

Inspired by the inauguration of Barack Obama, **Chris Mumford**, managing director of HVS Executive Search, asks whether democracy could ever be applied to the board room

Would 'X' hit the spot?

In case you hadn't heard, Barack Obama is the new president of the United States of America. You may have been too busy shopping for more mattresses under which to stuff what money you have left or you may have been using that cash to try and pick up a bargain second hand car company. If you did miss it, all you need to know is that the US has its first African American president, he is going to save the world, and voter turnout was its highest in over 40 years.

In fact, such was the international interest in the election that it felt as though the entire world was preparing to vote. The level of engagement of the average person on the US street in the election of the person to run their country appeared to be so intense that it took me on a credit crunch induced flight of fantasy to wonder if people could get just as engaged in choosing who runs their company.

What if leaders of companies were selected in the same way as leaders of our countries? Imagine the empowerment an employee would feel knowing that they voted for their chief executive, the sense of direct involvement that would give an employee in the future of their company, and indirectly in their personal financial and career future. It would naturally be in their own best interests to make the right choice when hiring a dud into the role could ultimately hurt their own wallets. Employees and other stakeholders will pick the leader who is going to be successful for them. In the same way that US voters felt that little bit more American around the election as they took part in the democratic process of which they are justifiably proud, so too would a chief executive election give employees a greater sense of belonging and engagement in their organisation. In addition, think of the cohesiveness a chief executive would feel knowing that the ship he is steering is manned by people who, in the majority, actually want him to be at the helm. Of course, that may add the pressure of having to meet those expectations but that's why they get the big bucks.

Here's how it could work for a hotel company looking to go democratic.

- The road to the White House is a lengthy, windy and expensive one. So is hiring a chief executive. Matters really begin in earnest about two years ahead of the election and, similarly, good succession

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Could you pledge allegiance to the company flag?

planning at a large corporation starts at about the same time. At this point, therefore, the company's board of directors begins the selection process to determine two nominees for the post of chief executive. One of these nominees will most likely be an internal candidate (the current vice president) and one will be an external candidate sourced through an executive search firm.

- At the company's AGM, or 'national convention', the two nominees selected by the board are announced to the electorate. Depending on the hotel company, the electorate would comprise all employees from hotel porter to senior VP, as well as franchisees and company shareholders. This is where we run into one major problem and the fantasy risks falling flat on its face. Unlike an election for public office, the specific identity of the candidates needs to be kept confidential. Not only to avoid exposing the candidate who could currently be doing great things at the competition but also to avoid giving the inside candidate the unfair advantage of being the 'known entity'. Fictional identities are therefore created for each candidate and every voter receives a full dossier on each candidate covering everything from golf handicap to ebitda growth over the last five years. Some companies may even wish to go virtual and recreate their candidates' profiles online in 'Second Life'.

- Once nominations are made, the campaigning begins. If in the US this will be over the course of 12 months with extensive media coverage of both candidates. Nominees will be encouraged to bombard voters within the company with regular email and SMS messages laying out their personal manifesto for election. Candidates will take great pains to establish their everyday man credentials with frequent mention of 'Joe the Dishwasher'. The electorate will also have their opportunity to question the candidates, although it is recommended to limit this to three televised debates, topics for which will be picked from the programme of the previous

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International Hotel Investment Forum in Berlin. These broadcasts will be available as podcasts for voters to download, will be chaired by the company's chairman, and will feature the candidates with digitally re-mastered voices and faces blacked out. If in the UK, then electioneering can be reduced to one month, some hastily knocked together leaflets, and one five minute 'party political broadcast'.

- Who is going to pay for all this? Each candidate will be provided with a pre-determined war chest but is also free to engage in independent fund raising. Naturally the company will frown on donations from current (or future) suppliers or from employees looking to buy themselves a couple of rungs up the career ladder. However the \$10,000 a-head fund raising banquet will be actively encouraged, especially if held at the company's flagship hotel in the low season. A masked ball would serve well to protect the candidate's identity

- Come voting day, employees, franchisees and shareholders would vote at voting booths set up in each hotel. Any hotel necessitating a recount would immediately have its management contract or franchise pulled. An agonising few hours at head office would see the hotel's counts returned with the help of a large indecipherable computer generated map onto which Anderson Cooper would appear.

- The winner would be announced and take up the position three months later, hopefully sufficient time in which to serve notice from their current employ. A swearing-in ceremony would take place on the steps of head office and the new chief executive would waste no time in kicking out the existing executive team and installing his or her own men and women. All being well, if the FTSE 100 is to go by, the chief executive can look forward to an average term of four years, much like most premiers.

It will never happen of course but it's nice to fantasise for a moment and to wonder if a company led by a democratically-elected chief executive would be more successful and a higher performer than one not. As we have seen in politics though, 'the people' do sometimes get it wrong. The difference between business and politics, however, appears to be that it is much more common and straightforward to remove the chief executive for incompetence and underperformance than it is the president.