



Why Global Leaders Succeed and Fail

Insights from CEOs and Human Resource Professionals

Table of Contents

INTRODUCTION	1
ABOUT THIS STUDY	2
Geographic Representation	
KEY FINDINGS	4
Where Leaders Come From	
Differences in Leadership Roles	
▪ The Leadership Paradox #1	
◦ Implications for Business Leaders	
◦ Implications for Human Resource Professionals	
▪ The Leadership Paradox #2	
◦ Implications for Business Leaders	
◦ Implications for Human Resource Professionals	
Leadership Succession Risk Factors	
▪ The Leadership Paradox #3	
◦ Implications for Business Leaders	
◦ Implications for Human Resource Professionals	
The CEO’s Role in the Depth of the Leadership Pipeline	
◦ Implications for Business Leaders	
◦ Implications for Human Resource Professionals	
SURVEY RESPONSE SUMMARY	18
CONCLUSION	30
SPONSORS	31
RESEARCH TEAM	32
CONTRIBUTORS	33

A Word from the CEO



An uncertain economy and long-term trends related to demographics, advances in technology, greater individual choice and rising customer sophistication have thrown up new and difficult challenges, posing significant threats to organizational growth. Business results depend on bringing leaders of all levels to the peak of their potential in accelerated time frames and with maximum efficiency. New challenges are confronting leaders at a quickening pace. No organization can afford to overlook leader development.

For the past couple of years, organizations have cut costs, laid off staff and eliminated non-core and unprofitable liabilities. Most organizations have very little, if anything, left to cut. While it is anticipated that organizations will likely continue to be conservative with cash, many leaders are returning to growth in the post-recessionary environment.

To ensure growth and competitiveness, it is necessary for companies to make investments in leadership talent. The positive economic momentum under way runs the risk of being impeded or dislodged by lack of talent. The success of the turnaround depends on whether or not organizations have the right talent in place, and effective leadership is at the core of such decisions. Even first-mover advantages are erased with increasing speed as an organization's products, services, technology and business models can be quickly replicated. The talent organizations' employ has emerged as the single most important element of sustainable differentiation.

Consequently, a new era is upon us—the Human Age. It will be human potential that will be the catalyst for change and the global driving force behind economic, political and social developments. Talentism is the new Capitalism.

In the changing world of work, the one constant is the need for an exceptional workforce. This is regardless of the economic environment, industry or geography, an organization's size or earnings. At the heart of workforce strategy is the need for exceptional leadership. And in today's borderless marketplace, this means leaders with global mindsets and competencies.

Right Management, among other sponsors, conducted this first-of-its-kind global study with the Chally Group to examine the skills, competencies and developmental initiatives that help global leaders best succeed, while also uncovering those that most likely deem them a failure.

We invite you to read on to learn more about current practices for developing global leaders and the converging and differing points of view of chief executives and human resource professionals concerning the elements required for leadership success.

A handwritten signature in black ink that reads "O. Sullivan". The signature is written in a cursive, flowing style.

Owen J. Sullivan
CEO, Right Management, President, Specialty Brands ManpowerGroup

About This Study

The data was collected through a quantitative survey of over 1,439 CEOs and human resource professionals from 707 organizations across the globe to learn more about their companies' leadership development practices. Surveys were completed between April and September 2010. The organizations ranged in size from fewer than 500 employees to over 100,000 employees with revenues from less than 25 million U.S. dollars to over 10 billion U.S. dollars. Industries represented varied between public, private and government sectors.

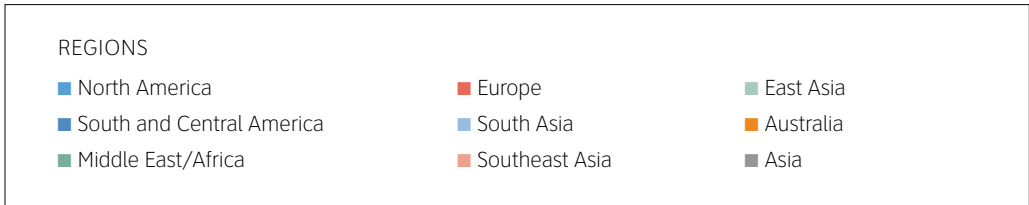
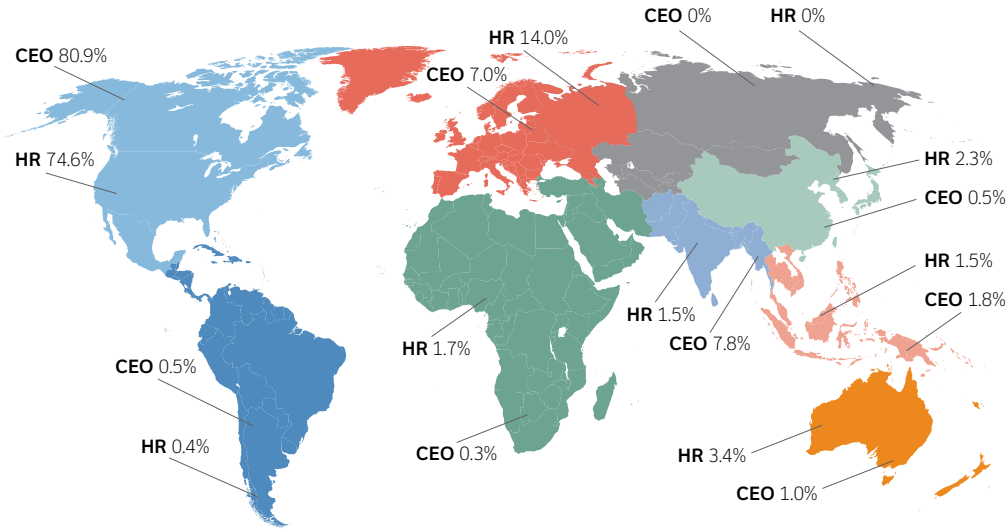
GEOGRAPHIC REPRESENTATION

The following information provides a high-level summarization of the research sample. This research represents responses from C-level and Senior Human Resources and Development leaders from over 1,000 global organizations.

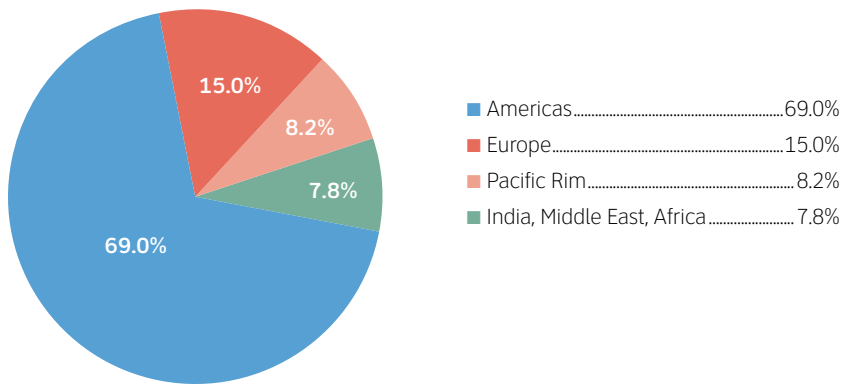
Organization Size

Annual Revenue of Organizations in US\$		
REVENUE	CEO (%)	HR (%)
Less than 25 million	49.4	20.1
25 to 50 million	8.0	13.6
50 to 100 million	6.1	10.0
100 million to 500 million	13.5	14.1
500 million to 1 billion	3.6	8.2
1 to 5 billion	10.7	12.4
5 to 10 billion	3.6	11.3
Over 10 billion	5.5	10.5
Number of Employees		
EMPLOYEES	CEO (%)	HR (%)
Fewer than 500	62.0	34.4
500 to 1,000	8.4	11.3
1,000 to 2,500	7.3	13.5
2,500 to 5,000	5.0	9.6
5,000 to 10,000	5.3	7.9
10,000 to 25,000	3.1	7.6
25,000 to 50,000	4.5	5.9
50,000 to 75,000	0.8	3.1
75,000 to 100,000	0.1	2.8
More than 100,000	3.1	3.9

Location of Company Headquarters



Location of Company Headquarters



KEY FINDINGS

Where Leaders Come From

Leadership development would be far simpler to manage if leadership were a singular, finite competency or set of competencies that applied in all situations. However, the fact remains that this is not the reality with which we live and work. Leaders evolve from a wide variety of backgrounds, experience and job functions. Western corporate CEOs are most likely to come from Operations and Finance. When asked what functional areas are most likely to produce your C-level executives, Operations was the most likely to be indicated (68%) and Finance was second ranked (56%) with Sales third (49%). The more specialized functions were less likely to provide the career path to the top, with Marketing at 34%, Human Resources 24%, Engineering 22%, IT 13% and Research and Development only 8%.

WHAT FUNCTIONAL AREAS ARE MOST LIKELY TO PRODUCE YOUR C-LEVEL EXECUTIVES?

Operations	68.4%
Finance	55.6%
Sales	48.6%
Marketing	34.0%
Human Resources	24.1%
Engineering	22.0%
Information Technology	12.8%
Research & Development	8.2%
Other	1.7%

Differences are evident in:

- Functional responsibility.
- Career path opportunities: The more broadly one's career exposure across business units, product/market segments or customers (Operations, Finance and Sales), the higher likelihood of selection for senior leadership positions.
- Geo-cultural environment: India and the Far East have meaningfully different views of leadership development than the West.
- Size of the organization: Where there is a tendency to manage/lead directly (and personally) rather than through layers of subordinates dictates whether there is a need for different skill sets.
- Type of organization: Public, Private or Governmental.
- Charity: Where the responsibilities of different functional leaders, as well as the constituencies they must serve, may differ substantially.

FACTORS THAT DRIVE EFFECTIVE LEADERSHIP

To date, survey respondents have supported the premise that leadership, while often thought of as a singular capability, is actually several variable sets of skills. Leadership development, therefore, should include differing practical experiences (often referred to as "Action Learning") and training/education opportunities unique to the requirements of a specific leadership role.

Most CEOs come from operational or financial backgrounds. The competencies deemed most critical for success are Creating a Strategic Vision, Inspiring Others and Maintaining Leadership Responsibility, Developing an Accurate and Comprehensive Overview of the Business and Decision Making.

DIFFERENCES IN LEADERSHIP ROLES

In trying to determine the lessons behind the wide disparity between functional roles as career paths, it is only partially clear why most CEOs come from Operations and Finance. If all leadership roles required the same skill set, we would expect all functional areas to be equally represented. If all positions required the same skill set as the CEO position, then all individuals from all functions should have similar skill sets. We would assume that people are promoted to CEO from Operations and Finance because they are perceived to have developed competencies that are important for the CEO role. It is possible that financial people, in their rise to the top, are exposed to all the business functions or divisions within the company.

Possibly Operations people are at least familiar with all the company's products and services, and salespeople are familiar with all customer segments. Alternatively, it might be argued that these individuals were rotated through these functional management roles because they were originally chosen for their C-suite potential. In either case, there is strong evidence that suggests that different leadership roles require different sets of competencies, and experience in functional roles in itself does not prepare one particularly well for succession to CEO.

We asked respondents to rate which of the most commonly suggested critical competencies were the four most critical for several typical C-level positions. The top four competencies for CEO were Creating a Strategic Vision (91.7%), Inspiring Others and Maintaining Leadership Responsibility (62.3%), Developing an Accurate and Comprehensive Overview of the Business (56.9%) and Decision Making (54.5%).

This analysis helps explain why CEOs are more likely to come from Operations and secondarily from Finance. The CEO role shared two critical competencies with the COO and one critical competency with the CFO position. The COO position emphasized Developing an Accurate and Comprehensive Overview of the Business and Decision Making, which are two of the four critical CEO competencies. The CFO position had only Developing an Accurate and Comprehensive Overview of the Business as critical. The fact that only one or two competencies overlap may also suggest why succession, even from these "closest" functions, may fail.

Paradox 1

How would a company develop leaders who have a demonstrated track record of Creating a Sound Strategic Vision and Inspiring Others and Maintaining Leadership Responsibility when these roles are more likely to be a fairly exclusive domain of the CEO?

The CEO role seems to be positioned almost as royalty—by achieving that position, one seems to be almost exclusively responsible for creating the strategic vision and inspiring others to achieve it.

Functional leaders are unlikely to have had a chance to practice those key CEO skills or demonstrate competence. If the organization's strategy is to promote successful people from the lower levels, might not the wrong person be promoted? Someone may be successful in the COO role because he/she had Technical and Business Competency/Expertise, and skill at Directing, Delegating and Establishing Monitoring Systems. These competencies are seen as least important to the CEO role.

It is likely that all too often, someone may be promoted because he/she had a mix of competencies that led to success in his/her functional role, for example, but may actually lead to failure in the CEO role. Those promoted from the COO role, which emphasizes Identifying and Focusing on Critical Priorities and Technical and Business Competence/Expertise may be less prepared to plan, lead and monitor long-term strategy.

Implications for Business Leaders

Increasingly, the ability to find the right talent in the right place will become more difficult as demographics shift and the talent mismatch widens. The search for high-potential leadership talent will need to expand beyond traditional pools. Left unchecked, executives will likely find their talent pools growing shallow and perhaps populated with residual talent as opposed to the best available talent.

To combat such potential challenges, executives must capitalize early on succession management strategies that leverage accurate assessment and reliable development initiatives to identify, grow and groom broader and more diverse talent pools.

Development strategies for high potentials need to provide exposure for immersion in the strategic elements of the business (such as executive-sponsored action learning, cultural experiences and strategic planning sessions) to determine motivational fit as well as provide developmental platforms to hone skills, add value and receive "hands-on" mentoring support from senior stakeholders.

Additionally, strategic talent reviews, conducted simultaneously with business planning processes, will afford senior executives the opportunity to deliberately align current and future talent needs with organizational plans. In doing so, leaders can map strengths and gaps amidst desired needs and craft operational and leadership development strategies proactively and transparently so that high potentials are engaged and simultaneously developed.

As a priority and a starting place, business leaders must first be convinced of talent's strategic importance and then be willing to take on shared responsibility and visibly supportive roles to clearly articulate the business strategy to their human resource partners. This enables human resources to work as a business partner that can do the important work to support the effort by further refining success profiles for key positions and begin the evaluation process to find the best talent suited to current and future business needs.

Human resource professionals can directly contribute by building and implementing relevant and accelerated development opportunities for high-potential leaders.

Implications for Human Resource Professionals

It is incumbent upon the human resource leadership to clearly understand business operations, how money flows through the business, and the mindsets and visions top leaders hold concerning the current state and future business direction. Without this level of exposure to the business and a deep understanding of how the business is viewed operationally, the best talent case in the world will not succeed because it was never clearly linked to the business case. Don't assume that operational leaders simply "get it" when it comes to focusing on talent—that is, the resources and commitments needed to make talent a priority need to be articulated in operational terms to secure buy-in from this most important leadership stakeholder group.

Human resource professionals can directly contribute by building and implementing relevant and accelerated development opportunities for high-potential leaders so that they receive the requisite exposure to the real-world experiences of strategic leaders while also gaining an introduction to executive stakeholders at the most senior levels of the business.

Development initiatives need to be blended so that they provide high-potential leaders with opportunities to calibrate and develop a common framework to understand strategic perspectives and organizational challenges, environmental/industry trends and implications.

However, programmatic elements of these development strategies won't have the desired impact on the individual leaders, nor on the organization, unless they are complemented by supporting elements designed to personalize and sustain development through coaching and mentoring activities.

Leadership development in the Human Age will be grounded in real work. Human resource professionals will need to partner with line leaders in such a way as to ensure application and integration of development activities, supported by stretch assignments, mentoring opportunities and action learning efforts. Real-life work situations need to be carefully selected in order to develop the right parts of the success profile for high potentials. It also necessitates human resources to create predictive and validated criteria, supported with consistent metrics, to better evaluate the performance of high potentials in real-life situations.

THE LEADERSHIP PARADOX

Paradox 2

The results also suggest that many organizations may suffer from a critical but hidden weakness in terms of leadership bench strength. Bench strength is the depth and quality of emerging or next-generation leaders that the firm has available in the talent pool. Considering that essentially all execution will demand accomplishing the corporate goals through others, it may be telling that less than half of all respondents cited Selecting and Developing Successors and Key Reports as a critical strength for any role.

C-Suite Executive Competencies					
	CEO	CFO	CIO	CLO	COO
Creating a Strategic Vision	91.7	16.8	22.0	23.2	24.1
Developing an Accurate and Comprehensive Overview of the Business	56.9	56.1	31.2	9.7	56.1
Politically Astute	31.9	10.3	10.7	27.4	16.3
Selecting and Developing Successors and Key Reports	40.4	21.1	19.9	41.1	27.5
Inspiring Others and Maintaining Leadership Responsibility	62.3	15.6	15.8	35.8	33.4
Decision Making	54.5	42.7	31.8	30.5	51.8
Initiative to Produce Appropriate Change	29.9	18.2	29.8	37.9	36.0
Identifying and Focusing on Critical Priorities	34.4	51.6	44.6	37.5	50.5
Technical and Business Competence/Expertise	18.1	61.4	70.5	40.7	49.7
Directing, Delegating and Establishing Monitoring Systems	13.4	53.0	43.8	26.7	33.2
Objective Self-Assessment of Own Limitations	19.6	15.1	16.4	20.0	18.4
Timely/Effective Execution	17.0	41.0	56.5	35.8	54.7
Collaborative	18.5	29.5	44.6	48.8	30.3

It requires attention to make sure that this talent is kept “on the team” and not just “on the bench.”

Implications for Business Leaders

Historically, business leaders tended to hire “in their own image”—a replica of sorts. But such hiring practices are outdated and no longer appropriate. Instead, the practice is to develop a pool of potential candidates who have the opportunity to hone skills desired for success at aspirational levels. This is a challenge for many business leaders that can be addressed by being open to participating in visionary meetings facilitated by human resource leaders to further refine the focus of what success looks like.

Success requires sound, effective and efficient assessment of emerging talent at multiple levels to provide the best opportunity for executives to build a strong portfolio of bench strength talent they can deploy in the future. It requires attention to make sure that this talent is kept “on the team” and not just “on the bench.” With rising individual choice in how, when and where work gets done, combined with a growing restlessness of many employees, business leaders need to anticipate and identify desired needs at higher levels and then provide meaningful development opportunities to gauge and grow capabilities.

Transparency and clear communication between business leaders, human resource professionals and emerging talent are critical. While there are no guarantees or promises for advancement, organizations need to foster differential development opportunities that encourage, stretch and compel this talent to “step up” and “step out.”



Implications for Human Resource Professionals

For human resource professionals, the first steps involve establishing an accurate picture of future business drivers and associated competencies to leverage in organizational development strategies. This needs to be conducted in partnership with the senior leadership team.

Build a dashboard or scorecard talent development template, supported by sound data, to provide regular and efficient reports on the performance of emerging talent to senior leadership. Human resources should track this critical talent pool—key organizational resources—in a similar way that other business efforts are tracked.

It will require conductor-like orchestration to keep all the players and pieces aligned and moving in the same direction. The human resource professional’s contribution to the succession process is critical. While it is owned and supported by the senior business leaders, it needs to be executed with the careful direction of human resources.

LEADERSHIP SUCCESSION RISK FACTORS

Leadership turnover for non-performance or other leadership dissatisfaction issues continues to be higher than planned, especially since choices regarding senior leadership could be considered some of the most important corporate decisions a company can make.

To gain some insight as to possible sources or “Succession Risk Factors,” we asked for the perspective of the senior human resource executives who responded to our survey. Arguably, they have a unique vantage point as insiders (with a more intimate view), but they are still somewhat external to the risk factors they may observe.

Of the human resource executives eligible to provide this data, 63% responded. The table below ranks the factors believed to contribute most to the failure of senior leaders in their organizations.

Since the survey included diverse human resource executive responders from multiple situations, it is more helpful to identify differences within different classes of companies. Findings are presented across source of promotion and difference by size of company.

Leadership turnover continues to be higher than planned, especially since choices regarding senior leadership could be considered some of the most important corporate decisions a company can make.

Factors That Most Contribute to Failure of Senior Leaders

Fails to Build Relationships and a Team Environment	40.2%
A Mismatch for the Corporate Culture	32.4%
Failure to Deliver Acceptable Results	25.1%
Unable to Win Company Support	25.1%
Lack of Appropriate Training	23.5%
Egotistical	15.1%
Lack of Vision	14.5%
Not Flexible	13.4%
Poor Management Skills	12.3%
Poor Communication	11.2%
Lack of Political Savvy	11.2%
Lack of Organization	8.4%
Given No Clear Direction	7.8%
Job Mismatch	6.7%
Lack of Drive/Motivation	6.1%
Lack of Business Acumen	3.9%
Poor Decision Making	3.4%
Lack of Honesty	2.8%
Left the Business	1.1%

■ High Risk ■ Moderate Risk ■ Low Risk

THE LEADERSHIP PARADOX

Paradox 3

If leadership success is accepted as being critical to an organization's performance, why is so little support given to leader on-boarding and early development? Do leaders need a deliberate and effective on-boarding process to integrate them into a new level of responsibility even if they are internally promoted...much as new employees often benefit from well-conceived integration into a new company and position?

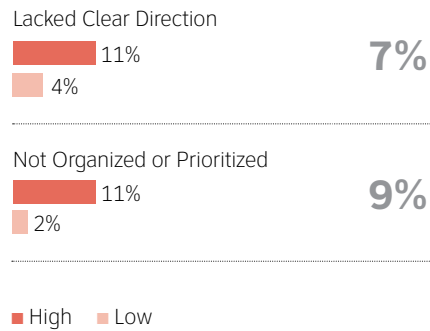
We were surprised to see that human resource executives across the board identified lack of company support as a leading new leader risk factor regardless of where that individual was recruited or promoted from. This may suggest a "sink or swim" approach or that some organizations assume that selecting the right individual is sufficient. They may assume that if they made the right selection, the individual will immediately assume responsibility for his or her own success. It may also mean that the selection criteria were inadequate and focused too much on experience and job knowledge with too limited a concern for readiness from the "people management" side of the leader's new responsibilities.

Lack of support by the company was significant across all succession sources:

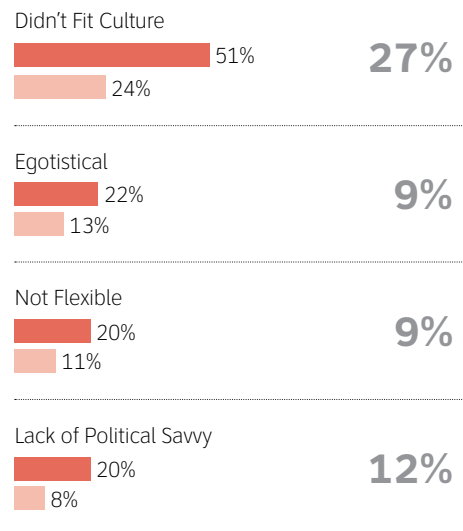
- Higher Levels of Internal Promotion - 19%
- Moderate Levels of Internal Promotion - 24%
- Lower Levels of Internal Promotion - 40%

There may be several explanations for these findings. First, the fewer responses cited by the smaller companies could indicate that smaller organizations are "easier" to lead. Possible also is that smaller organizations are less likely to attract such "accomplished" recruits so that, as Jim Collins pointed out in *Good to Great*, "Some more effective leaders but less 'self-promoting' are more humble and sensitive to the need to acclimate with the staffs of their new organization or role."

Disadvantages of Smaller Organizations (Under \$1B in Revenue)



Disadvantages of Larger Organizations (Under \$1B in Revenue)



Implications for Business Leaders

The costs associated with failure (at worst) or ineffective executive transitions are high, and lack of adequate support for talent during crucial periods can have long-term negative impacts for both leaders and the organization. This data only hints of what is to come. When considering the evolving workforce and the increasing importance of engagement on organizational transformation, high performance and productivity, the leader's role becomes the organization's greatest catalyst for success. Leaders need to be supported to fully understand the impact of their efforts and, in some cases, lack thereof. Leadership behaviors directly influence employee engagement levels.

Continued lower levels of success for internal promotions can have a two-pronged negative effect on the organization:

1. Dissuade high potentials from believing in their ability to succeed in an organization that fails to support their succession.
2. Build discontent with internal talent as a result of increasing promotions of external candidates.

Implications for Human Resource Professionals

Human resources must continuously build the business case for a strategy that appropriately blends and ensures success for internal succession as well as integrates external talent. Providing needed support (in partnership with senior operational leaders) for emerging talent during succession is essential to transitions, which can be both emotionally and physically challenging for new executives.

THE CEO'S ROLE IN THE DEPTH OF THE LEADERSHIP PIPELINE

To evaluate the possible consequence of having or not having a sufficient leadership pipeline, we split our sample into three groups. The top group featured those companies that were among the top 20% in filling senior level leadership positions and the management levels below by promoting from within (80% or higher internal promotions). The bottom group features those with the fewest internal promotions (40% or less).

We found that companies that filled a higher proportion of positions by promoting from within had significantly more personal involvement of their CEO in their leadership development system.

- The personal involvement of the CEO has significant benefits; companies that have a higher proportion of promotions from within were less likely to suffer from a lack of qualified candidates.
- 48% of respondents from companies with a high percentage of promoting from within agreed or strongly agreed that their company had a sufficient number of qualified candidates ready to assume senior leadership positions. In comparison, only 24% of the bottom companies agreed that they had a sufficient number of senior management candidates, and none of them strongly agreed with the statement.
- 55% of the top companies agreed or strongly agreed that they had a sufficient number of qualified mid-level manager candidates, while only 31% of the bottom-performing companies agreed or strongly agreed.

The converse was also true. While only 39% of top companies disagreed or strongly disagreed that they had sufficient qualified employees to fill mid-level leadership positions, 53% of those companies with the lowest internal promotion rates agreed. While only 28% of top companies disagreed or strongly disagreed that they had sufficient qualified employees to fill mid-level leadership positions, 43% of those companies with the lowest internal promotion rates agreed.

The key finding here is that in the war for talent, it appears that those CEOs who invest more of their personal time in developing leaders enjoy a better likelihood that they can fulfill the company's leadership needs from within as opposed to finding leadership talent outside the firm.

Leaders need to partner with human resources and lean on them to provide meaningful development information so that the talent “factor” becomes an integrated part of every business planning session.

Implications for Business Leaders

Senior leaders need to remain open to the idea that talent is the last competitive advantage of scale. The evidence, from this and other research, clearly demonstrates the superior operational value, competitive advantage and financial results for those organizations that take talent management (generally) and high-potential development (specifically) seriously. When taking into account the fully loaded wage bill for all employed by an organization, the sheer amount of money usually eclipses almost every other asset the business has, yet few assets that command this amount of resources are so inconsistently addressed. So, even from an immediate and monetary outlay standpoint, the talent in the organization demands careful, proactive and ongoing senior level sponsorship.

This commitment is not to be taken lightly or seen as a finite project driven by human resources. Leaders need to partner with human resources and lean on them to provide meaningful development information so that the talent “factor” becomes an integrated part of every business planning session.

Key for executives is to understand that high-potential programs need to be integrated into broader talent management and succession plans. Seeing high potentials as the only talent resource to be considered for development is a lesson learned by many organizations once they faced the question of “What do we do with the rest?” or “What do our managers tell the people who were not identified as high potentials?”

Ideally, senior leaders will become advocates of broader, more systemic and systematic development plans for the many who can and are willing to be developed in some way – this creates organizational agility, the ability to move talent where it is needed and not just up a fast-disappearing “company ladder” to leader-only positions. This agility ensures continuity of business operations, ensures the ability to capitalize quickly on new opportunities or competitive weakness, and places the organization in a far better position to succeed in a sustainable way.

Senior business leaders also need to be actively involved with coaching and provide feedback to emerging leaders on how to lead and get things done within their specific organization. They should participate in leadership training programs as faculty members to convey key messages about leadership success in the company and behavioral and cultural expectations. Their role is to serve as mentors and coaches to high-potential leaders.

Implications for Human Resource Professionals

The results of this research, as well as other research on related topics, are producing quantifiable evidence to support the business case for talent and high-potential development. It is necessary for human resource professionals to learn more about how this type of research, along with a very good understanding of their specific business operations, can create a compelling case to persuade and influence executives who are open to hearing more about this important business issue.

Human resource professionals also need to understand that focusing solely on high-potential development, while a great place to start, is not the sum total of the organization's responsibility to the broader range of talent employed in the organization. Talent and succession management plans need to be reviewed regularly to progress the idea that talent (in all the value-added forms it can take) can provide the organization with real and lasting advantages.

Many human resource professionals need to help executives identify where and how to start. Often a "proof of concept" or pilot program with a particular function and/or geography is a good way for executives to mitigate risks associated with the investment decision they make around talent. Human resource professionals are in the best position to help identify, design and deploy these lower-risk starting points.

Realize that high-potential programs, aligned with succession planning or succession management programs, are never frozen in time. As the requirements of business change with ever-increasing velocity, human resource professionals need to stay on top of how the requirements for leadership roles change too. The best way is to provide the right type of information and support to senior leaders so as to be included in business planning cycles and conversations as a way of staying current and aligned.

Human resource professionals can ensure that senior level executives are active in periodic talent reviews and the selection process for high-potential leaders. They can facilitate the distribution of leadership success stories and anecdotes and communicate these throughout the organization, as well as enable informal information exchanges such as "Town Hall" events.

Global Leadership Research Project 2010 Survey Response Summary

Does Your Organization Have a Formal Process for Developing Leaders?

FORMAL PROCESS	CEO%	CFO%
Yes	52	54

What Development Opportunities Are Included in It?

OPPORTUNITY	CEO%	CFO%
Coaching and Mentoring	94	93
Action Learning/Development Assignments	77	77
Assessment and Feedback	84	89
High-Potential Programs	1	65
International Assignments	30	44
Cross-Functional Team Projects	69	72
Exposure to Senior Executives	77	76
Exposure to Internal and External Thought Leaders	59	51
Formal Classroom Training	69	79
External Workshops and Training	69	79
Tuition Remission	52	52
Other: Please Specify	8	14

Does Your Company Have International Operations?

	CEO%	CFO%
	39	52

What Does Your Company Do to Ensure It Has a Good Leader Pipeline?

ACTION	CEO%	CFO%
Provide Informal Development Opportunities to Key Internal People	80	74
Rigorously Recruit and Hire External Candidates Who Have the Potential to Become Top-Level Leaders to Fill Specific Position Openings	37	45
Maintain a Network of Potential External Leadership Candidates	30	22
Other: Please Specify	11	20

What Are the Greatest Challenges Individuals Face in Being Successful Leaders Outside of Their Home Country?

RESPONSE	CEO%	HR%
Adapting Business Practices to Local Conditions		48
Cultural Assimilation		80
Family Issues		7
Language Barriers	19	
Disconnect with Domestic Organization	44	

What Percent of Your Current Senior Management Team Was Recruited Internally?

	CEO%	HR%
	54	52

What Percent of Your Current Next Level Under Senior Management Was Recruited Internally?

	CEO%	HR%
	52	55

What Functional Areas Are Most Likely to Produce Your Next C-Level Executives? (Choose the Top Four)

FUNCTIONAL GROUP	CEO%	HR%
Engineering	16	28
Finance	50	62
Human Resources	26	23
IT	12	13
Operations	67	69
R&D	9	8
Sales	48	49
Marketing	36	32
Other	11	13

**In Your Location, How Do the Skill Requirements Differ Among Various Leadership Roles?
(Pick the Top Four Most Important Skill Requirements Within Each Job Title Category)**

CRITICAL SKILLS FOR CEO

SKILL	CEO%	HR%
Developing an Accurate and Comprehensive Overview of the Business	58	55
Creating a Strategic Vision	92	92
Technical and Business Competence/Expertise	18	19
Objective Self-Assessment of Own Limitations	21	17
Decision Making	57	50
Timely/Effective Execution	18	16
Politically Astute	29	37
Collaborative	23	13
Initiative to Produce Appropriate Change	30	31
Inspiring Others and Maintaining Leadership Responsibility	63	62
Identifying and Focusing on Critical Priorities	33	35
Directing, Delegating and Establishing Monitoring Systems	15	11
Selecting and Developing Successors and Key Reports	40	40

CRITICAL SKILLS FOR COO

SKILL	CEO%	HR%
Developing an Accurate and Comprehensive Overview of the Business	47	52
Creating a Strategic Vision	21	29
Technical and Business Competence/Expertise	48	51
Objective Self-Assessment of Own Limitations	20	16
Decision Making	52	51
Timely/Effective Execution	56	52
Politically Astute	16	17
Collaborative	33	27
Initiative to Produce Appropriate Change	36	35
Inspiring Others and Maintaining Leadership Responsibility	32	35
Identifying and Focusing on Critical Priorities	48	53
Directing, Delegating and Establishing Monitoring Systems	38	28
Selecting and Developing Successors and Key Reports	29	25

CRITICAL SKILLS FOR CFO		
SKILL	CEO%	HR%
Developing an Accurate and Comprehensive Overview of the Business	56	55
Creating a Strategic Vision	13	23
Technical and Business Competence/Expertise	61	60
Objective Self-Assessment of Own Limitations	15	16
Decision Making	41	44
Timely/Effective Execution	41	44
Politically Astute	10	13
Collaborative	30	28
Initiative to Produce Appropriate Change	17	21
Inspiring Others and Maintaining Leadership Responsibility	13	19
Identifying and Focusing on Critical Priorities	52	51
Directing, Delegating and Establishing Monitoring Systems	53	51
Selecting and Developing Successors and Key Reports	21	20

CRITICAL SKILLS FOR CIO		
SKILL	CEO%	HR%
Developing an Accurate and Comprehensive Overview of the Business	31	24
Creating a Strategic Vision	18	26
Technical and Business Competence/Expertise	73	67
Objective Self-Assessment of Own Limitations	16	17
Decision Making	30	34
Timely/Effective Execution	55	59
Politically Astute	11	10
Collaborative	48	40
Initiative to Produce Appropriate Change	32	29
Inspiring Others and Maintaining Leadership Responsibility	14	19
Identifying and Focusing on Critical Priorities	42	47
Directing, Delegating and Establishing Monitoring Systems	38	50
Selecting and Developing Successors and Key Reports	20	20

CRITICAL SKILLS FOR CLO		
SKILL	CEO%	HR%
Developing an Accurate and Comprehensive Overview of the Business	29	34
Creating a Strategic Vision	18	29
Technical and Business Competence/Expertise	40	40
Objective Self-Assessment of Own Limitations	20	21
Decision Making	30	31
Timely/Effective Execution	35	37
Politically Astute	27	27
Collaborative	50	48
Initiative to Produce Appropriate Change	33	46
Inspiring Others and Maintaining Leadership Responsibility	32	42
Identifying and Focusing on Critical Priorities	36	40
Directing, Delegating and Establishing Monitoring Systems	30	21
Selecting and Developing Successors and Key Reports	42	40

Do You Reserve Key Top-Level Management Positions Within Foreign Countries for Locally Recruited/Developed Nationals?

	CEO%	HR%
	49	43

How Would You Rate Your Organization's Ability to Develop Leaders?

RESPONSE	CEO%	HR%
Poor	9	14
Average	25	30
Good	29	30
Very Good	25	19
Excellent	12	6

What Challenges Do You Face in Developing Leaders Within Your Organization?

RESPONSE	CEO%	HR%
Limited Financial Resources	57	60
Difficulty Balancing Long-Term and Short-Term Business Requirements	57	53
Rapidly Changing Business Requirements So Criteria for Success Is Fluid	36	34
Difficulty Identifying High-Potential Development Prospects	15	25
Difficulty Retaining Top Talent	10	20
Difficulty Attracting Top Talent	21	26
No Systematic Process for Identifying and Developing Talent	35	41
Other: Please Specify	12	13

Describe the Processes You Use to Identify Top Internal Talent (e.g., Succession Planning, Talent Pool Planning, Potential Identification and Tracking, etc.)

RESPONSE	HR%
Have No Formal Process	21
Succession Planning	39
Performance Reviews/Development Plans	19
Identification and Tracking of High Potentials	18
Coaching/Mentoring	4
Annual Talent Review	22
360 Feedback	5
Nomination by Boss	1
Assessment Results	8
Leaders Pick Next Leaders/High Potentials	8

Do You Have a Formal Definition of High Potential?

	HR%
	34

What Are the Two Best Ways to Identify High-Potential Talent? (Check the Top Two)

RESPONSE	HR%
Credentials	24
Recommendations from Superiors	75
Peer Nominations	22
Completion of Minimum Identified Assignments or Course Work	19
Assessment Tests	21
Assessment Centers	20
Other: Please Specify	20

How Far Down in Your Organization Do You Go in Identifying and Tracking High-Potential Leaders?

RESPONSE	HR%
Individual Performers with No Management Experience	35
First Level Supervisor	14
Middle Managers	32
Upper Level Managers	13
Other	5

What Percent of Your Time Is Spent Engaging in Others' Development Activities?

	CEO%	HR%
	29	17

In Which of the Following Development Activities Do You Get Personally Involved?

RESPONSE	CEO%	HR%
Teaching Formal Training Classes	43	14
Guest Appearances in Training Classes	45	48
Mentoring One-on-One	82	38
Coaching and Feedback for Skill Development	79	45
Informal Information Exchange Sessions	81	75
Other: Please Specify	6	15

What Percent of Your Time Is Spent on Your Own Personal Development Activities?

	CEO%	HR%
	19	15

What Developmental Experiences Were Most Impactful in Preparing You for the Role of a CEO/C-Level Executive During Your Career?

RESPONSE	CEO%
Sitting on Boards	2
Cross-Functional Responsibilities	21
Formal Education/Advanced Degree	13
Experience at Multiple Organizations	21
Given Stretch Goals	26
On-the-Job Training, Hands-on Learning	34
Service Roles Outside of Work	11
Formal Training	14

Other Companies Actively Try to Recruit Our Organization's Leaders

RESPONSE	CEO%	HR%
Strongly Disagree	6	4
Disagree	13	14
No Opinion	27	28
Agree	41	40
Strongly Agree	14	14

Retention of Key Talent Is a Formal Performance Metric for Our Managers

RESPONSE	CEO%	HR%
Strongly Disagree	6	14
Disagree	20	32
No Opinion	22	18
Agree	37	26
Strongly Agree	15	9

My Company Has a Sufficient Number of Qualified Internal Candidates Who Are Ready to Assume Mid-Level Manager Positions

RESPONSE	CEO%	HR%
Strongly Disagree	4	8
Disagree	30	28
No Opinion	21	17
Agree	36	38
Strongly Agree	9	9

My Company Has a Sufficient Number of Qualified Internal Candidates Who Are Ready to Assume Senior Manager/Executive Positions

RESPONSE	CEO%	HR%
Strongly Disagree	7	11
Disagree	37	40
No Opinion	22	19
Agree	28	25
Strongly Agree	6	5

Upper-Level Managers Recruited Externally Have Been Successful

RESPONSE	CEO%	HR%
Strongly Disagree	5	2
Disagree	12	9
No Opinion	23	30
Agree	48	55
Strongly Agree	12	4

Mid-Level Managers Recruited Externally Have Been Successful

RESPONSE	CEO%	HR%
Strongly Disagree	3	2
Disagree	9	5
No Opinion	30	21
Agree	51	67
Strongly Agree	8	6

HR Is an Effective Partner in the Leadership Development Process

RESPONSE	CEO%
Strongly Disagree	4
Disagree	10
No Opinion	24
Agree	35
Strongly Agree	27

Sector		
	CEO%	HR%
Publicly Traded	22	36
Privately Held	72	56
Government Entity	6	7

What Processes Do You Use to Recruit and Hire Top External Leadership Talent? (Check All That Apply)

RESPONSE	HR%
Use Specialized Recruiting Firm	66
Recommendation from Internal Managers/Executives	65
Recommendation from External Executives	47
Networking at Industry Events	47
Assessment Process	31
General Interviews	44
Structured Interviews	60
Other: Please Specify	9

What On-Boarding Processes Do You Use for Top-Level Leaders? (Check All That Apply)

RESPONSE	HR%
Assigned a Mentor	31
Planned Rotation of Meeting Key Individuals	70
Short-Term Assignments in Different Functional Areas	23
Other: Please Specify	25

Which of the Following Are Most Predictive of Leadership Success? (Check All That Apply)

RESPONSE	HR%
Previous Experiences	73
Educational Background	18
Interpersonal Skills	86
Fit with Company Values and Culture	90
Motivation to Lead	81
Lack of Derailers	29
Other: Please Specify	5

List the Three Greatest Causes of Leadership Derailment or Failure

RESPONSE	HR%
Lack of Business Acumen	4
Not Flexible	13
Poor Communication	12
Cultural Mismatch	32
Poor Decision Maker	3
Given No Clear Direction/Expectations by Superiors	8
Arrogant Attitude	15
Fails to Execute	26
Lack of Honesty	3
Mismatch with Role	6
Left the Business	1
Poor Management Skills	13
Lack of Personal Drive	6
Lack of Organization	8
Lack of Political Savvy	11
Fails to Build Relationships/Team	40
Not Supported by the Company	25
Lack of Training	24
Lack of Vision	15

Describe the Best Processes to Minimize Leader Derailment

RESPONSE	HR%
Provide Clear Goals and Expectations	14
Improve Communication	7
Allow Person Latitude to Fail	13
Provide Regular Feedback	28
Hire Good Match	29
Be Honest About the Position's Requirements	3
Provide a Mentor	28
Management/Corporation Should Support the Person	9
Encourage Teamwork	10
Provide Training and Development	47

What Are the Most Critical Skills to Be a Very Effective Upper-Level Manager?

RESPONSE	CEO%	HR%
Business Acumen	16	19
Resilient to Change	17	13
Communicates Well	33	28
Makes Good Decisions	14	15
Good Talent Management (Hires and Grooms Well)	7	7
Honesty	10	12
Knowledgeable/Experienced	15	10
Leadership Skills	38	47
Listens	18	19
Management Skills	23	25
Motivated to Be Successful	24	20
Organized	12	12
Builds Relationships/Good Interpersonal Skills	32	37
Sales Skills	6	5
Builds Teams	16	21
Analytical Thinker, Technical Competence	20	17
Has Vision	42	38

Additional Comments

THE FOLLOWING ALSO APPEAR AT THE END WITH THE % FOR EACH RESPONSE ON THE 5-POINT SCALE

QUESTION	CEO%	HR%
How Would You Rate Your Organization's Ability to Develop Leaders?	3	2
Retention of Key Talent Is a Formal Performance Metric for our Managers	3	3
Other Companies Actively Try to Recruit Our Leaders	3	3
My Company Has a Sufficient Number of Qualified Internal Candidates Who Are Ready to Assume Mid-Level Manager Positions	3	3
My Company Has a Sufficient Number of Qualified Internal Candidates Who Are Ready to Assume Senior Manager/Executive Positions	3	3
Upper-Level Managers Recruited Externally Have Been Successful	3	4
Mid-Level Managers Recruited Externally Have Been Successful	4	4
HR Is an Effective Partner in the Leadership Development Process	4	N/A

Conclusion

In a rapidly changing world of work, leaders face an increasingly complex responsibility to drive organizational growth and productivity. While the study proves that most organizations are committed to leadership development, there is wide disparity between the practices that help leaders flourish or flounder. For the most part, the views of chief executives and human resource professionals converge in alignment. However, human resource professionals are more critical of the effectiveness of leadership development programs than are their chief executive counterparts.

The skills needed to be a successful CEO, COO, CFO, CIO or CLO are wide and varied. There is little commonality in the competencies required for success. But there is consistency in the opinions of chief executives and human resource professionals that all leadership roles need to be supported with development. The CEO's role is paramount to the depth of the leadership pipeline. Companies that have a higher proportion of promotions from within are less likely to suffer from lack of qualified candidates. Those CEOs who are personally vested in developing leaders enjoy a richer likelihood of stronger leadership bench strength, ensuring the organization is ready for unplanned changes or pending retirements at the top levels.

The reality for leaders today is that most stakeholders demand from them improved agility and growth, as well as driving performance to achieve long-term success and delivering on good quarterly results. Organizations that focus just on short-term goals will find themselves at a serious disadvantage if they continue to postpone longer-term strategic initiatives like managing succession and developing high-potential talent for future leadership positions. Weak leadership bench strength will be felt throughout the company, from negatively impacting employee engagement levels to eroding the customer experience and reducing overall performance.

It's a complex responsibility to lead in a global marketplace. As we enter the Human Age, quality leadership will be increasingly important to drive business value and results. We trust that the insights garnered from this study will help organizations to make more informed leadership development and succession management decisions so as to triumph in the changing world of work.

Sponsors



Research Partners and Participating Organizations



Research Team

Research	
Chally Group Worldwide	
Ken Carroll	Bart Mosele
Jenna Filipkowski, MA	Scott Runkle
Christopher Holmes, PhD	Howard Stevens, MA
Scott Hudson	Sally Stevens
James Killian, Ph.D.	Peter Tassinario, MA
Chally International	
Brett Lippencott	
Chief Executive Group	
J.P. Donlon	
American Management Association (AMA)	
Sandi Edwards	
Imperial Consulting	
Jean-Francois Jadin	John Read
Keystone Group, Inc.	
Marjorie Woo, MBA	
Management Centre Europe (MCE)	
Karen Lindquist, MBA	Erick Myers
Personified (a Division of CareerBuilder)	
Sanja Licina, PhD	
ProActive Oy Ab	
Stephan Rantela	Sanna Salmela
Right Management	
Keith Caver	Beth Linderbaum
Michael Haid	Gerald Purgay
Michael Jason	Ric Roi
Pierre Jauffret	
Shi Bisset & Associates	
Shi Bisset	
Turning Point	
Satyan Menon	Ajay Namboodiri

Academic	
Hauzhong University of Science & Technology	
Fu Yan (Laura)	Wu Bin (Julie)
Tina Iansisi	
University of Virginia's Darden School of Business	
Jason Jordan	
Wright State University	
Corey E. Miller, PhD	
Harvard Business School	
Das Narayandes, PhD	

Production Team	
Barry Breig	Deb Tackett
Cindy Burgess	Heath Wilkins
Trisha Lamb	Dean Wright

Contributors

Keith Caver

Talent Management Practice Leader

Keith's unique background spans a variety of disciplines with leadership serving as the common thread throughout his career. He is a sought-after speaker and thought leader in the areas of organizational transformation, talent strategy, diversity/cross-cultural collaboration and change leadership. His particular areas of expertise include leadership development, organizational transformation, executive coaching and talent management.

Michael Haid

Senior Vice President Talent Management, Americas

As a global thought leader for Right Management's Talent Management practice, Michael drives the strategy and execution of the organization's Talent Assessment capabilities worldwide. He supports a network of Regional Champions and Subject Matter Experts and leads the design and implementation of global, scalable solutions delivered to meet critical and emerging business needs. These key capabilities and associated client solutions focus on competency modeling and individual, team and organizational assessment.

Michael Jason

Talent Management Consultant

Mike has been a consultant for Right Management for the past 12 years. He focuses on the development and interpretation of assessments to help clients translate data into meaningful actions. Mike leverages his experience to help organizations improve employee engagement, retention and performance and develop high performers.

Pierre Jauffret

Vice President Talent Management Solutions Europe, Middle East & Africa

Pierre is Vice President Talent Management Solutions in Europe, Middle East & Africa. He has 15 years' experience in leadership effectiveness and has supported individuals, teams and organizations facing major cultural and strategic changes. Pierre has designed, project-managed and implemented extensive talent management solutions in a broad range of organizations and business situations.

Beth Linderbaum

Senior Talent Management Consultant

Beth has partnered with organizations to develop talent management and retention solutions with a clear link to business results. Her expertise includes competency modeling, the design and implementation of talent assessment systems for selection and development, coaching for high-potential and derailed leaders, employee engagement surveys and program evaluation. She has worked with organizations in a variety of industries including healthcare, manufacturing, insurance, banking and government.

Gerald Purgay

Senior Vice President Global Marketing

Gerald leads corporate branding and marketing for Right Management's global organization with specific responsibilities for strategic marketing planning, brand management, marketing communications and market intelligence. He has over 20 years of experience in the domestic and international marketing of service organizations and brings a successful track record of growing revenue and market share, driving competitive advantage and enhancing customer loyalty.

Ric Roi

Senior Vice President and Head of the Global Center of Excellence for Talent Management

Ric brings over 20 years of international consulting experience to his role, specializing in strategic talent management. In addition to heading up Right Management's global Talent Management practice, he serves as head of consulting services for Asia Pacific. Ric has provided advising and consulting services to a diverse and unique group of global corporate clients.



About Right Management

Right Management is the global leader in talent and career management workforce solutions. As the workforce consulting experts within ManpowerGroup, the firm designs and delivers solutions to align talent strategy with business strategy. Expertise spans Talent Assessment, Leader Development, Organizational Effectiveness, Employee Engagement, and Workforce Transition and Outplacement. With offices in over 50 countries, Right Management partners with companies of all sizes –including more than 80% of the Fortune 500 –to help grow and engage their talent, increase productivity and optimize business performance.

Gerald Purgay
Senior Vice President, Global Marketing
Right Management
1818 Market Street, 33rd Floor
Philadelphia, PA 19103
United States
Phone +1 215-713-8226
gerald.purgay@right.com

Right Management Inc., 1818 Market Street, 33rd Floor, Philadelphia, PA 19103-3614 www.right.com
Product #6201-1US A MANPOWERGROUP® COMPANY