered. Bühler was also won over by the theory of the German scientist Hartmut Müller which states that harmonious waves form the basic principle of the universe and trigger physical, chemical, biological and social processes.

Bühler emphasises that the waves and oscillations can be physically measured. To him, this makes the theory comprehensible, and he isn't bothered if others doubt it. The theories "help", says Bühler. His patients so far have been horses, dogs, cats – and a goldfish which was swimming around its aquarium in a slanted position. The electromagnetic radiation from a circulation pump had brought its oscillations out of balance. Bühler made this diagnosis using a pendulum, and the damage was rectified.

An idea academy

From animals, it was a small step further to treating people. People who want information from HealthBalance about their general well-being need only send in a hair sample with a photo and a letter outlining their problem. They will then receive a so-called resonance analysis in which "their emotional, mental and physical well-being is analysed with the help of ethereal means (kinesiology, pendulum, pulse diagnosis or other methods) and assessed for disruptive factors in these areas".

The analysis also includes suggestions for eliminating disruptive factors. Those wishing to undergo a therapy must sign a declaration in which they confirm under point 1 that they have noted that "Urs Bühler sees himself as a lifestyle consultant (and not as a doctor or alternative practitioner), with the goal of improving the well-being of the aforementioned person". Under point 6, the person confirms that he or she has accepted Bühler's advice "out of his or her own free conviction" and as the result of his or her own decision, and foregoes "calling Urs Bühler to account in any form for what he does or does not do as part of his consulting activities".

Bühler is increasingly gaining acceptance and support for both what he does or does not do. Scientists travel to Uzwil, where HealthBalance also wants to make a name for itself as an academy for the exchange of ideas and interests, as well as a training facility. Bühler is pursuing entrepreneurial goals here too: "We don't just want to be accepted socially; one day, the centre should also be able to finance itself."

Bühler has had a very fortunate life. He was born into wealth, successfully ran his own business and has now found a sphere of activity that fulfils him. Is he also happy? "Yes, if happiness means being glad to get up in the morning and going to bed in the evening grateful for what the day has brought me." No doubt about it: the man with the pendulum is in sync with himself. //

The joy of work.

From doctor to venture capitalist: throughout her professional development, Michèle Ollier, partner at Index Ventures, has allowed herself to be guided by what she wanted at a particular time, rather than any fixed notion of a career. Her motto: develop and move things!

She missed the plane but instead received a highly interesting job offer. Michèle Ollier had bumped into Giuseppe Zocco, one of the founders of Index Ventures, in the Geneva-Cointrin airport. The two of them had met a few months before on their way to a joint meeting in Turin and then worked together afterwards on various projects. During their chance encounter at the airport, the Index Ventures boss suddenly asked: "Michèle, wouldn't you like to come and work with us?" This question was followed by a deep discussion, and the two of them forgot the time – and their flight.

The story of how Ollier found her way to her present employer and her "dream job" aptly fits the professional development of a woman who is now reaping success in her third career. "I was lucky that opportunities regularly crossed my path which I was absolutely enthusiastic about." Her unusual trajectory may have entailed a good dose of luck and coincidence, but above all Ollier knew how to take the opportunities that were offered to her. For the former doctor and current venture capitalist knows exactly what she wants: to develop and move things! "That is also why I work for Index Ventures, one of the European leaders in the venture capital sector. I want to make a mark and in the process help young entrepreneurs to realise their projects. And when that's all ticking over nicely, I shall look for a new challenge. I'm not an administrator; I love challenges."

A willingness to compromise

There are plenty of those at Index Ventures. The Geneva-based company has invested around CHF 2 billion in more than 100 start-ups in Europe and the USA and is literally flooded with applications from young companies looking for capital investors. One focus of the investments is companies in the life sciences sector – Ollier's field of activity for many years. She learned the business of developing and marketing drugs from scratch. Another factor is that Index Ventures is not simply on the lookout for lucrative financial deals; it also supports companies that have the potential to reshape entire markets. Evidently, the Frenchwoman with the gentle manner is in the right place here. The Suisse Romande business magazine "Bilan" voted her "Woman of the Year" in 2008. The title of the background article to the award read: "Michèle Ollier, European star of the biotechnology sector".

In the elegant meeting room behind the glass façade of Index Ventures on Rue de Jargonnant in Geneva, Ollier talks enthusiastically about her highly atypical career. The key factors when she looks back on a professional life spanning 25 years? Passion, patience and a willingness to compromise. "When I wanted a new job, I always had to make concessions too." In other words, her career development was not always a fundamentally upward one; it also took a sideways or even downwards turn where necessary – with the corresponding losses in wage.

Focusing on personal growth.
Michèle Ollier's career development was not always a fundamentally upward one; it also took a sideways or even downwards turn where necessary – with the corresponding losses in wage and responsibilities.

At Index Ventures, for instance, Ollier, who at the time was a director at an investment bank, was initially recruited not as a partner but rather as a principal. "Most people I know take the next step on the career ladder when they change from one company to the other. By contrast, I have always been promoted within a company." Ollier emphasises that she has always earned "very nicely". However, her employers had always paid her for what she actually brought to the company and not for what they expected from her when they recruited her. A decisive difference in the opinion of the highly motivated and hard-working Michèle Ollier.

The lure of the business world

She'd always planned to achieve great things. Even as a small girl in the south of France, she was in awe of one of her parents' female friends who managed a company and was also a successful racing driver. However, more than anything else, the early death of two of her sisters left a mark on Ollier. "I still think about them every day; I studied medicine to understand why I had to lose them."

With the exception of a few times when she stood in as cover for others, Ollier has never practised the profession she qualified in. In the course of her studies at the Faculté de Médecine Paris Ouest, she realised that she was more attracted to the international business world than to medicine, which tended to focus on itself. She did a business master's at the ESSEC in Paris and started out on her second career, as a pharmaceuticals manager. For 15 years, she worked at companies such as Sanofi, Bristol-Myers Squibb and Rhône-Poulenc Rorer/RPR Gencell in development and marketing, dealing with strategic issues. She held positions of increasing responsibility in various countries – for instance, as vice president for reproductive health at the Swiss biotechnology company Serono. Ollier laid the foundation stone for her third career in 2003. She changed to the financial side of drug development and became the director for the life sciences sector at Edmond de Rothschild Investment Partners in Paris. This was followed in 2006 by the move to Index Ventures.

Today, as the only woman among the nine Index Ventures partners, she assesses young companies who want to acquire the Geneva-based risk capitalist as an investor. Every year, Index Ventures receives around 1,000 dossiers from companies looking for investors; but only two to three of them are actually supported with funds and know-how. For this reason, Ollier sits on the board of five companies in the USA, the United Kingdom and in Holland; in Switzerland, she has taken the young Lausanne-based company OncoEthix under her wing.

Index Ventures

Index Ventures was established in 1996 and is one of the leading venture capital companies in Europe. Headquartered in Geneva, the company has the express goal of helping top companies in the IT, health and life sciences sectors to develop their business, and in so doing to define market leaders. The company has subsidiaries in London and Jersey and focuses on investments from the initial start-up to growth phases. www.indexventures.com

Trusting her gut

OncoEthix was established by European cancer specialists. The aim is to buy new agents, develop them further into cancer drugs and then ultimately sell them on to pharmaceutical companies. "Only a few of the many projects for new cancer drugs are actually launched on the market," says Ollier. "The decisive factor is the quality of the research team. The Lausanne-based start-up is working on the further development of a single molecule that aims to stop the growth and spread of cancer tumours. The funds required to develop the drug up to the conclusion of the clinical test phase are between CHF 20 and 40 million.

From medical student and pharmaceuticals manager to venture capitalist: was there a plan behind this career? Ollier waves the question aside. "I would lie if I said I had consciously planned my career. Mostly, I decided to take a new job intuitively, based on my gut feeling. And I was so delighted with each new job that I said to myself: you're going to work here happily all your life!" She'd had a look around, explored the professional environment and always discovered something new, explains Ollier. And the different experiences had meant that she'd constantly gotten to know herself better. "In this way, I discovered what I really liked."

So this zigzag career wasn't intentional. But Ollier does see a common thread running through her professional development: innovations relating to health and pharmacy. "I always wanted to work in a place where products of great value are generated. New drugs with new modes of action and with a tremendous market potential." //

Burckhardt Compression:
No resting on their laurels.

Irrespective of whether he was a member of staff or an entrepreneur, Valentin Vogt has always acted “as if the company belongs to me”. His style of management is based on the maxim “management by example”. Often he is the first one to arrive in the morning and the last one to leave at night. He doesn’t allow himself any extravagances.

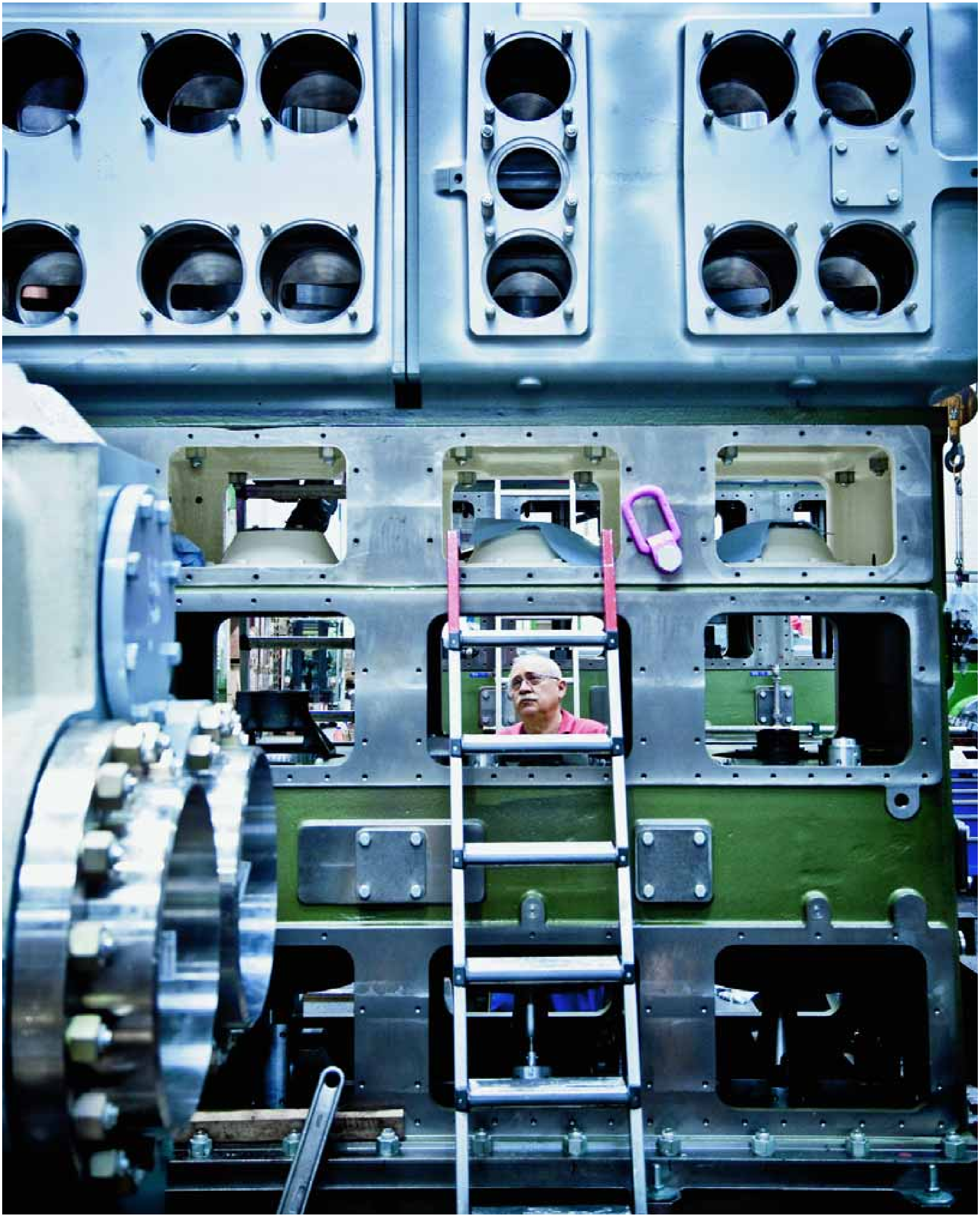
Looking ahead.

From manager to co-owner: Valentin Vogt took over the Winterthur-based manufacturing company Burckhardt Compression with persistence, pragmatism and foresight, and floated it on the stock exchange. The CEO is the company's largest single shareholder.

"A 13 per cent increase in turnover, profits at the level of the previous year; we're sticking firmly to our forecasts for the current financial year." Valentin Vogt, head of Winterthur-based Burckhardt Compression, pauses, leans back in his chair and says: "Our figures do not yet reflect the crisis." After another pause, he adds: "But we too don't know what the future holds."
His company builds piston compressors, huge pieces of equipment that weigh tonnes and are indestructible. They are used primarily in oil refineries and at natural gas processing plants. The process from design to shipment and assembly on site can take up to two years. That is why the ups and downs in the real economy affect Burckhardt only after some delay – if at all. Vogt looks to the future with equanimity, for he has reserves: "In good times, you have to fly high enough to ensure that you can reduce height in bad times without crashing," he says, explaining how he views economic cycles.
In the last few boom years, this resulted in Burckhardt achieving an operational margin of more than 20 per cent. The boss of 850 staff in 13 countries explains this success with simple facts: "Our entire management team earns as much in one year as a single CEO in other industrial companies."
The 48-year-old neither has had a stellar career nor is he a high-flyer; he climbed the career ladder step by step. He started at the Winterthur-based mechanical engineering company Sulzer in 1985 as a controller. That was the idea of his professor, Hans Siegwart, who lectured in finance and accounting at the University of St. Gallen, where Vogt was studying. Siegwart had recommended the young man to Sulzer, and this was tantamount to a commendation. Just one-and-a-half years later, Vogt was able to move to Detroit, in the USA, as the head of finance at Alloy Metals, an SME with 70 staff that Sulzer had acquired.

Burckhardt Compression
One of the world's largest manufacturers of piston compressors, with its own manufacturing plants in Winterthur and Pune (India). The company has been led by a management team since 2000. It has been listed on the SIX Swiss Exchange (SWX) since 2006.
www.burckhardtcompression.com

Three years later, he returned to Switzerland as the CFO of Sulzer Metco, was appointed managing director of the headquarters in 1992 and stayed until Fred Kindle, the Sulzer group head at the time, asked him whether he wanted to become CEO of the subsidiary Sulzer-Burckhardt. That was in 2000.
It was the right moment. Vogt, who had been at the group for 15 years, 8 of these in the same position, was looking for a new task, and the piston compressor division urgently needed a new boss. The company, with 630 staff in Basel and Winterthur, was dangerously near to the edge. Vogt had just a weekend to make up his mind. To aid his decision, he asked his colleagues in the group for their opinion. The conclusion: Sulzer-Burckhardt had a good position on the market and its products were first-rate. The problems that were paralysing the company were to be found in the company itself. "I thought that was something I could solve," says Vogt, emphasising that he would not have taken up the position if the diagnosis had been "poor products, well-managed company". Why? "I wouldn't have wanted to play the role of an undertaker."
Today, he calls the first year in the new position an "annus horribilis". Burckhardt, established in 1844 and a Sulzer subsidiary since 1969, had dropped into the red in 1999. "The overriding issue was that for decades problems had been swept under



Burckhardt Compression produces piston compressors that are used primarily in oil refineries and natural gas processing plants.

Burckhardt Compression employs 850 staff in 13 countries and generates a turnover of more than CHF 400 million.

the carpet," says Vogt, looking back, "and then they all surfaced at once."
But he refused to be put off. Aged 40 at the time, he seized the company's predicament as an opportunity: "I have got nothing to lose," he declared to the unsettled workforce, "I am here to help you. If you don't want it – I won't have any problems in getting a new job, in contrast to many of you."
Vogt started at Burckhardt right from scratch, with what he knew best: estimating, calculating, benchmarking, budgeting. He soon saw that a cut in jobs was inevitable. Three hundred staff had to be let go. "Not pleasant, but it's part of the business," he says. "I am pragmatic and look ahead; I am only interested in the past when I can learn something from it."

Managing by example

He learnt a lot about the company's past at a workshop, the first thing he organised, and to which he invited the 100 or so company executives. Laughing, Vogt recalls the underlying tone of this event. Everybody there had the feeling that he or she had done his or her job, he explains. "Yet the company was on the verge of ruin!"
Vogt, with his management team, pooled his impressions from this conference into a code of conduct which he still uses today. This includes simple rules such as "Our doors are open", "We are transparent", and "We manage by example". Vogt has pinned the code to the wall of his office and committed its contents to memory. "I am often one of the first to arrive in the morning and one of the last to leave in the evening, and I don't allow myself any extravagances." He sets an example, even with his office. Although Vogt has one window more than the others, the room is simply furnished: no couch, no art, no parquet flooring.
The mood of awakening that Vogt was able to generate as the new boss of Burckhardt was perceptibly disrupted when the Sulzer group management decided a short while later to restructure and to sell four divisions, among them Burckhardt. "That was a blow," recalls Vogt. "We were at the beginning of the restructuring; we were putting our heart and soul into it."
Vogt had a year to prepare Burckhardt for the sale and to think about the future. During this time, he read, among others, a specialised book on management buyouts. The idea of an MBO first fascinated, then inspired him: Why not?, he thought, and set about looking for partners. He soon had four of his management colleagues on board. Together, they looked for investors. Towards the end of 2001 – Burckhardt was already earning money again and was generating the same turnover as before with half the workforce – agreement was reached with the private equity company Zurmont. The five managers would acquire 18 per cent of the share capital, Zurmont the rest. "The chemistry was right with Zurmont," says Vogt. "They were the only ones whose third sentence wasn't a question regarding our exit strategy."
Another six months went by until the MBO team had found the banks for the external financing of the CHF 58 million that they needed for the deal. It was then done and dusted: on 1 May 2002, Vogt the manager became Vogt the entrepreneur, and Sulzer-Burckhardt became Burckhardt Compression.
What did this change for him? "Nothing," says Vogt. "I have always acted as if the company belongs to me." Indeed, he does not cling to his status. When Zurmont merged with another private equity company four years later and wanted to exit from Burckhardt, Zurmont and the MBO team decided jointly on a stock exchange flotation. "We hadn't done an MBO just to land up as part of a corporation again," explains Vogt, "and we couldn't find a new private investor that would have fitted in with our plans."

Quality and reliability

It is now three years since the IPO. However, there again, little has changed for Vogt and the company. Turnover and profit have continued to develop in just one direction: upwards. Today, Burckhardt is generating a turnover of more than CHF 400 million – in 2001, that figure was only CHF 120 million. Business is running like clockwork. In 2007, Vogt even had to cope with bottlenecks in capacity and was forced to curb the incoming orders. "I didn't want growth at any price," he explains. "Instead, I wanted to supply quality and meet deadlines."
He has since recruited further staff and made provisions for the expansion of his company premises by 9,500 square metres. The goals are set. If everything goes according to plan, the new halls will be put into operation in the first quarter of 2010. "We are not doing anything that we haven't done before," says Vogt and asks: "How otherwise would it have been possible to float Burckhardt on the stock exchange in just four months?" The CEO immediately provides the answer himself: "We were already prepared for the flotation when the IPO decision was taken." As the largest single shareholder – he still has a stake of around 7 per cent in the company – he has a seat on the board of directors, where he also continues to represent the 14 or so per cent of his colleagues who, like him, remained shareholders, even after the IPO. Vogt, however, is not the chairman of the board. He pays very close attention to the division between his positions as a shareholder and a member of the board of directors and his position as CEO. "Like any other member of the board of management, it should be possible to dismiss a CEO at any time, irrespective of whether he or she is a shareholder of the company."

Getting better all the time

This type of pragmatism runs like a common thread through Vogt's professional career and will shape the future too. Under no circumstances should the end of Vogt's career become a problem for Burckhardt. "The goal is to promote people over the next 10 to 15 years who will then be able to take over, and to leave them more than we found when we came in." He recruits from within the company and has managed to find the right people there for 19 of the last 20 management positions that needed to be filled at Burckhardt Compression.
Speaking of success, Vogt enjoys it, but is also respectful. At any rate, he gets up when the topic is mentioned, goes to one of his office cabinets and comes back to the table with a PowerPoint presentation. The document dates from 2001 and contains everything that he and his 11-man management team decided to do at the time to turn Burckhardt Compression into what it is today: a flourishing company. He likes to refer to this document when he is particularly satisfied, says Vogt. Why? "When I read through it, it once again becomes clear to me that we can be even better," he says. "We mustn't rest on our laurels." //

"Critical and lateral thinkers are in demand."

A great deal is demanded of boards of directors, particularly in times of crisis, and they are increasingly under the scrutiny of stakeholders. Both the composition of a board of directors and the step up the career ladder to become a board member need careful consideration today, says Dr Matthias Jeger, Partner Assurance PwC.

Mr Jeger, how have the tasks of a board of directors changed over the last few years?
The tasks of the board of directors are stipulated in Art. 716 of the Swiss Code of Obligations, (OR), and nothing has changed in that respect. However, one thing is for sure: today the board of directors is more strongly under the critical gaze of the public than it was 10 years ago. The body has to be accountable for its decisions and is also increasingly being prosecuted for misconduct. A position as a board member is therefore not a "nice, little, well-paid number". What's more, the time when a board member only had to participate in a few meetings is well and truly in the past. Today, it requires intensive preparation, close collaboration with the company management and committee work.

What does this mean for the qualifications required of a board of directors?
We should distinguish between two aspects. One is the qualification of the board of directors as a whole – here the composition of the board is decisive. The other is qualification of the individual members, what they bring with them professionally, their motivation.

Let's talk first about the composition of a board of directors. What needs to be taken into account here?
There is a trend towards structuring the board of directors as a mirror image of the management so that all positions can be monitored. This means that at least one board member is needed for every core area of the company and that this person must have the requisite knowledge and experience in the area. In my opinion, this is a step in the right direction. It is a competence-based model.

Does this mean that companies specifically search for board members with particular qualifications?
Today, purely personal networks are no longer sufficient for recruiting board members – although maintaining a network is usually vital as a means of entry and observing how potential candidates act in networks like these provides valuable information. We are noticing that the search is increasingly being professionalised and also that an increasing number of companies are drawing up a requirements catalogue for their board members. We see this as a significant cross-section. For particularly in times of crisis, a strong, independent and competent board of directors can secure a company's survival.

What does this mean for individual board members? What are the key attributes?
First, experience and competence in at least one company-relevant area, coupled with the ability to consider the company's overall development. Second, the strength of character to challenge and monitor management. Financial independence (from the company) is an advantage to ensure that you can openly contribute and put forward your own opinion.

Are there differences in the way that boards of directors work?
Yes. To a large degree, the personal style of the chairman of the board defines the way the board works. And this in turn has a major influence on whether the potential of personalities and competences is fully exploited.

What's the situation with double mandates? Does it make sense to dissociate the board of directors from the board of management?
There is a clear trend at the moment towards this dissociation. In this context, increasing attention is also being paid to avoiding rotations – in other words, not automatically appointing the CEO as the chairman of the board of directors, where he or she might try to justify his or her earlier decisions. Generally, the majority of the board of directors should not have any executive powers, in order to avoid conflicts of interest. There are no hard and fast rules.

Is diversity important in the composition of a board of directors?
A competence-oriented model, which reflects the current trend, is based on diversity. The most important requirements are industry knowledge and/or competence in areas such as finance, production, marketing and M&A, and frequently international experience and political ties. Today, it is a known fact that a board of directors should not just consist of like-minded people. Critical and lateral thinkers are also in demand. The concept of diversity also includes the appointment of female managers to the board of directors.

Is being a member of a board of directors a part-time job? How many board of directors mandates should a person hold? What is the experience in practice?
We are witnessing an increasing professionalisation of the board of directors. This is partly because the time required – depending on the industry and the size of the company – is enormous. More and more meetings are required, board members work intensively in committees or in direct contact with the company management. There are unforeseen circumstances that necessitate prompt action – and you have to be available then and there. All these criteria can hardly be met if you hold too many offices. Full-time members of a board of directors have an advantage here. Nevertheless, not all board members need to hold office full-time – here, too, the best results come from diversification.

"What is needed is inner commitment to the company and considerable strategic vision as well as all the necessary specialist expertise."

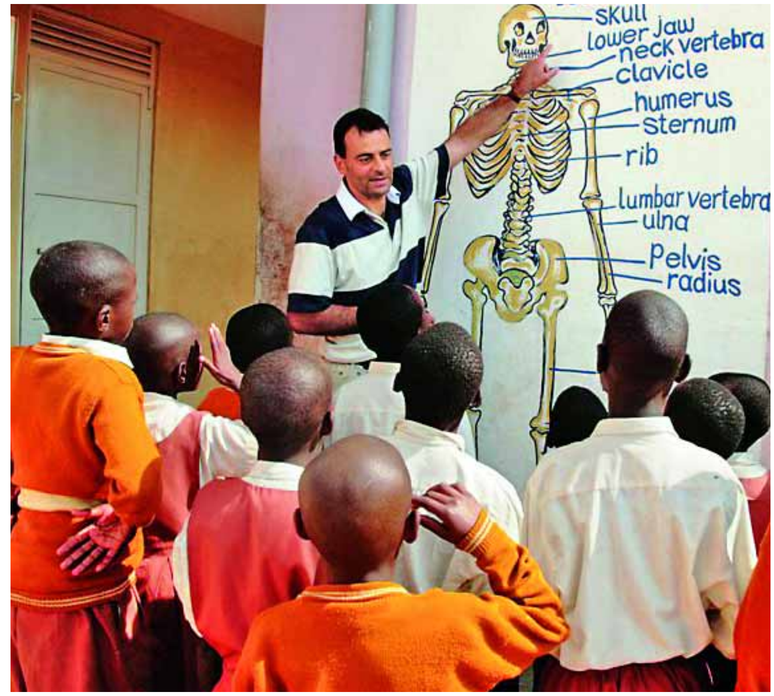
What needs to be considered before opting for a career as a board member?
For a long time, it was seen as flattering recognition to be appointed a board member. Today, it is a genuine challenge. If you're on the board of directors at the wrong time, under certain circumstances, this could mean the end of your career. A company can soon get into a precarious situation – particularly in these times. The board of directors holds the overall responsibility for strategy and commercial development. This is compounded by an increasing risk thanks to global interdependencies as well as tighter national and in particular international accountability. That is why it is important to be aware of all the aspects of this office and to subject the company in question to close scrutiny, before accepting a mandate.

What's the best procedure here?
The personal network makes an initial examination possible: who's already a member of the board of directors, who's on the board of management, etc. In addition, specific due diligence is increasingly important. Just as many companies identify suitable board member candidates with the help of very specific selection criteria, potential candidates can also examine a company. This is in their own interest, for the board of directors has increasing responsibility and exposure, particularly at companies listed on the stock exchange.

What are the most important considerations?
Questions need to be answered systematically: Am I aware of the responsibility, of the risks? Do I know the company well enough? Can I trust the management? Will I be given access to the required information? What responsibility do the committees have? And so on. The handling of risk management and internal control, in particular, should also interest an aspiring board member. With time, you gain a very good insight into how a company works and whether your professional experience can be of benefit to the company, and conversely whether the company meets your own requirements.

Do you think that a board member should have emotional ties to the company?
Definitely! A member of the board works in the service of the company and its stakeholders. It's important here to identify with the company – including at an emotional level. What is needed is inner commitment to the company and considerable strategic vision as well as all the necessary specialist expertise. In the end, it is personal commitment that makes a board member credible for the company management and the staff, and for the other stakeholders such as the media and the public. //

Formative experiences: PwC's Frank Schmidt in Uganda.



"Ulysses": Caring for mental patients in Uganda.

Of all the options offered by the "Ulysses" programme, this one presented the greatest challenge. The organisation Basic Needs ensures that the mentally ill in Uganda are given a minimum quality of life – drugs, food, water and the most fundamental of rights.

"I had a vague idea about Africa – after all, I'd worked for a while in South Africa when I was a student," says Frank Schmidt, a tax consultant and partner at PwC in Frankfurt who has a PhD and specialises in Private Equity and M&A Tax. "Yet it's difficult to put into words what came next."

Together with their Basic Needs hosts, the three-man "Ulysses" team worked in the Kamoya slum of the capital, Kampala. In the first week they visited HIV patients, in the second patients with mental problems and in the third mental patients with HIV. "That really pushed me to my limits," says Schmidt, looking back. "We were walking towards an impoverished dwelling, and our companion told us, almost as an aside, that a man with epilepsy and HIV lived there alone. That made me think of my three children, and I asked myself what on earth I was doing there."

Today Schmidt remembers the scene that followed almost like in a film. Just as he was about to turn back, the door of the hut opened and a man stretched out both arms towards him – to give him a warm welcome. "You'd have to be a pretty cold fish to shake off such a hug," he says. "All you can do is respond to it."

This key experience left a deep impression on him. When his two "Ulysses" colleagues wanted to give up after three weeks, Schmidt advocated staying. Getting to grips with the others' arguments – and the joint decision not to give up – melded the team together. "The experiences we had were so deep that, at the end of our stay, we found it really difficult to go our separate ways and leave Uganda behind. For my part, I would have loved to have stayed longer."

For Schmidt, a lot of things have changed in his day-to-day professional life too. "I am much more relaxed and tackle problems with greater equanimity," he says. Nowadays, his assessment of the really important things in life is different than it was before his time in Uganda.

He has also become more sensitive when dealing with clients: "In the past, other people's testiness used to irritate or disturb me. Now, I try to find out what's up with them, what they are really feeling." This new attitude has brought great benefits, particularly in the collaboration with his team. "I am prepared to assume a lot more responsibility for other people. Interpersonal problems are no longer relegated to second place behind client work as a matter of course. They affect the sustainable success of the team and therefore receive at least the same attention." //

"Ulysses" is a leadership development programme of PricewaterhouseCoopers. The participating PwC partners demonstrate potential for a career in management and are nominated by their country organisations. In multicultural teams (comprising three to four persons), they spend two months in Third World countries, working together with social entrepreneurs, NGOs and international organisations. The selected projects constitute a challenge and offer a chance for participants to put their professional expertise to good use in a totally different environment.

What makes a CFO a Chief Future Officer?

Etienne Hamoir, PricewaterhouseCoopers Neuchâtel

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ceo* freshness/maturity

Hans Vontobel:
"It is important to cultivate different interests at an early stage and to see more than just your career. This applies for young and old alike."
06

Melanie Raouzeos:
"A degree course only prepares you for the business world to a limited extent. You know a little about a lot, but in my opinion not enough about anything."
08

Philippe Gaydoul:
"You often hear of sons who can't live up to their parents' expectations. It was my good fortune to be a grandson rather than a son."
10

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