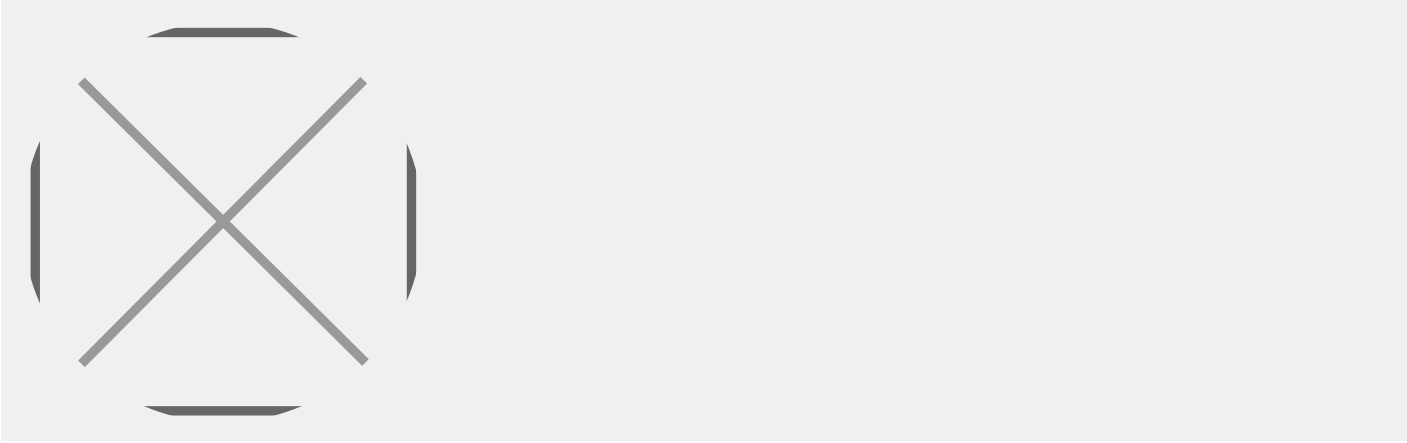
Interview with Nicolas Milonas, Executive Vice President and CEO China, Acropolis Associates



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nicolas-milonas-executive-vice-president.jpg

Could you provide us with an introduction to the company as well as your operations in Shanghai, New York or Singapore?

I created Acropolis Associates ten years ago in New York, along with two friends that I met during an Executive MBA program. We entered China in 2004 with operations in recruitment and executive search and an industry specialization in life science as well as representation in manufacturing and retail. Additionally, we tend to cater too crucial positions in joint ventures that act as the bridge between Western and Chinese companies such as General Managers, R&D Managers, Financial Directors and Production Directors. Paris is our Europe liaison office where is based Fabien SEBBAH who created Acropolis in 1999 with me. Previously, Fabien spent more than 12 years in the Pharmaceutical and Veterinary Industry in France.

At the moment, all of our clients are foreign companies or foreign side of joint ventures in China. Our firm is small in scale with 10 employees here in Shanghai; Beijing will get the same size and we are very recently implementing operations in Singapore due to the large concentration of life-sciences companies. Typically, it takes us 4-8 weeks to find the appropriate individual for a specific job, which we see as being integral to meeting the needs of companies in operation.

What would you say are the main differences in doing business in Shanghai as opposed to New York or Paris?

In China, I can say that all of the difficulties are related to the size and speed of the market. China is growing at 20% per year in industries like life-sciences which is phenomenal when compared the more mature market growth of 1-2% in the US and Europe.

Some participants in the executive search industry here in China do things a bit differently than in the US and Europe. How do you adapt to this in terms of the way in which you engage companies and place people here in China?

In China, probably more than 90% of said head-hunters are CV forwarders, with extremely short term vision, without real recruitment expertise, and no idea at all of the meaning of words like “ethics” or “deontology”. The main difficulty in China for us, and other companies like us, willing to deliver perfect service is if we are in front of a Chinese HR manager, we are wasting time to convince them to sign retained search contracts, or at minimum to be involved in a four weeks exclusive contract. They have had too many poor experiences from not qualified recruitment suppliers that they no longer trust the business, and since they do not want to be blocked during four to six weeks while we conduct our process.

It’s important that I select my clients wisely because I do not want to waste my time, energy and team on a project if they are unwilling to work with us on an exclusive assignment and pay for the retainer. My development process is to meet with foreign managers and directors because when they sit with me for an hour to discuss their recruitment needs, they have the ability to evaluate me as well as the company and determine whether (or not) we can meet their requirements. All our terms and process are perfectly clear, rare are the cases we would need to meet more than 2 times to define terms and sign contract.

In China, another sensitive issue is the tradition of hiring parties selecting suppliers that will provide them return commissions and this happens in all departments of companies. This is a big problem for foreign companies in China because everyone has to work in the system and the question becomes how much is acceptable. For us, the answer is 0% return commissions to get a contract. I know it is a brake for our development, but we feel more comfortable with such a policy. My friend, co-founder of Acropolis, Ian GROCHOLSKI based in Europe is specialized in Business Clarity and Ethics. Acropolis thus offers its clients thorough investigations of goodwill and staff and suppliers’ integrity, which, in fine, can obviate hazardous investments (illegal trading, unlawful use of copyrights, corporate fraud, etc.). Currently, Ian is in Republic of Haiti for an assignment. We plan to develop this service in China Q1 2010.

Return commission is not only a sensitive matter in our development process, it is a permanent and recurrent situation we have to deal with and our clients too. Thus, when we recruit, we have to make sure we find honest candidates as the definition is blurry in China and our clients want managers who can draw the line. Obviously, it is a key requirement in purchasing or sourcing, but

recruiting positions like Sales Manager dealing with Pharma-Medical products distributors in China are extremely complicated too.

How do you work with your candidates who may be new to China to prepare them for the differences and challenges that they will face upon placement?

We only recruit people that have some experience in China, for instance if they are a foreigner we require they have at least three years experience working in the country. On the other hand, if the candidate is Chinese they either currently work in China or are returning after a few years abroad to study or work. If we did not have this requirement there is the risk that they might not adapt to China and our clients do not have the time to do cultural training or wait for a director to adjust (or not) to the environment.

Howard Sui of Merck Serono mentioned that China is currently in the midst of a 'talent war' as multinationals are expanding their presence and local biotechnology companies are on the rise. Employee turnover is high and the requirements in this industry can be quite unique, how are you advising companies to handle the situation?

Howard perfectly described the situation of the Pharmaceutical industry. Every industry in China is facing this issue at the moment and the market is really tilted in the favor of the candidates. Not only is production increasing in China, but also many companies are expanding into the service industry, specifically in R&D. In the pharmaceutical sector, CROs have become extremely important as well as in API production where China has surpassed India.

Currently, we are thinking about opportunities in the R&D field. As we are a US company with European management we are working to setup a network among other recruiting firms in North America and Europe to provide a recruitment service out of China, which will similarly allow us to identify potential candidates who may want to return to China. There are millions of Chinese people in China looking for a job but there is a disparity between the talent on the market in China, and what these companies need. This problem is rooted in the mass education system, which emphasizes rote learning, with less emphasis on applying topics. This type of education ultimately leads to a lack of creativity in the market.

Some say that while there are lots of needs in R&D, actual management capability is the biggest piece that is missing from the Chinese economy, do you agree?

As a result of the education and culture, the soft skills for management are often missing from the local talent pool. Typically, we require creative and independent managers with good English skills that are open to move and comfortable in positions of authority. This type of person is very rare in this market. If you require technical employees there are many good people available here and training them to your requirements is much easier. Management is a different story because it is

intuitive; it can be improved but not created. There is a trend now however, to have more Chinese high-level managers, which both reduce cost and cater to the local market. As a result, the best talents are Chinese managers who have spent several years in the US or Europe. We find that while there is a difference in the wages paid to foreign and domestic managers, when we bring in a qualified candidate who is returning to China, our clients will often pay the premium.

There is extremely high turnover in certain sectors such as CROs, due to the large gap in wages and candidates coming from outside the companies. What are you doing to help manage this?

Our first responsibility is to educate and coach candidates. We want to recruit the right people and explain to them the differences between China and the US or Europe. It is essential to explain to the candidate that, as a returnee, he needs to have lower salary expectations. Three to four years ago, returnees had a poor reputation in China as many had obtained their MBA's and their wage expectations were very high. Since then, their requirements have become more realistic, while many companies have come to understand they need them thus the market has regulated to some degree.

How do you see trends in the life-sciences industry continuing in the future?

I think there will be growth and expansion across the sector from R&D to production. Currently, I'm developing Acropolis Biopharma Recruitment (more than other industries), to anticipate the rapid growth of Asia both in talented human resources and economic growth. Wages are increasing here in China, but are still very low in comparison to the US and Europe. With this kind of wage disparity, there will be more outsourcing in R&D and CRO activities as companies look to take advantage of the environment. There are also huge opportunities for our clients to develop their sales in the huge and booming Chinese market

What is your company's vision and ambition for the coming five years in response to these trends?

I would like to find more qualified candidates for this market as well as grow our operations here in a controlled manner. There are a lot of large recruitment firms that have entered the market recently with high fixed costs and an overly broad spectrum of industries, which means at any given time they are wasting resources on slowing sectors. Acropolis is small and focused on pharmaceutical as well as Retail or Manufacturing here in China, which are great sectors at the moment. In October 2009, we opened our new office in Beijing and Singapore in November. Our development in North America and Europe will rely more on partnerships with existing companies rather than expanding our own staff. Our focus is ASIA. I foresee a 50% per year growth for us during the next 3 years.

What is your final message to the readers of Pharmaceutical Executive?

If your company is not in China it can be considered as a management mistake. If you are a Chinese there is a lot of marvelous opportunity here in your country where your roots are. If you are a foreigner it is essential to own experience working in China with Chinese people in order to access top management opportunities.

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