



# Benefit promises that can no longer be financed

**Chairman of the Board of Directors of schilling partners ag  
Guido Schilling in an interview with elipsLife.**

**elipsLife | echo: While technology takes centre stage in the industrial sector, success or failure in the service sector is determined by the individual. How should this be interpreted?**

Guido Schilling: These days, management is a production factor, both in the industrial sector and in service companies. While procedures, processes and quality assurance at the lowest possible costs play a central role in the industrial sector, service companies consistently focus on the use of the production factor «knowledge». In the industrial sector the interaction between man and machine is in the foreground, while the service sector concentrates on man and knowledge. The most important management responsibility in the service sector, therefore, is the optimal deployment of every individual employee in order to meet the needs of the customers.

**All large companies today are embroiled in a global competition for talent. In this situation, how can the right persons for key positions be found?**

It is of central importance for every company to develop its own identity. Authentic values, to which the company lives up internally and externally, are the basis for attracting and retaining strong talent. It is paramount for a company to be able to recognise the best internal people, to develop them and to introduce consistent successor planning. When filling

management positions, an 80% internal and 20% external ratio is good. New managers should only be recruited outside the company selectively. If the internal to external ratio suddenly changes to 50/50, the structure loses stability, the basic cultural values can be watered down and an entire company can run into difficulties. A company's development is best served by building on its strengths. This is guaranteed if most of the key positions are filled with internal talent. To attract outside talent, the recommendation culture will increase in importance in the future, and experts will be hunted selectively and in a focused manner via social media tools.

**Are the times of climbing the career ladder from commercial apprentice to CEO a thing of the past?**

Economic cycles are becoming ever shorter and the markets change much faster than before.

---

Guido Schilling



To remain at the forefront, companies often cannot avoid having to buy knowledge. The skills needed in a company today might no longer be in demand tomorrow. Careers therefore no longer progress in a straight line just because someone is ambitious. In addition, specialist careers are much more important today than in earlier times. Not everyone who wishes to advance professionally has to become a manager. The period spent in a specific position is shorter than before, and change is more common. Loyalty between employers and employees will decline even further in the coming years.



**The quotas demanded for women in management positions at Swiss companies are opening up undreamt-of opportunities for growth in your sector. Or is it easy to find top-qualified women?**

Diversity in the management team is a topic for more than 50% of our customers. Women are not visible enough, even though my sector is doing everything it can to counter this problem. The problem, however, is not just a gender problem. These days more attention is paid to the best composition of the team to ensure success, and this is how positions are filled. An example: When a top position for the Asian market has to be filled, the question is asked whether an Asian candidate might not be the right person for the job. It has been shown by now that mixed teams of different age, gender and cultural background achieve better results. In future, Switzerland will have to focus more strongly on performance than it does today. Hungry, motivated talent must be identified who are prepared to turn in an above-average performance. In this situation companies would do well to exploit the great potential locked up in «women».

**What do you think of women quotas for top management?**

I am absolutely opposed to women quotas. Companies must fill every position with the best possible candidate. When fighting for talent, a company cannot fish from just one pond. If a government should decree that only women may be appointed in top positions for a certain period of time, the companies of this country will be sorely handicapped in the global market.

**Previously there was the chief, now the headlines are full of consultants who move directly into management positions at companies without contributing any management experience.**

Management comes in many guises. At SMEs, little has changed in regard to management in the past 50 years, but this is different for large corporations. Successful managers of corporations can move to an SME, but the opposite is more or less impossible. A consultant often works for large companies and helps them to manage change processes. In this way he sees what works and what does not. If a consultant would like to be actively involved in the implementation of measures and take on responsibility, he can be an asset for the company. As a consultant, the specialist career takes precedence, but when changing to a management position, social skills are also in demand.

**But what is successful management? What makes a good manager?**

As former Federal Councillor Adolf Ogi said once, you have to like people. In addition to the fact that a good manager must reach the set objectives with his team, social skills are an important factor for sustained success. Good bosses can recognise the potential of their employees, develop their employees further and strategically deploy them to ensure the success of the company. A «modern» manager puts the focus on «we», the team. A good boss can inspire his team, regularly informs them where they are going, easily takes decisions and creates a culture of trust that offers enough leeway to exploit the employees' potential in full. A manager must also accept that he cannot always personally win every round. He must be committed to the good of the whole rather than his own ego.

**Your answer shows that social skills actually play a central role. Is this a priority when top managers are selected?**

Yes. Strong companies have their own definition of the term «successful management». Only those who have determined what good management is can measure or at least try to measure good management. As a result, every selection procedure strongly emphasises social skills, which nowadays are always measured by in-depth assessments.

**As a head hunter, what is your impression of the top management teams of insurance companies?**

For many years I have had a very good impression of the management teams in the insurance sector. The long-term horizon that underlies the insurance business is expressed in the vision and actions of management. Insurance companies have a balanced approach to risk and a good understanding of how to measure objective achievement. However, all these advantages could also lead to a lack of innovation, as stability is more important than taking risks.



**How will the requirements to be met by managers change in the next ten years?**

Companies in future will be more complex, networked, global and faster. The employees of the future will be more confident, freedom-loving, reflective and much more choosy about when, how and where they want to work. To bring these two diverging developments together will be a central challenge for the managers of the future. Basic requirements include mastery of change management, the optimal use of new technological tools and the ability to positively negotiate this «jungle» where totally different value systems meet. In future, the management coach will be more in demand than the traditional boss. The employees of the future will be more focused on themselves and will make themselves available for a task if they can see its sense for themselves. Traditional incentive systems will no longer work for the confident employees of tomorrow.

**Does limited willingness to perform explain why we have the largest proportion of foreigners in boards of directors and executive boards in Switzerland? Are the Swiss less ready to perform?**

It can generally be said that above-average willingness to perform is not found to the same extent in a saturated market dominated by affluence and security as in a growth market. But this is not the primary reason for the large foreigner quota in top management. Switzerland has many globally successful companies. Because these companies only have a small local pond in which to fish for talent, they often have to import competent people from the countries where their competitors operate. Take Swiss as an example: if the airline needs to recruit managers, it can either look for them internally or at other airlines. But other airlines are only found abroad. It is far from wrong for companies who generate only 5% of their value in Switzerland to strengthen themselves with employees from the countries where they do the lion's share of their business.

**Will Swissness remain a success factor?**

In an ever faster turning world, stability, trust and reliability will become even more important. Swiss companies and Switzerland as a whole are synonymous with these values, that are deeply rooted. In future we must build and rely on these strengths even more than today, instead of looking abroad.

**Will pension fund benefits become a decisive factor when recruiting employees in future?**

The pension fund is a hygiene factor. To be attractive as an employer, the hygiene factors – which include social benefits, a good location and an attractive work atmosphere – must be right. But they add little to differentiation: hygiene factors bring little advantage for an employer, but if they are missing, the employer will lose a lot of standing.

**What developments do you expect in the employee benefits insurance in the next three to five years?**

We will face extreme challenges. We have built a structure where the benefit promises made in the past simply cannot be financed any more. Society's demand that only the working population should contribute to the rehabilitation or reorganisation of the system is making the situation worse. With the current demographic trends and low interest rates we cannot guarantee the promised pension benefits. The payers and recipients of contributions must all get into the same boat. With the greying of the population in Switzerland it is not possible for just the working population to finance the entire system.

**If you could give the pension funds in Switzerland some advice, what would you tell them?**

Have the courage to embrace size. We must take leave of the idea of small pension funds. What we need is large pension funds that can generate economies of scale in their administration and effectively manage their capital.



**Personal data:** Guido Schilling, born in 1959, holds a degree in business economy. After working in several management positions with international companies, he joined the executive search company, founded in 1980 and specialising in searching for members of boards of directors and executive boards which for many years bore his name, as a partner in 1987. He manages schilling partners ag as Chairman of the Board of Directors and Senior Partner. Thanks to more than 25 years working in the executive search business, he has wide-ranging experience in finding members for boards of directors and executive boards. He has excellent networks in various sectors and direct access to many decision-makers in the business world. In his leisure time, Guido Schilling serves, among other things, as Chairman of the Board of Directors of Maag Music & Arts AG in Zurich.