



Virginia Gambale is a successful investor and technology leader. As Managing Partner of Azimuth Partners LLC, which she founded in 2003, Gambale operates globally, developing growth strategies, business partnerships and executing successful exits for technology and business service companies. She is highly regarded for her innovative thinking, personal involvement, concern for people and ability to deliver results. Gambale garnered such prestigious awards as the Forbes Great Communicators in 1999 and was named one of the top three CIOs on Wall Street in 1997. Most recently, she was named by Directors and Boards Magazine as one of 12 "Directors To Watch" for their special 30th anniversary celebration publication in 2006.

She has served on over 20 public and private boards including: JetBlue (NASDAQ-BLU), Motive (NASDAQ-MOTV), Workbrain (TSE-WB), Voxpath, IQ Financial (Chairman) and Synchronoss Technologies (NASDAQ-SNCR). She has often served as Board Chair and Compensation & Transaction Committee Chair. Gambale's work on Advisory Boards is extensive and includes: DB Capital Partners, FT Ventures, Apax Technology Ventures, New York City Investment Fund, Mobius Ventures, Gartner Group & SIM CIO Roundtables, CPM Brazil, MPI Professionals, Knoa Software, and RWD Executive Search.

Prior to 2003, Gambale held senior management positions, including CIO, at global corporations including: Merrill Lynch, Marsh & McLennan, Bankers Trust Alex Brown and Deutsche Bank. Additionally, she headed DB Strategic Ventures, where she successfully liquidated their 100M investment portfolio. This led to her appointment as general partner in ABS Ventures where all investments she led resulted in successful IPOs; Workbrain (TSE-WB) and Synchronoss Technologies (NASDAQ-SNCR). She was subsequently a partner at DB Capital Partners.

A former senior executive in large multinationals, she has recruited senior level executives and understands how a firm becomes the employer of choice. An advocate of performance management systems and metrics, she is known for her success in employee development and satisfaction.

Gambale's memberships include: National Association of Corporate Directors (NACD), Association for Corporate Growth (ACG), Economic Club of New York, Women's Hi-Tech Coalition and Women on Wall Street. She is a member of the Mentor Faculty and Thesis Evaluation board for Columbia University's Graduate Masters in Technology Leadership. Ms. Gambale is also an active mentor and financial sponsor for the education of underprivileged minority women at St. Michael's Academy in New York City.

Gambale earned a Bachelor of Science degree in Mathematics and Computer Science with a minor in Business from the New York Institute of Technology. She also studied at Julliard and Hartt Conservatories.

Greg Selker:

Virginia, thank you for agreeing to participate in this interview with me today. As always I'm very excited to talk with you, and excited to talk about these issues that I think are very pressing in today's companies and corporations on developing leadership and growing and hiring leaders.

Virginia Gambale: Thank you Greg. It's a pleasure for me to talk with you about these topics.

Greg Selker: As the world we live in today becomes increasingly flat and fast moving, leaders are confronted by issues of intergenerational and cross cultural workforces, increasing demands on our time – and often those demands are accompanied with the dictum to do more with less. And I'm very interested in how you see leaders today are dealing with these challenges?

Virginia Gambale: I think "dealing" with this is the key word. I see a lot of discussions taking place at board level - and senior management team level, but I don't see a lot of concrete plans being developed and put into action. For example, I was invited to actually sit on a group that the New York Stock Exchange has organized – even though I'm mostly a NASDAQ Board Member, and this group is made up of both the senior leadership and board directors from various NYSE companies. We have discussions about general and topical issues. And there's an agenda that's posted with questions that are then discussed. This issue about intergenerational and cross cultural workforces and how it impacts their ability to attract market share and top talent is definitely on the agenda. One of the reasons that it's really interesting and that has this topic on the radar screen now is the question at the root of this issue. Most companies are selling to a younger generation today and new employees entering the workforce are also members of this younger generation. This means that the people who are making buying decisions and decisions as employees are actually groomed in a very different way technologically. The question both within our cultural society and corporations is, how we are beginning to address this real generation gap that exists between the leaders of most companies, their workforce and their customers due to the different ways in which this work force and customer base have been groomed technologically?

And so putting certain products out to market in these sectors, and how they address these gaps is really interesting. A couple of times, companies that have actually begun to listen to their younger generation employees have had huge successes financially in developing a new product or opening up a new market.

Greg Selker: The key to what you just said, in my opinion, was that today's cadre of leadership was groomed technologically different than the younger employees who comprise the workforce, and their customer base. I'm wondering in addition to the technological sensitivities that are different because of the era in which individuals grew up and the technological context in which their schooling, their education and their initial work experiences occurred, what differences do you see that are in the domain of leadership?

Virginia Gambale: Well I think this generation makes decisions in a much more collaborative environment with open communication. In other words, they will create these communities – chat communities, blogs, etc. This type of open source is indicative of the way the buying generation likes to make decisions, and it is not historically the way corporate cultures make decisions. So I think there's a lot of recognition of this, but how to begin

to incorporate it into corporate leadership and the decision making process is still yet to be discovered. However, case studies indicate that those companies that have begun to embrace it are actually having success.

Greg Selker: At Selker Leadership, we believe in the idea that leadership must be adaptable and flexible. It is not a fixed state. If you apply this concept of evolving leadership to the issue that you're identifying, which is how to appeal to and lead the next generation, what leadership traits do you see need to be developed or should be present?

Virginia Gambale: I think future successful leaders are individuals that are capable of putting a series of concepts into action. But the way in which they develop the concepts will not result in the same sense of pride of authorship and ownership issues that we see today. Ultimately, the leader will own the outcome and drive it forward, but that leader will solicit ideas in a more open forum concerning the direction, the strategy and the product. Next generation leaders will be more oriented to listen and be able to put things together, and put structure around that in a new pricing model, a new business model, and a new offering. The complexity of it is going to be significant because it will span the globe, so the ability to have worked across borders in going to be really important. It will be important to know how to manage efforts virtually and respect the cultures that are contributing to this effort.

Similarly, as we are sensitive to our younger generation as both our future workforce and as the emerging consumers for our goods and services, this is completely complimentary with emerging foreign markets because in a sense, they should be treated as young markets and young talent. We need to solicit these foreign markets for their creativity, but with the balance of understanding how to put structure in process around harnessing this creativity and these new markets. And we need to pay attention to technology for it facilitates and has driven the model through which the younger generation communicates with each other.

Greg Selker: So it sounds like in order to be effective, we will need to use technology as the driving factor in how we communicate, lead and interact with Generation Y.

Virginia Gambale: Yes. And one point I'm also trying to make is when you're talking about what is that ultimate market share both on your client side and on your resource talent side, both are equivalent to your youthful generation because they are growing up today using technology.

Greg Selker: So part of what you're also saying is, take the same ways in which you interact with an emerging market, represented largely by our youthful generation, and apply that to the emerging workforce.

Virginia Gambale: Yes, and visa versa.

Greg Selker: What do you see needs to be done to identify and develop the leadership competencies and leadership capabilities in today's existing leaders that will actually help them do this – borrow from this model and leverage it into this emerging workforce and emerging markets?

Virginia Gambale: I actually think if you take people who have changed careers or changed sectors or changed their span of responsibility fairly often, they are going to be better suited for leadership than someone who has been successfully leading in a single industry sector over the last 20 years. Because we will all need to take concepts from other industries, other geographic territories and begin to apply them. So I think someone who has this transplanted experience is going to be a very valuable resource. That is, those who have been successful transplants obviously.

Greg Selker: So if an organization was able to institutionalize a system that had individuals work in different business areas and functional disciplines, in your opinion, this would help develop the kinds of sensitivities and skills needed to be a successful future leader.

Virginia Gambale: Yes, because I think that you can have the core leadership skills of being able to develop strategy, processes, execute and measure and then cycle back and continue on. Those are basic leadership skills. But the openness to being transplanted from one environment into a completely foreign environment – and being able to leverage that and make it successful by listening and incorporating your own experiences, the ability to do this is going to be more indicative of a leader who can be successful today and into the future. This is an augmentative basic set of skills that all leaders are going to need to have. We're not going to find leaders who have successfully managed emerging growth companies in the emerging markets that were successful doing it with yesterday's business models. It's all going to converge.

Greg Selker: So within a group of people who have had those experiences of being transplanted into different environments and markets – different industries –etc., how do you determine whether or not someone has the true leadership skills that you're looking for?

Virginia Gambale: I think I have to really analyze and understand their track record and what their accomplishments have been and understand the environment in which they accomplished those things. I think it's difficult to consistently judge leadership qualities in a measured way and doing that well is a constant goal. Part of it for me is a combination of discussing what they've done and a sense about interpreting how capable they are with their vision, and their ability to execute on this vision. I often talk to people who have worked for these individuals, so it gives me a greater sense of depth as to whether they actually were able to accomplish these things are not.

Greg Selker: So by digging into someone's background directly with them and understanding at a deeper level what they did and how they accomplished it – and then by talking with people to give you different perspectives who worked with those individuals in those circumstances.

Virginia Gambale: But I would also hire someone who is capable of assessing leadership skills and work together with them in concert with my own ...skill set.

Greg Selker: Got it. I find it interesting that you equate leadership capabilities to the vision a person has and their ability to implement that vision. Could you talk a little bit more about this? What do you mean by "their vision", and why is that important to you? Why is knowing this about someone useful

for you to determine that they have the kind of leadership qualities that you're looking for?

Virginia Gambale: Well because in a sense I think leadership is different from management obviously, in that it's being able chart a course that has not yet been chartered – and the ability to get validation and buy-in to move a group of people in the direction of that common goal is an important part of leadership. And I think today there are a lot of leaders out there in name, I mean there are so many companies that operate, big companies, small companies on a day to day basis without a real vision of where the company is going or its potential impact in the world.

Greg Selker: Yes.

Virginia Gambale: I think there are people who are pure visionaries and that role is needed, but an executive who sees a clear path and then executes to that path. It is hard to find in an individual who can walk the balance between having the vision and the ability to execute. It's there, but ...

Greg Selker: So in addition to the qualities that we've already talked about which are the ability to basically leverage this new model of communicating, of collaborating that is facilitated by technology – and leverage that onto your own communication style with respect to how you interact with your employees, your customers – the extended market place, and do this with the knowledge that it is facilitating you being sensitive to or attuned to this next generation – both of employees and of a younger emerging market place. If we say that that's one kind of big quality of leadership that you believe is essential in today's world, it sounds like another quality that you believe is essential is the ability for someone to have a vision and to move that vision into operational reality.

Virginia Gambale: Yes, yes.

Greg Selker: All right. That's excellent, thank you. One of the things that we see in the leadership assessment and leadership development work that we've been doing over the past two years, is this second component that you're talking about is a particularly weak capacity in the generation of leaders that we find today. Most leaders are at a loss to talk about what they are doing in the context of a vision for themselves, and a vision for their organization.

Virginia Gambale: I would agree. I see it too.

Greg Selker: We see this as critical as well and in fact, this observation guides a lot of the work that we're doing around leadership development. What do you see that companies can do to significantly increase the probability that they would be able to find, attract, hire and keep talented people and really find, hire and attract leaders and develop leaders?

Virginia Gambale: Well, I think I heard two different things and I want to be clear. One is how to find, attract and keep people - and the second is to find, attract and keep leaders.

Greg Selker: Yes, and I think you're right. I think they are different – so let's just focus on leaders, given that that's been the context of our discussion so far.

Virginia Gambale: Okay. You know there are individuals who have become great leaders in our society, and some, few and far between, have been able to do it completely on their own steam. Others have done it by having an environment that facilitates the development of their leadership capabilities. And so I think one of the things we don't do very well in our culture is identifying leadership qualities in people early on in both their educational life and their careers. It's apparent when a young student comes to work into a corporate environment after coming out of school, within the first year you're able to get a sense if that person really has some leadership qualities.

Greg Selker: And Virginia this conclusion would be through the interactions and observations of this individual at his or her work?

Virginia Gambale: Yes. You know in and out of the professional environment – and through these interactions you learn a little bit about the type of things an individual is involved in outside of work as well. But through these observations you can get a sense if they are leaders, trailblazers – if they have the ability to get people rallied around a common goal. I think these signs become evident early on – particularly with an individual who has exceptional qualities. And then it's important that we provide an environment that allows them to begin to develop that leadership talent more and take on responsibilities of leadership early on. I think we just don't do this and as a result, we don't develop these people as leaders.

Greg Selker: So I hear two things in what you're saying – and the first one is that our educational system doesn't focus on distinguishing qualities of leadership and develop those qualities of leadership. My assumption is that this observation of yours applies to secondary school systems through the collegiate and the graduate level as well.

Virginia Gambale: Yes.

Greg Selker: We agree with you by the way. We see that as well. And then the second thing in what you said is, that when these individuals become employed, there also doesn't seem to be a way to identify people with exceptional leadership skills and capabilities that haven't been distinguished as such or have not had these leadership skills developed yet. Then there aren't specific programs that would help develop these skills and capabilities to a greater degree.

Virginia Gambale: Yes. Typically corporations wait until there's a need to fill a management position, and then they evaluate candidates in context of the requirements for that management position – as opposed to really starting to groom managers and leaders early on.

Greg Selker: Let me kind of carry this forward – but take it to a different level of our conversation. As an active board director what do you see a board director's role should be in helping their companies get their arms around identifying and developing their next generation of leaders earlier and quicker?

Virginia Gambale: I think responsibility for this should initially reside at the board level, because the board should be worried about their fiduciary responsibilities to shareholders on a long term basis ... and in doing so it's a quality of the asset as a whole, and a very big part of that asset is the talent

residing in the company. So I think requiring and instituting developmental programs should come from the board.

Greg Selker: Do you find that is often the case?

Virginia Gambale: No. I think as we begin to populate boards with more operationally experienced people as opposed to just former CEO's and academics and rock stars, I think you begin to hear the discussions around doing identifying, building and developing leadership— and then it's building consensus with the other board members to try to do that. So it happens – it's being discussed for sure.

Greg Selker: And this is kind of where we started the conversation, where you were talking about the group of people that you're participating with on the NYSE where this is being discussed.

Virginia Gambale: Yes.

Greg Selker: What are some of the solutions you are seeing for this and how are these solutions being implemented?

Virginia Gambale: You know what our conclusion is in a lot of these discussions? It is that until there is a presence of a different mentality – either at the board level or on the executive management committee, that these things are not going to be moved forward very far – unless there's a corporate structure that allows for the delegation of more radical programs.

Greg Selker: And if this different kind of mentality was present at both the board and executive management level, what would that look like?

Virginia Gambale: I think one piece of evidence that this is being addressed would be that the need to institute leadership that is more environmentally – what's the term I'm looking for, leadership that is more compatible with the new talent base that is coming into the work force, this issue would be raised and talked about ...

Greg Selker: Got it. So a kind of mentality or a mental model that says that this is important, that we need to address this – and that here are the things that we are going to try to do about leadership and not just talk about it.

Virginia Gambale: Right.

Greg Selker: Very good. And so in kind of following along this... if it's the board's responsibility to make certain of this, what are the ways in which you see that a board director or board collectively can kind of awaken the consciousness within the executive team and the rest of the board to the importance of leadership as an issue?

Virginia Gambale: Well like anything else, either critical mass is accumulated at the board level or there are regulatory requirements which force attention to be paid.

Greg Selker: Yes.

Virginia Gambale: And I think actually a lot of people are not fans of SOX, but I am a fan of it in that it's a start. Yes, it needs to be refined. But I think just as board

directors of public companies are answering questions around succession planning that need to be checked off on the D&O questionnaire to meet SOX compliancy requirements – in order to kick start these issues of leadership there may need to be some regulatory moves.

Greg Selker: Well that was exactly my next question, because we actually see that as well. In fact, it's been our belief that a natural outgrowth of SOX is to move into this area of leadership and accountability at the board level for the leadership of a company.

Virginia Gambale: Ultimately, I think this is true as well. But unfortunately before that is going to happen I believe there's going to be a little bit of backlash against SOX as it exists today resulting in that SOX will be relaxed a bit from its present form.

Greg Selker: Yes.

Virginia Gambale: There are a number of groups which are rallying around the relaxation of SOX who have some strength, although it may be interesting to see how the upcoming 2008 elections play into this. So I think there will be some backlash to lessen the requirements of SOX, but SOX will not disappear. I think that while this backlash will take SOX a step back in a sense, it will actually serve to have SOX be more thoughtful going forward. You see, big failures in public companies are not going away. They will continue to occur – and it's natural that we're going to try and regulate around these failures as a response. And at the heart of a lot of these failures are the absence of some very basic skills and capabilities around leadership. These failures are not happening because people do not read or understand accounting regulations.

Greg Selker: Yes. The failures that have occurred are not just about accounting improprieties.

Virginia Gambale: No, these failures exist due to the interpretation of, and then the execution, or lack of execution, around specific guidelines. I always give this example. I sit on an audit committee and the question being asked of us is how do you know you are in compliance with SOX 404? And my response is ... I don't really care whether we meet the specific number of day criteria for Sarbanes Oxley. What I care about is are we ready to implement – or roll out this new product, or implement this new system? As an organization, are we ready? And that means much more than X number of days of testing. Are we ready in total? I mean are our people ready? Is our advertising ready? Is our brand ready? Looked at in this context SOX is much broader than meeting a set of accounting regulations. And while these regulations need to be met, it really is a result of these larger issues that SOX was even developed and implemented in the first place. And central to these broader issues are concerns and actions which are representative of leadership and help create leadership within a company's culture.

Greg Selker: Well this has been a really remarkable conversation, and I so appreciate it. I know we're running out of time here and this discussion has opened up several other areas I'd like to explore with you at some point in the future. But to close out our conversation today – given the conversation that we've had around the identification of leadership characteristics, the

hiring of leadership, the development of leadership within organizations – what do you see that executive search firms should be providing to their clients that they are not providing today, or they're not doing a good job at that would help facilitate the hiring and development of leaders?

Virginia Gambale: Well I'm glad you asked this question, because I actually do have an opinion about this. The executive search industry has grown up as a relationship-based industry of finding companies where a person works at a company a client thinks they want to hire someone from, and the executive search firm wants to complete that search as fast as they can, and make that client company happy that the person was found who they think they want to hire.

Greg Selker: Yes.

Virginia Gambale: And as executives in their own discipline, executives at companies that hire a search firm are not always versed in the proper way to assess and evaluate on a real or true scale.

Greg Selker: Yes.

Virginia Gambale: And so what ends up happening is we hire people that we think the chemistry is right, that we think are a good cultural fit. People who in an interview, we hear what we like – you know, we're hearing what we think we would like to hear. And to a certain degree, references are validated that one did accomplish what they in fact said they did. But I really think that there needs to be combined effort around search and leadership assessment. There are a lot of firms out there whose whole focus is assessing leadership capabilities from the perspective of competencies and capabilities. And some search firms have begun to adopt this approach, but my question is are these people who are really skilled at assessing leadership? Are the search people who through their experience of interacting with interviewing and placing so many executives by pure virtue of having that experience ... are they really qualified to assess leadership competency – as opposed to people whose training and careers have been developed around assessing leadership? You know they have their PhD in assessing human behavior and management and leadership competency skills on a predictive level. And so I find that I end up wasting a lot of time – I ultimately end up spending hundreds of thousands to millions of dollars in search fees to find a person that I think I want to hire – but I don't know for sure that this person really has the competencies that are critical. I know there's a cultural fit etc. But you really don't know until you work with someone or you have the professional ability to assess them. And so though there are a lot of firms today that can say we will be able to do this leadership assessment, I need to see and understand what the track record is for those leaders that these firms have assessed.

Greg Selker: Yes

Virginia Gambale: And I think the executive search and leadership assessment really need to come together, because that is the piece that is missing –to know the candidates, and to spend time with the candidates in such a way that's above and beyond the time that I'm able to put forth – in the time that I must make a decision.

Greg Selker:

So it sounds like what you're saying is that search firms need to move out of the transaction of the knowledge of the relationship, and really move into the assessment of an individual at multiple levels – one of those being leadership. And that there needs to be a validation that the assessment isn't just an opinion, it is an assessment that moves more into a grounded predictive context. And the track record of looking at the individuals that the search firm has assessed and has said "these are people that have exceptional leadership capabilities," this also needs to be validated to ensure that the search firm can actually deliver on the promise of their assessment.

Virginia Gambale: Right. If I knew for example I was going to be going out to do a CEO search, or a senior management search – and I knew that this firm had someone who spent 20 years just focused on leadership assessments and someone who had broad coverage in knowing players – and sort of has relationships with these players over the years to see how they progress from one position to another and succeeded or did not succeed and why. I would pay more for that search than I would the 33.5% - or whatever it is. Because they have a greater level of confidence in the individual I'm going to hire.

Greg Selker: So you're saying if there was that combination then, you would actually pay a premium above and beyond the normal search fee.

Virginia Gambale: Yes.

Greg Selker: Well Virginia, thank you so much for spending the time with me today. This has been a fascinating discussion.

Virginia Gambale: Thank you as well. I have enjoyed it.