



The leadership challenge: Building the future of global infrastructure

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Diverse stakeholders, complex projects, and straitened budgets: a survey of global infrastructure leaders defines the challenges to the industry—and how to address them.

What are global infrastructure leaders worried about? Keeping a step ahead of the pace of change, for one. Managing increasingly complex projects and heightened consumer expectations, for another. And, of course, finding the right talent.

These were the responses from the ten CEOs or chairs of infrastructure companies from Asia, Europe, and North America that Spencer Stuart interviewed; in addition, it surveyed more than 100 senior executives from around the world, asking where they saw the industry advancing with respect to growth, leadership, risk, and strategic trends.

Their answers revealed a number of common elements. For example, there was consensus that new digital technologies, such as computer-aided design, are bringing the “paperless building site” close to reality. Getting there, though, means investing in new equipment and training; electrical and mechanical engineers could become as important, or more important, than civil engineers.

Respondents mentioned budget constraints as a major trend. Because of declining public expenditures in many markets, infrastructure companies are developing new business models that enhance the role of the private sector, most notably through the increased use of public-private partnerships. Noted one American CEO in the aviation sector, “We are moving from a public infrastructure/government mind-set to a strong business mind-set.”

A general concern was that as projects become more complex—and there was no dispute that they are—planning horizons are longer, as is the time needed to recoup investment. “Positioning the right infrastructure at the right time is quite challenging,” one CEO said. “How do you do it in an environment where the future demands you are planning for could be quite unpredictable?”

All this is made even more difficult because infrastructure companies must deal with an increasingly diverse and demanding set of stakeholders, including the general public. These stakeholders can quickly mobilize for or against major infrastructure projects, which can have big, even transformative, effects on local communities. Leaders must therefore be attuned to public opinion and be able to engage hearts and minds. This includes knowing how to communicate effectively through social media and other platforms.

To an extent never seen before, the sector is becoming more consumer oriented. That is an acquired taste for many leaders, but one that they are going to have to get used to. “In infrastructure, it is very hard to win more customers,” one chairman told us, “but easy to lose them if you slip in a minor way in delivering a service. Invisible excellence is taken for granted.”

Unlocking leadership at all levels

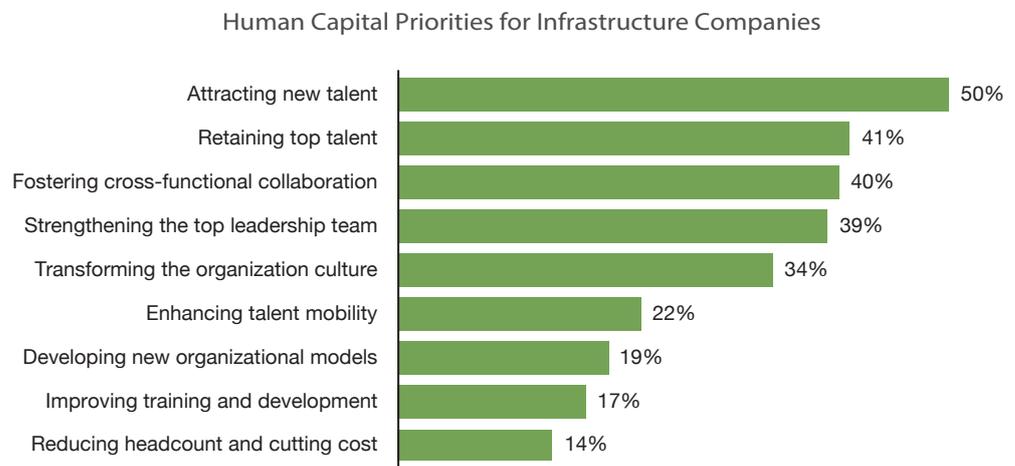
Given the complexity of these issues, the question of who is at the helm is more important than ever. Successful leaders need to be consumer savvy, social-media tuned, and IT capable, while also being mindful of financial and regulatory concerns and adept at meeting the needs of partners and other stakeholders. They must be able to unlock knowledge and capabilities across the entire organization and to lead cultural change that places consumer awareness and social impact high on the agenda. And they need to do all this while working with people across a multitude of disciplines, including bankers, engineers, and lawyers.

That is a daunting list of qualities, and while not every chief executive can have all of them, these do need to exist at different levels of the organization. Given the increasing number of functions and disciplines needed to govern the business, CEOs must build a skilled and agile senior team.

And yet our survey found that across the board, leaders have difficulty attracting and retaining talent with the right mix of leadership and technical skills. The shortage of skills is broad, including the skilled engineers, project managers, tradespeople, and commercial, financial, and technical experts. According to the survey, attracting new talent is the top human-capital priority; retaining it is second (Exhibit).

Exhibit

Infrastructure leaders rank talent as a top human-capital priority



¹ Respondents were asked, "What do you see as the most important human-capital imperative for your business for the next two to five years?" They could give up to three answers.

Here are several approaches that can help:

1. Think outside the sector. Infrastructure companies tend to promote from within the industry. But because the sector is facing change on so many fronts, executives also see a need to strategically recruit from outside the sector. Engineering skills will always be critical, but financial, IT, and legal expertise is also necessary. Bringing in talent from outside can help revitalize companies—but that also means competing against top banks, consultancies, and law firms. This is not easy; doing so, however, will raise the talent bar across the board.

2. Implement talent benchmarking. When it comes time to hire or make appointments, talent benchmarking can help immensely, even if the intent is to promote from within. “We like to grow our own timber, but when we promote from within, we often do exhaustive external benchmarking to determine if this person is the best for the job relative to someone outside,” one CEO told us. Benchmarking acts as a safeguard against excessive insularity, while also enforcing high standards.

3. Foster cross-functional capability. Cultivating a blend of skills and expertise is necessary, but so is addressing particular pain points. For infrastructure companies, a pressing concern involves the pipeline of engineers, who are on the front lines not only of operations but also of managing technology change. It is not easy, for example, to find construction engineers who are used to working in the digital sphere (or vice versa). Encouraging people to move beyond their core skills is important to foster an adaptable and engaged workforce.

4. Tell the story. To address talent shortages and to compete with other kinds of companies, infrastructure companies must build and communicate a solid value proposition. In this, they may actually have an advantage. Building infrastructure is inherently exciting; it also carries a profound sense of purpose. “The best way to attract people is to have great projects,” said one executive. “Money and conditions are important, but the best people want to work on the best projects.”



The global infrastructure industry faces both internal challenges, such as talent shortages, and external pressures, such as keeping pace with technology advancements. To cope with all this, the indispensable factor is to find, hire, and keep skilled people. That is easier said than done—but it can be done. 

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