Recruiting Senior Managers in SE Asia

Presented by:
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Global Trends

How Are These Impacting Everyone?
Recruiting Senior Management Staff: The Global Trends

1. Localization Continues

- Majority of multinationals want to migrate senior positions to Asian nationals.
- Believe that locals are best suited for most senior positions in the long-term.
- “Expats are just keeping the seats warm until Locals show they really want the jobs”

Comments: A lot of our work throughout the region has been expat replacement. The number of expatriates employed throughout the Asia Pacific region has steadily declined and it continues.
Recruiting Senior Management Staff:
The Global Trends

2. New Demand for Expatriates

- High Growth sectors like Business Process Outsourcing, mining, hospitality and banking require expatriates
- Expatriates required in sectors when local talent is not yet developed or available

Comments: This is only natural since it takes 15 or 20 years to develop a senior manager while the BPO sector has only existed for 4 or 5 years.
Recruiting Senior Management Staff:
The Global Trends

3. Non-Traditional Expats

- Traditional Expat Packages including housing, school for kids, fly-backs are a thing of the past.
- Today, everything is negotiable. Many sectors provide 6 month revolving terms and (perhaps) pay a small housing allowance.
- Local Expats are proportionally greater in number.

Comments: Locals in SE Asia think all expats earn more than them. That is not the case anymore. Today’s expats get fewer extras and they are often fired on short notice. Feel sorry for them.
Recruiting Senior Management Staff: The Global Trends

4. Cross Postings

- It used to be that Executive Postings were top down in nature. Managers were sent from the HQ to the country office for experience and back again.
- Today, Indians, Filipinos, Malaysians and (especially) Singaporeans all have the same cross posting opportunities to gain experience and be considered for the most senior roles.

Comments: I have noticed that Indians seem to have taken over CitiBank in the region. Today, Asians have a better chance than expats to get the top regional jobs.
Recruiting Senior Management Staff: The Global Trends

5. Regional Integration

- Companies used to have Country Managers for single countries.
- More companies have Country Managers who handle multiple countries in a hands-on operating manner, dividing their time among 2 to 4 countries.

Comments: The GDP’s of Philippines and Singapore combined is less than that of Dallas-Fort Worth or Philadelphia. Countries in SE Asia are small and need to work together to be noticed. That means successful managers need to be able to manage different cultures.
Recruiting Senior Management Staff: The Global Trends

6. Asia Becoming Valued

- The Asia-Pacific region accounts for less than 15% of total revenues for most multinational companies.
- Many still see Asia as a place to sell and deploy and not much more.
6. Asia Becoming Valued (continued)

- Regional Managers are frantically trying to bring new types of business to Asia in order to increase the prominence of the region to their global managers.
- Business Process Outsourcing is an important current initiative.

Comments: Most Regional Managers will make presentations to their global boards about BPO in the next 12 months. They want BPO to help them increase the importance of their region.
BPO Trends

How Will These Impact Countries With Strong Needs for BPO Management Talent?

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Recruiting Senior Management Staff:  
The BPO Trends

1. Momentous Growth

- Once In a Life Time Opportunity!
- 50% Overall Employment Growth Means 50% More Managers are Required Each Year
- RESULT: Young Managers With 3 to 4 Years Experience are Replacing Seasoned International Managers with 15 to 20 Years Experience

Comments: There are lots of 27 year-olds with 500 people reporting to them. How can young managers be expected to perform when their group is also growing by 50% each year?
Recruiting Senior Management Staff:
The BPO Trends

2. More Sophisticated Processes

- Services Provided by Offshore Delivery Centers is Dramatically Increasing In Sophistication
- No Longer a Simple Cost Saving Exercise
- RESULT: More Pressure on Managers to Manage Complex and Critical Business Functions

Comments: The services being provided are moving to higher and higher skill level faster than anyone anticipated. Offshore managers are now being considered important contributors to global companies.
Recruiting Senior Management Staff: The BPO Trends

3. Managers Expend More Time

- Finding New Hires Takes Longer
- New Hires Require More Training
- Retaining Staff Is a New Priority
- No More Vacant Real Estate
- Building Your Own is the Only Option

- RESULT: More Pressure on Manager’s Time

Comments: Gone are the easy days of hiring superb employees with a Help Wanted sign. It takes a lot of work to find suitable people and you spend more time training and developing them… and then trying to keep them. Oh, and now you also need to build them a place to work.

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Recruiting Senior Management Staff: The BPO Trends

4. Increasing Costs

- Salary Costs are Increasing
- Attrition Costs are Increasing
- Training Costs are Increasing
- Real Estate Costs are Increasing

RESULT: More Pressure on Managers to Maintain Costs in an Environment of Increasing Costs

Comments: Almost all costs are increasing in local currency terms. This is putting enormous pressure on managers to find ways to save.
Recruiting Senior Management Staff: The BPO Trends

5. Decreasing Revenues

- Most BPO Contracts are Paid in US Dollars.
- Squeezing of Margins is Inevitable

- RESULT: More Pressure On Managers to Increase Productivity to International Levels

Comments: A 1% increase in the peso can mean a 5%-10% drop in profit margin for many companies. Head Offices are pushing for dramatic productivity increases from their managers.
BPO Managers in Asia Must:

1. Cope with 50% Employment Growth
2. Cope with Increasingly Complex Processes
3. Cope with Growing Hassles
4. Cope with Rising Local Costs
5. Cope with Falling Margins

Comments: How can managers survive such tremendous demands on their time and skills. Most have only a few years experience in the industry.
Does Asia Need Managers?

Or does it need Supermen?

Whichever they are, the BPO sector needs 50% more of them each year.
Possible Solutions

Are We Doomed
Or Will Enough Managers be Made Available for the BPO Sector to Grow?
Recruiting Senior Management Staff:

Possible Solutions

1. Recruiting from Other Industries

- Various Industries are Being Targeted for Experienced Management Talent

Comments: Fast growing organizations are ready to pay whatever it takes to hire experienced managers. Examples of sectors they are targeting include banking, insurance, electronics, garments, retail and hospitality.

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Recruiting Senior Management Staff: Possible Solutions

2. Importing Asians

- Countries with large overseas populations like Philippines or China Need to Target Returnees
- India has already done this, other countries have been slower

Comments: Moving to any new country is difficult and not everyone is happy being away from home. All people are patriotic and can be lured back as long as they know they are needed and loved.
Recruiting Senior Management Staff: Possible Solutions

3. Localizing Expatriates

- Definition - Local Expatriates are non-Asians who choose to live in Asia because they want to
- Significant Percentage of Expatriates have Interest to Remain in Asia when their terms end
- Immigration in Most Countries is Currently Not Viewed as Accommodating

Comments: We constantly get calls from expatriates whose term has ended and they want to stay -- many cite beautiful Asian women as one reason. Immigration requirements are considered unfriendly. South East Asia, in particular, loses motivated and experienced management talent as a result.
Recruiting Senior Management Staff:

Possible Solutions

4. Importing Foreigners

- India’s BPO Sector is Slowing and May Be a Source of Experienced Senior Managers
- Western Expats are possible but more risky and rather expensive

Comments: Recruiting from India is not yet easy since many have ridiculous salary expectations. This will change in the near future as the Indian BPO sector continues to slow while Philippines, Malaysia, Vietnam, Sri Lanka and others continue to grow.
Developing Senior Management Staff:
Possible Solutions

5. Developing Local Managers

- They have Proven Themselves Capable So Far
- Training and Mentoring Should Be The Alternative with the Highest Return
- #1 CHOICE

Comments: Given that results have been good so far. Stronger focus on career development and training should yield the best results.

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Developing Senior Management Staff:
The Greatest Threat

Increasing Attrition

- Job Hoppers are Career Destroyers
- Employers Desire Stable Employees Who Can Be Developed
- Fast Growth Times Will Not Last Forever. When Normality Returns, Job-Hoppers will Suffer
- Rapid Job Changes Destroy Careers

Comments: Recruiters are not the cause of attrition. Recruiters earn fees for providing stable, successful candidates, not career-killing job-hoppers who send their resumes to every job posting and HR department in the industry. Such people destroy your business and their own careers.
Can We Do It?

Difficult to Say For Sure But We have a Good Chance
Let’s Not End Up Like This

- India Outsourcing Its Outsourcing
- Is India’s Outsourcing Honeymoon Over?
- India: Good Help is Hard to Find

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