2016 Survey on Leadership Development

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Executive Summary

The 2016 Leadership Development Survey conducted by Borderless Research℠ captured **insights from close to 1,000 senior executives** across a range of industries.

The high rate of response and depth of feedback demonstrate that **leadership development is of high relevance** and is considered as an **enabler of business strategy and growth.**
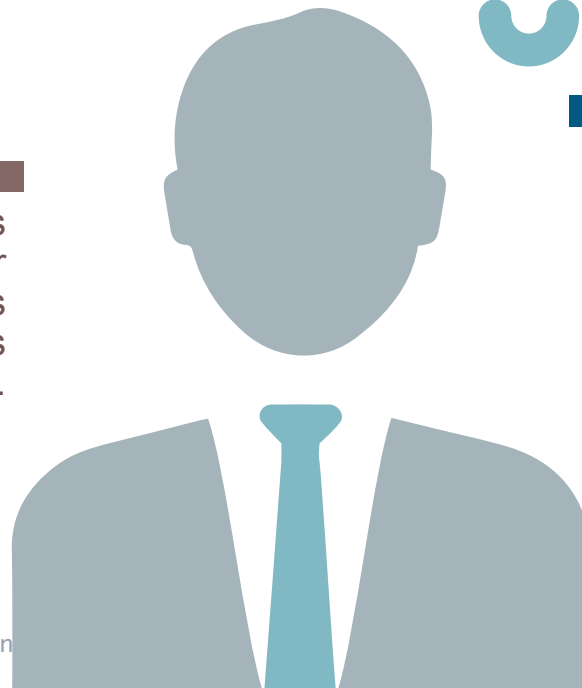
Key findings

Being able to adapt to changes in strategic direction (34%) and having enough capable leaders (29%) are the top two internal challenges faced by organizations.

Leadership Development is believed to be a main driver for ensuring delivery of business results (43%) and business growth (20%).

Respondents cite the following 3 main leadership challenges: managing change & innovation (31%), ensuring that people take personal accountability & ownership (27%) and silo mentality (17%).
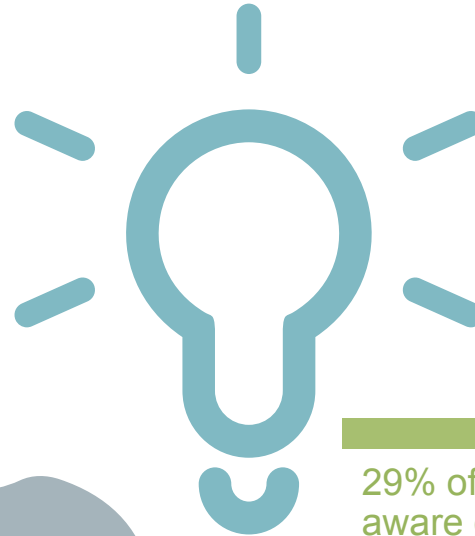
Executive Summary

Key findings

A large majority (nearly 60%) are dissatisfied with their organization's investment in leadership development activities, and more than 65% state that the level of their organization's investment in these activities has, in recent years, declined or stagnated.

29% of respondents are not aware of their organization having any kind of leadership coaching or mentoring program.

Nearly half of respondents (44%) characterize leadership development in their organization as poor, and more than half (54%) describe it as ineffective.

A majority (56%) believe support from top management to be a critical success factor for ensuring effective leadership development within organizations.
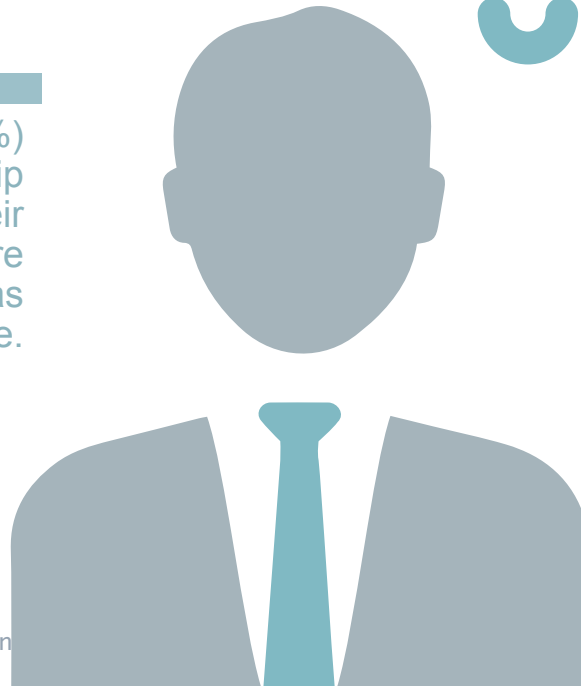
The **Borderless** perspective

The level of satisfaction with effectiveness and investment in leadership development is low, suggesting that either too little effort is made by organizations to establish leadership development programs or that what has been established fails to meet the expectations of executives.

In prioritizing all of the elements that go into building a successful business, it would seem that **many corporate heads consider leadership development to be a low priority "nice to have"** instead of a strategic imperative.

Executive Summary

The **Borderless** perspective

While most argue that effective leadership is necessary to achieve positive business results, the **lack of focus on development** suggests that leaders are expected to possess all essential leadership skills innately. This is reflected in corporate in the trend to "hire in" senior executives instead of growing and advancing executives from within. Over-reliance on **external hiring can frustrate and demotivate teams, and could consequently exacerbate internal organizational challenges.**

Executive Summary

Borderless Leadership Development

Organizations must **accelerate the development** of less experienced executives to fill the emerging leadership gap, accentuated by ageing executive populations in many 'traditional' industries.

Effective leadership development programs need to be grounded **in real-life business challenges.**

The active **involvement of top executives** in leadership development is necessary and accountability should be held by the CEO.

Job rotation, which has the added advantage of creating higher levels of understanding and cooperation between functions, deserves higher priority if organizations are to develop executives with broad-based general management skills.

3

4

2

5

Top six
Borderless
Leadership
Development
recommendations

In building leadership programs, a balanced approach focusing on both business acumen and soft skills, and understanding the interrelationships between these two elements, is required

Leadership development drives **profitability** and **growth**, so **active engagement in leadership development** should never be optional.

1

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About survey respondents

Which of the following best describes the sector in which you work?

Chemicals & Converting	Life Sciences	Food & Drink	Oil & Gas	Other
29%	**20**%	**7**%	**5**%	**39**%
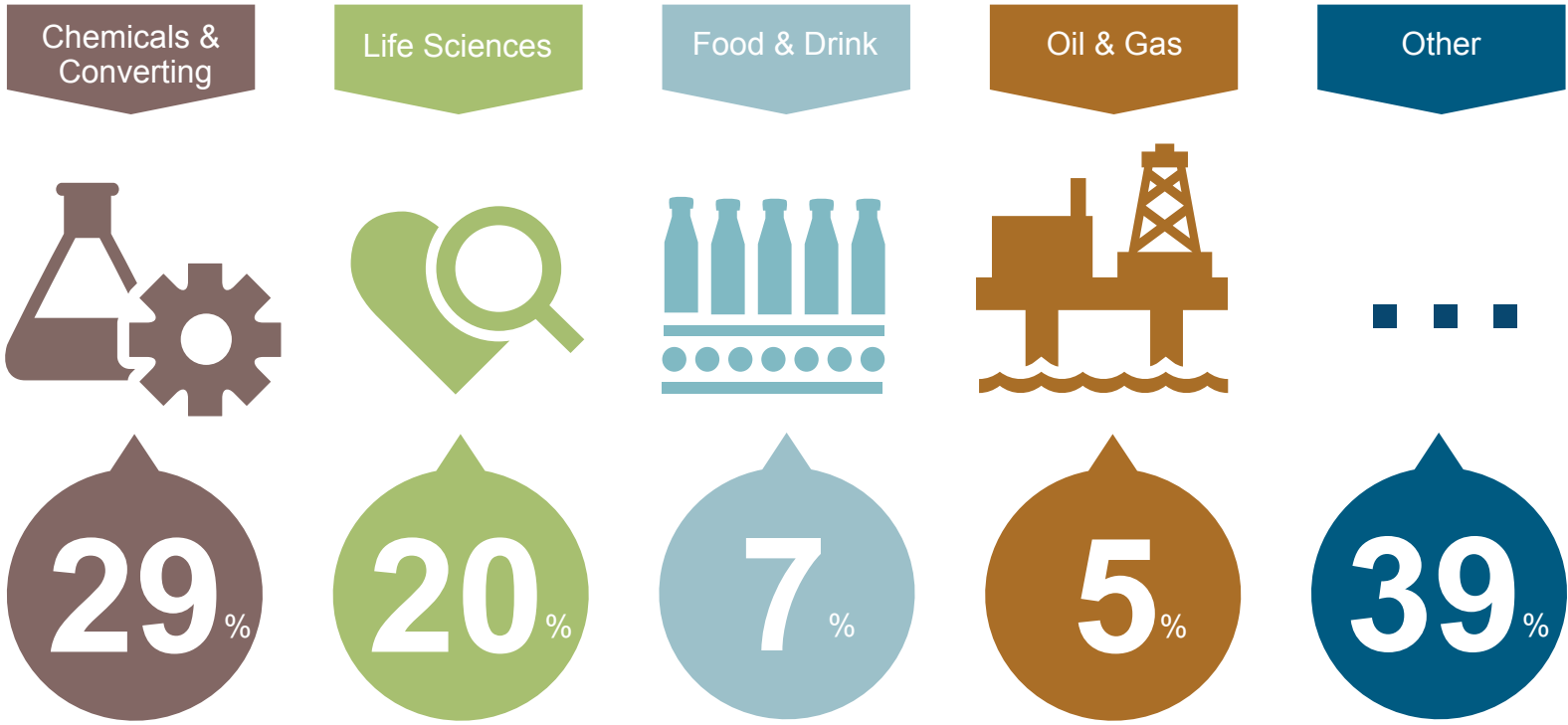
Other industries cited

Automotive FMCG **Construction** Packaging **Consultancy HR**

Aerospace & Defense

Telecommunications Engineering **Manufacturing** Metals & Mining

Financial **Maritime** IT Advertising Transportation

Print and Media

Which of the following best describes your position?

7% Other

3% Board Member

15% Functional Expert

16% C-Suite (CEO, CFO, COO, CM...)

22% Report to Director

37% Director - Vice President
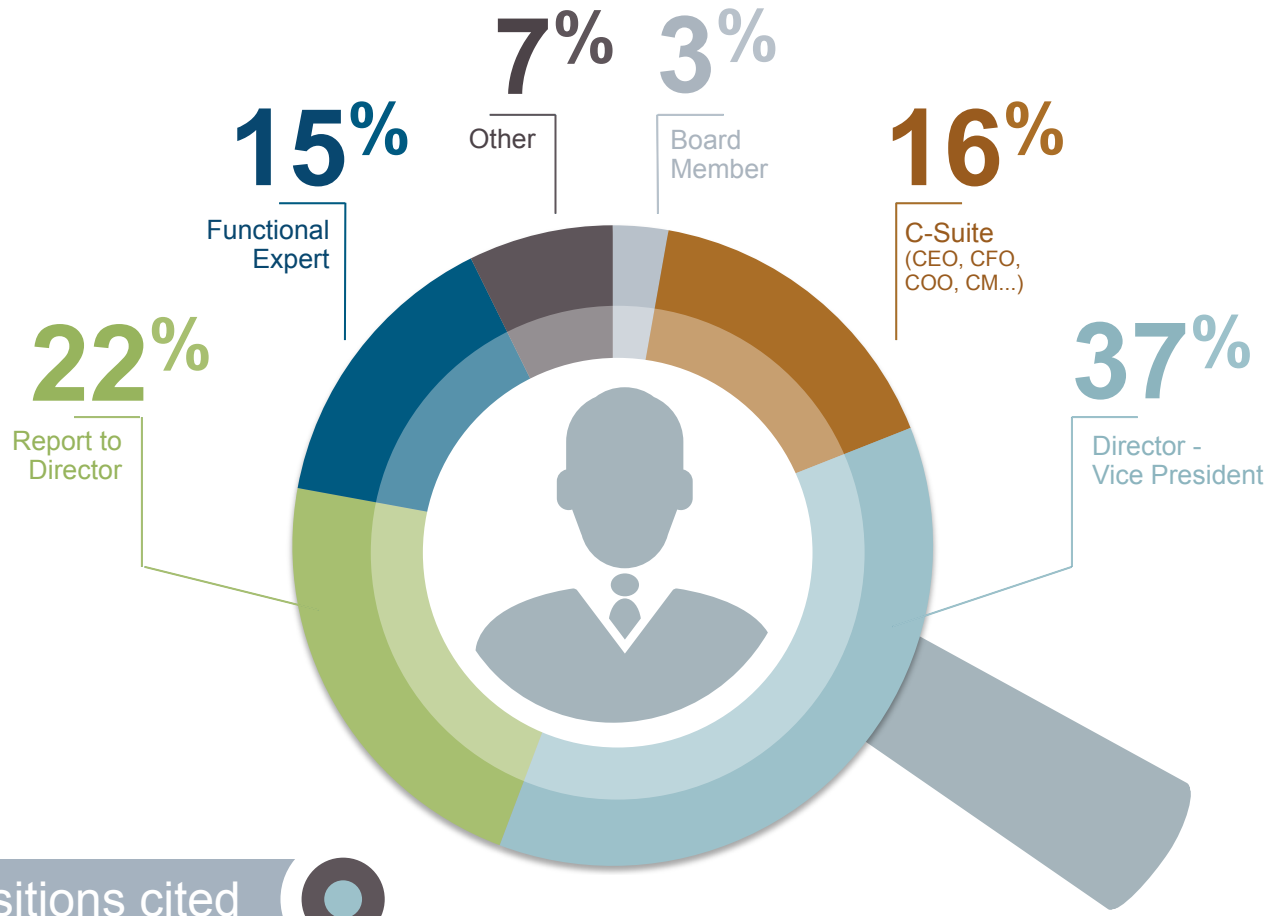
Partner

Head of R&D

Consultant

Owner

General Manager

Senior Manager

Sales and Marketing

Advisor

Accreditation Specialist

Which of the following best describes your function?

Function	%
General Management	23%
Human Resources	10%
Sales	9%
Research & Development	8%
Operations / Manufacturing	8%
Other	7%
Marketing	6%
Business Development	5%
Finance & Administration	4%
Consulting	3%
Project Manager	3%
Quality / Regulatory	3%
Procurement	3%
Corporate Strategy	2%
Medical / Clinical	2%
Public Affairs / Mark...	2%
IT	1%
Engineering	1%
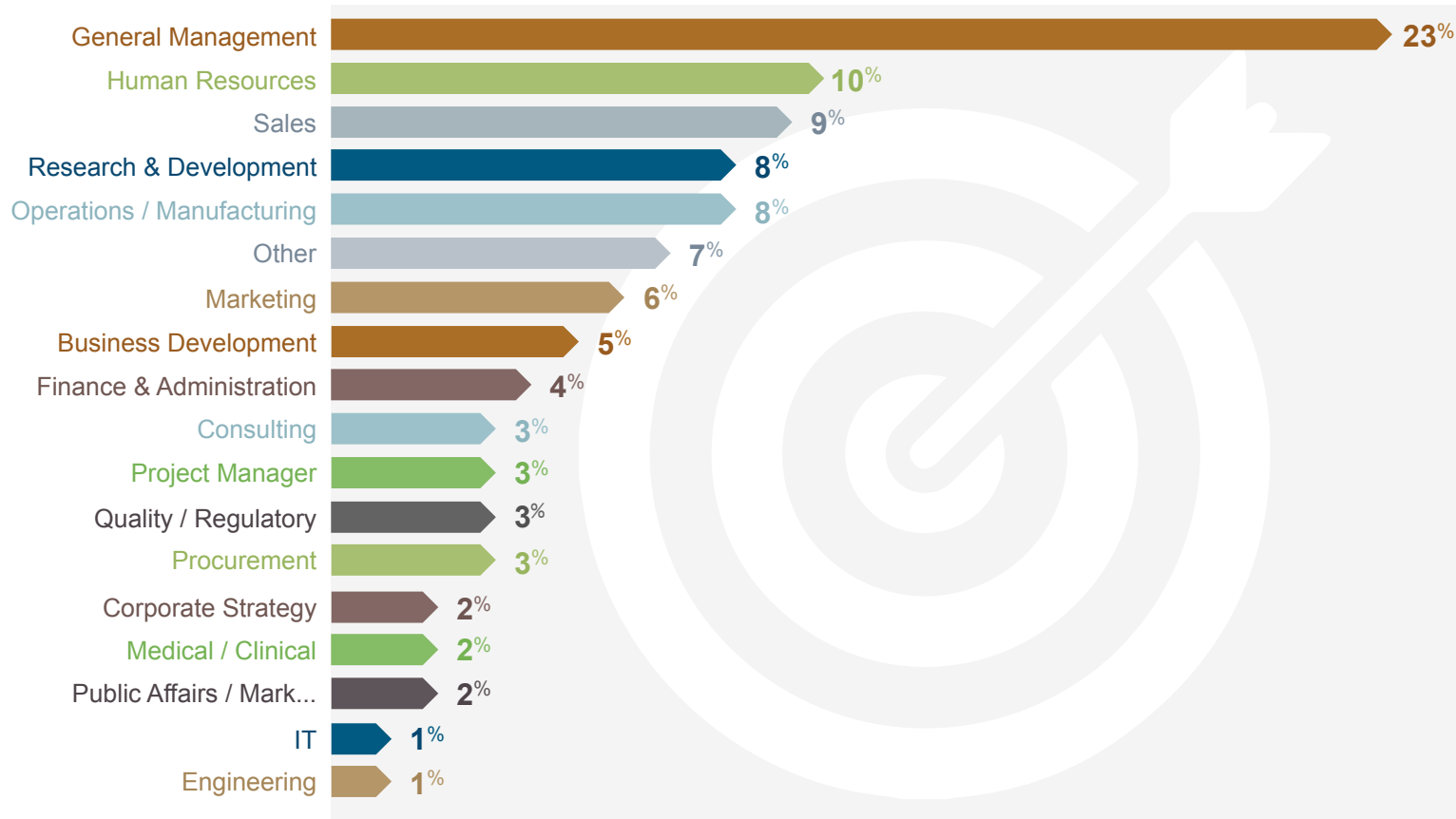
Other functions cited

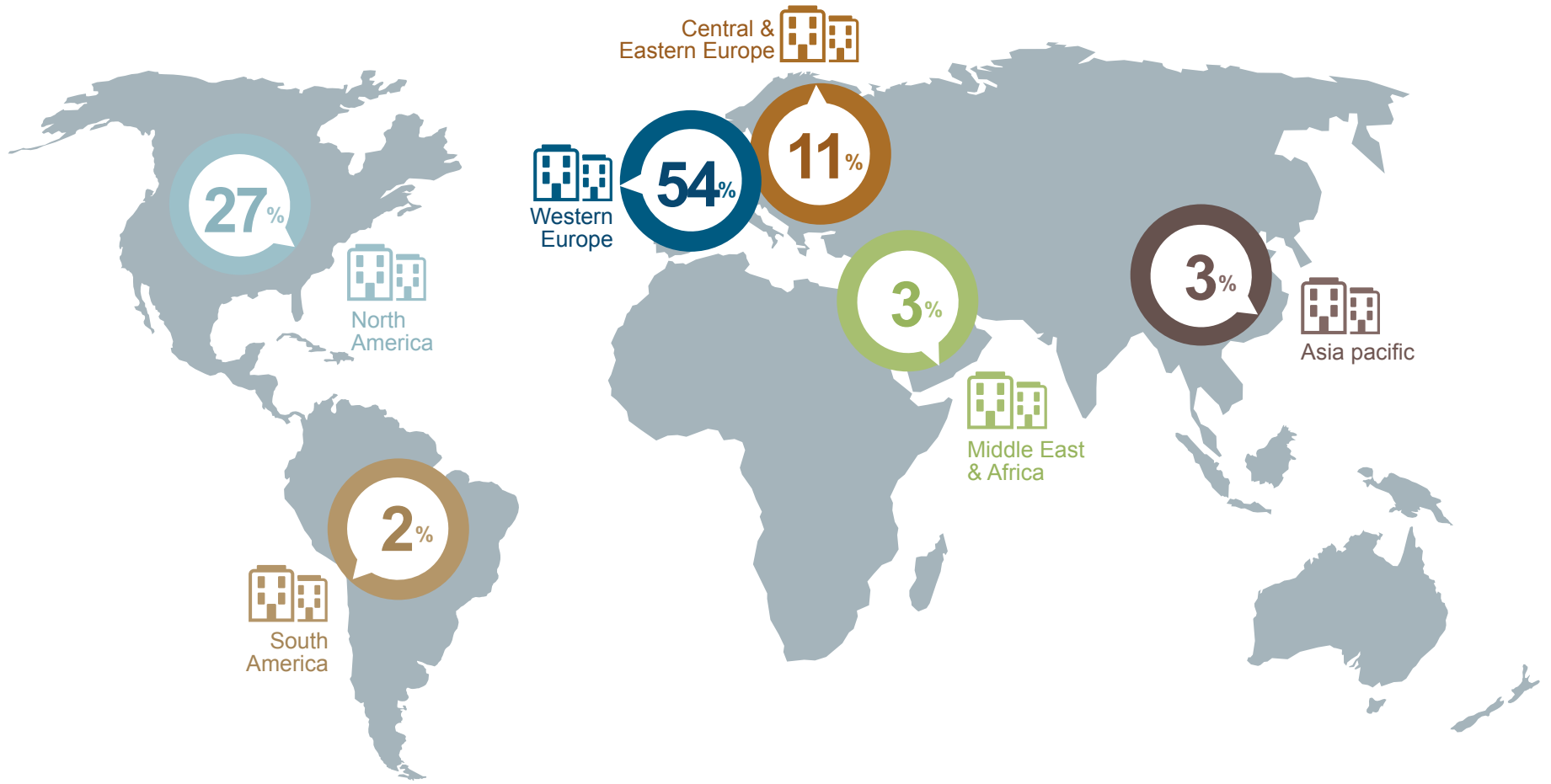**Sustainable Development**   Supply Chain   Investor Relations   **Risk management**

Marketing research   **Legal**   **Regional president**

Pharmacovigilance

Where is your organization's HQ located?

Central & Eastern Europe

Western Europe

North America
27%

South America
2%

54%

11%

Middle East & Africa
3%

Asia pacific
3%

What is the size of your employee population globally?

Greater than 25,000		**26%**
Between 10,000 - 25,000		**13%**
Between 5,000 - 10,000		**9%**
Between 1,000 - 5,000		**18%**
Less than 1,000		**32%**

Leadership Development: definition and scope

In your view, which of the following best defines leadership development?

It is a specific effort that provides opportunities to learn, grow and change — **14**%

It strengthens the ability to take full responsibility for guiding others to achieve results — **34**%

It is the expansion of a person's capacity to be effective in leadership roles — **24**%

It is a program that makes people become better leaders — **8**%

It increases the capacity to influence through skills and behaviors — **18**%

It is the teaching of leadership qualities — **1**%

Other — **1**%

Leadership development strengthens the ability to take **full responsibility** for guiding others to **achieve results.**
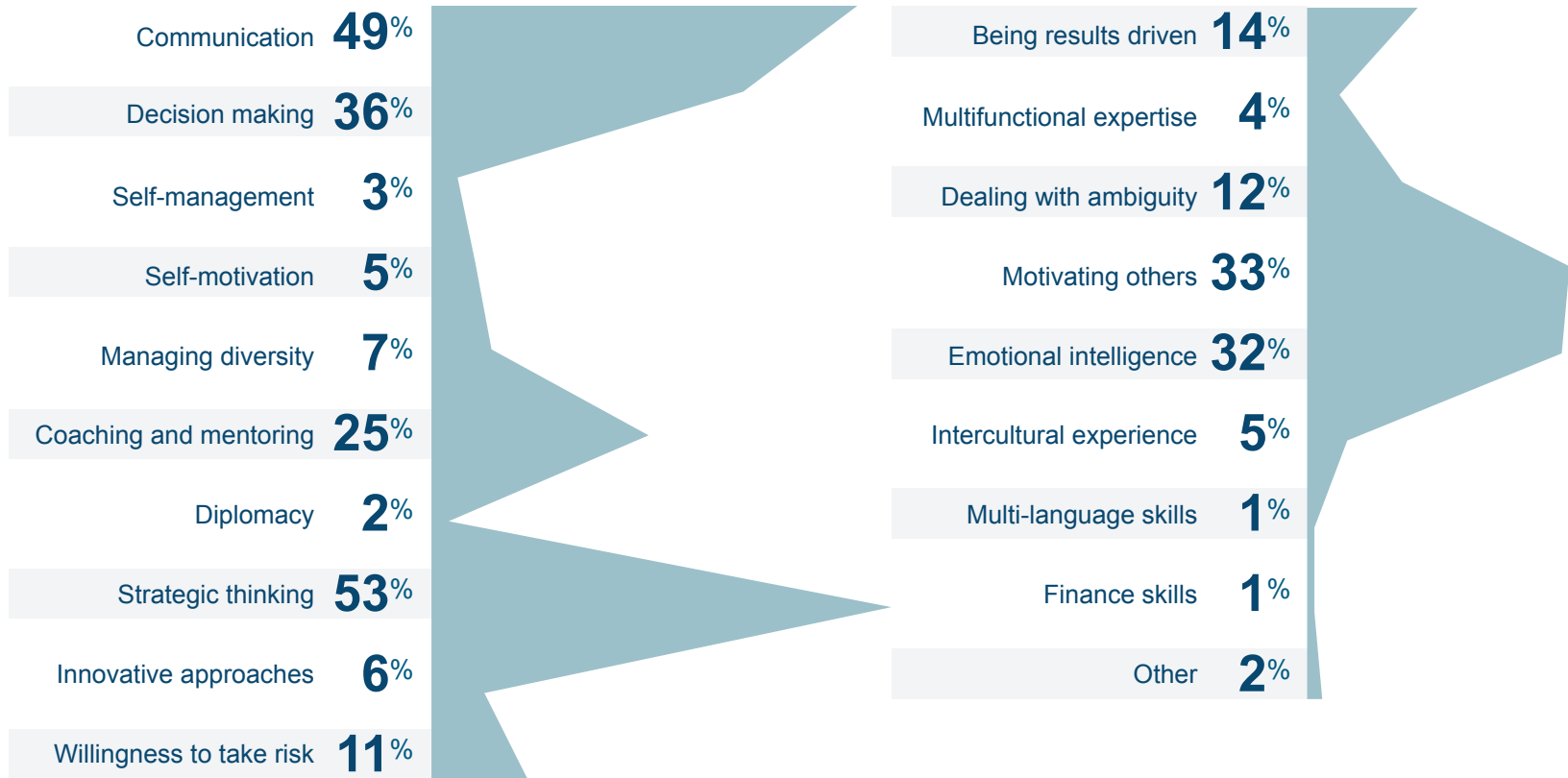
The Borderless Perspective

Leadership is defined by survey respondents as the **act of taking ownership for business results delivered by people.**

This definition supports a call for a more balanced approach to leadership development, which stands on two pillars: the development of skills to visualize, plan and monitor business results, and the development of interpersonal ('people') skills to deliver them.

In your view, what are the three most important skills a leader needs to have?

Skill	%
Communication	**49**%
Decision making	**36**%
Self-management	**3**%
Self-motivation	**5**%
Managing diversity	**7**%
Coaching and mentoring	**25**%
Diplomacy	**2**%
Strategic thinking	**53**%
Innovative approaches	**6**%
Willingness to take risk	**11**%

Skill	%
Being results driven	**14**%
Multifunctional expertise	**4**%
Dealing with ambiguity	**12**%
Motivating others	**33**%
Emotional intelligence	**32**%
Intercultural experience	**5**%
Multi-language skills	**1**%
Finance skills	**1**%
Other	**2**%

Others

Vision and influence   Self-awareness

Leading by example   **Walk the talk**

The Borderless Perspective

The **top five** selected **leadership skills** are:

Strategic thinking

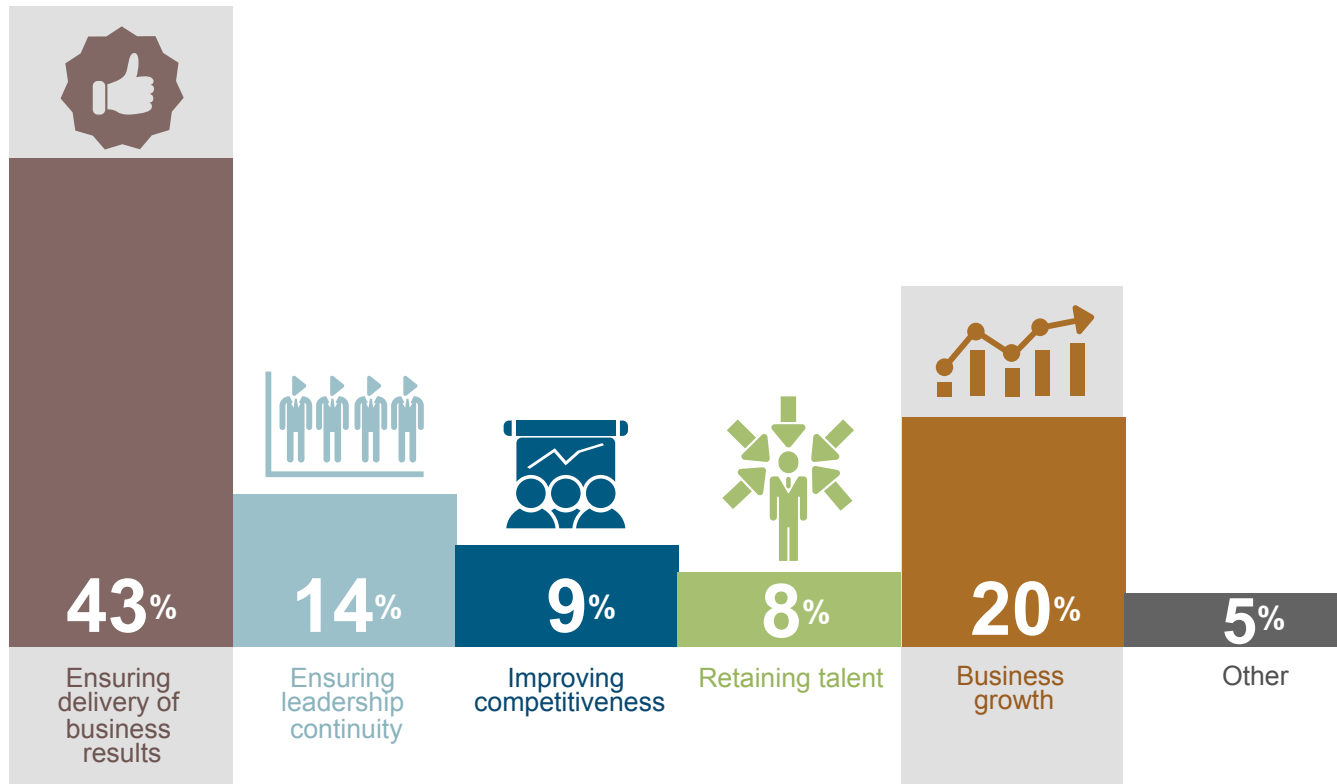**Communication**

Decision-making

Motivating others

Emotional intelligence

Or in other words… soft skills.

This implies that the skills most required to deliver business results and growth are related to **interpersonal skills** (communication, motivating others, emotional intelligence) more so than to hard skills such as functional or financial expertise.

In building leadership development programs and in daily activities, a **balanced approach is required**, focusing on both business acumen and soft skills, and how they interrelate.

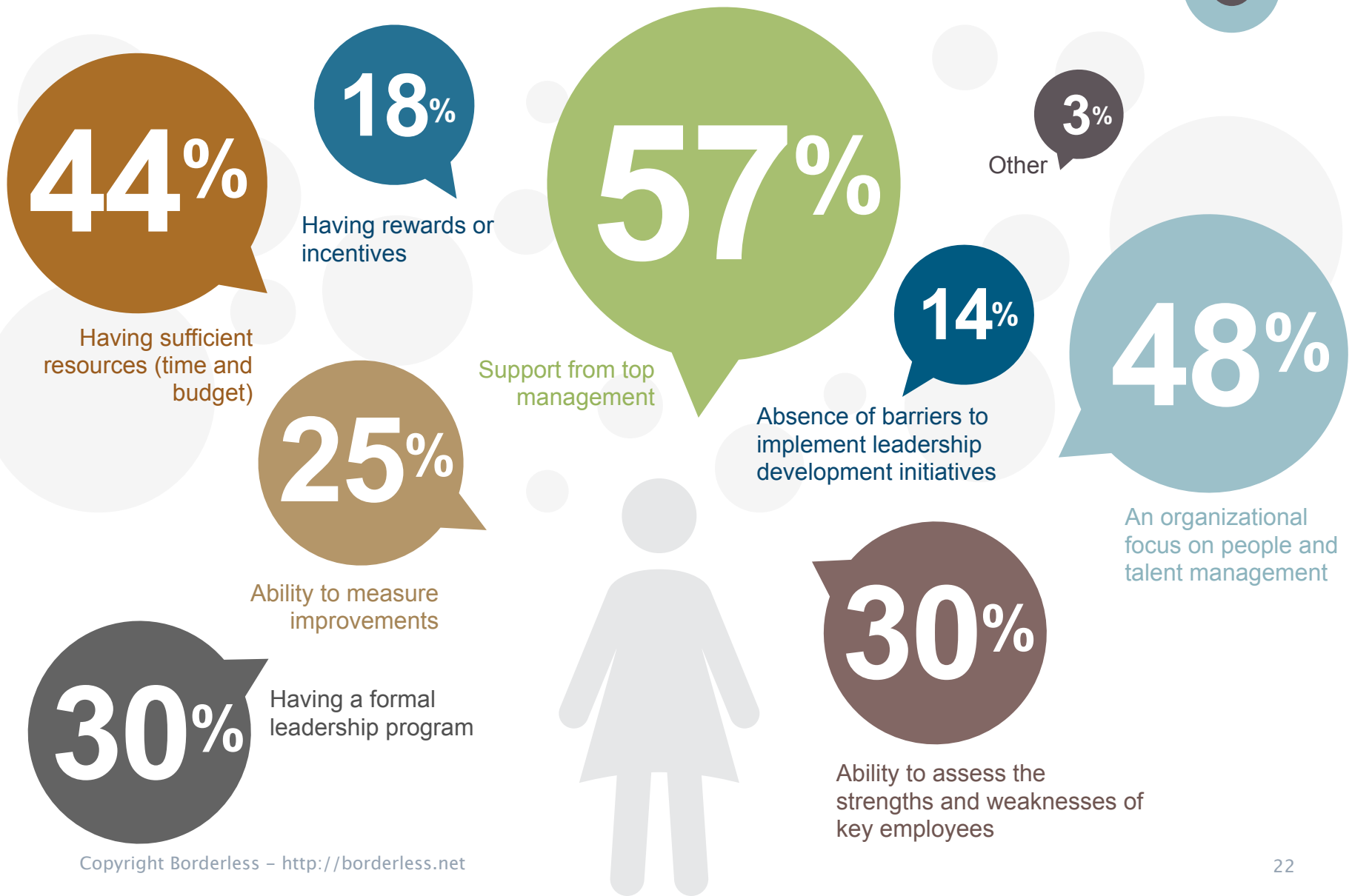# What is the main driver for developing the leadership skills of executives in your organization?

43% Ensuring delivery of business results

14% Ensuring leadership continuity

9% Improving competitiveness

8% Retaining talent

20% Business growth

5% Other

Leadership Development is essential
for organizations to achieve primary business objectives - profitability & growth.

What is the main driver for developing the leadership skills of executives in your organization?

"At corporate level and in other units I've worked for, leadership development has been a powerful tool to ensure delivery of business results, retain talent and improve competitiveness. In the current unit, however there is a strong gap between the "talk" and the "walk"." - survey respondent

What critical success factors most influence your organization's leadership development initiatives?

44%

Having sufficient resources (time and budget)

18%

Having rewards or incentives

57%

Support from top management

3%

Other

14%

Absence of barriers to implement leadership development initiatives

48%

An organizational focus on people and talent management

25%

Ability to measure improvements

30%

Having a formal leadership program

30%

Ability to assess the strengths and weaknesses of key employees

The Borderless Perspective

The top three critical success factors for effective leadership development within organizations are:

1. **Support from management**

2. An organizational **focus on people and talent management**

3. Having **sufficient resources**

Unsurprisingly **support of top management scores highest** as a factor that influences leadership development initiatives. Experience tells us that too often leadership development initiatives are 'parked' in the Human Resources function and lack the necessary backing of the company's most senior executives.

While it may make sense to ensure ownership for designing and supporting leadership programs lies within HR, the active involvement of top executives is necessary, and overall accountability should be held by the CEO.

"In general, I sense a lack of support from top management. Too much 'stick' and not enough 'carrot'." - *survey respondent*
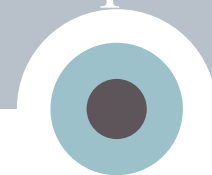
Leadership Development inside organizations…

What external challenge most impacts leadership development within your organization?

Increasing global competition	**32**%
Shareholder demands	**16**%
Regulatory pressures	**4**%
Tighter profit margins	**24**%
Differences in career expectations across generations	**14**%
Shifting demographics	**4**%
Other	**7**%
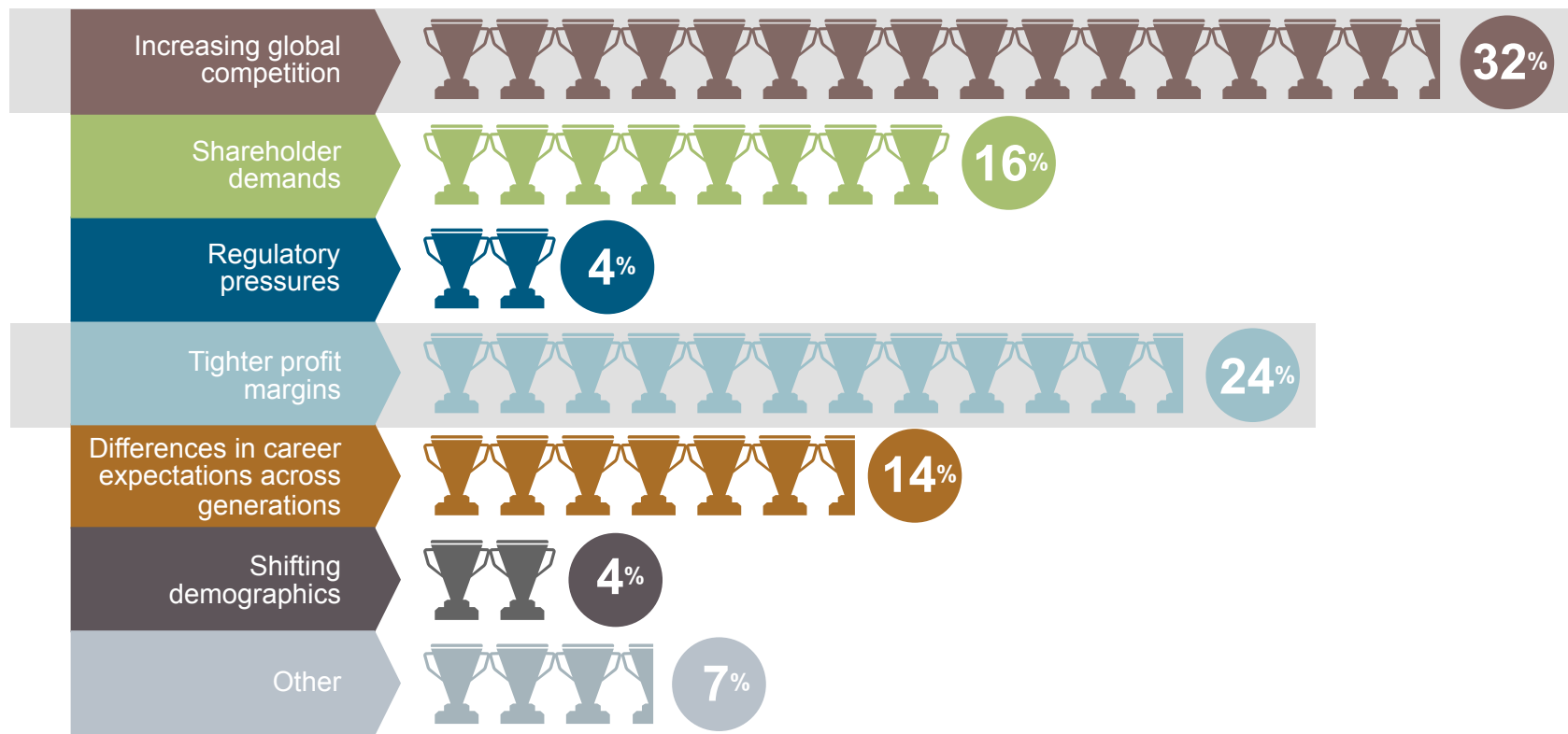
Other

Global slowdown

Constant change within the industry and organization

Cultural differences

The Borderless Perspective

Globalization is perceived as a **significant driver** for leadership development.

In our view, there needs to be greater understanding of the impact of changing demographics, specifically ageing executive populations in many 'traditional' industries. It's time for organizations to take risks and accelerate the development of less experienced executives to fill the emerging leadership gap.

One in four respondents believe their organization is constrained by **tightening profit margins**. We assume that for organizations that believe leadership development is a non-essential, programs may well disappear altogether.

"External challenges, involving all the above, are ALWAYS part of the working environment and must not be allowed to impede leadership development any more than the 'I don't have time' argument should be allowed to impede personal health." - *survey respondent*

What is the most significant internal challenge faced by your organization?

34% Adapting to change in strategic direction

21% Becoming cost effective

29% Having enough capable leaders

0% Retention of key people

10% Continuity through a merger acquisition

6% Other

Challenge

Other

Meeting Shareholder expectations

Differentiating from competitors

Focus on short term vs long term

Aging demographic and loss of technical competence

Lack of leadership continuity

The Borderless Perspective

Adapting to a change in strategic focus is considered a significant internal challenge and is in line with earlier responses emphasizing leadership development's capacity to deliver on business results.

Traditional leadership development programs have tended to emphasize business skills. In our view, an **effective leadership program must focus on developing both the hard and soft skills in equal measure**, grounded in real-life business challenges.

Not having enough capable leaders was also cited as an organizational challenge, which clearly supports the case for investment in leadership development.

"Our company has moved towards decentralization, with more autonomy given to regions (instead of headquarters). The challenge is to exert leadership in an increasingly horizontal environment. Leadership must increasingly focus on influencing instead of directing." - *survey respondent*

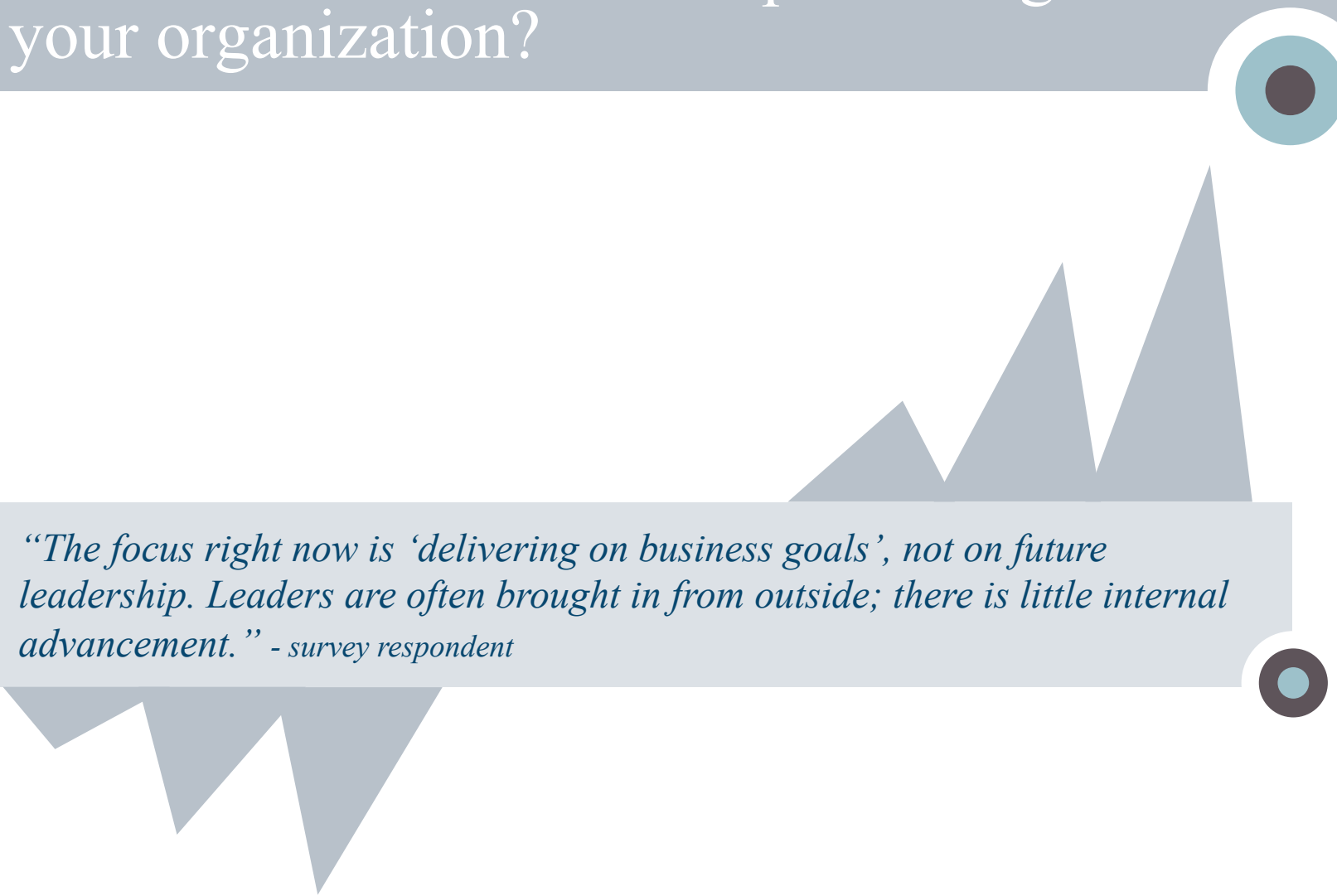# What is the main leadership challenge in your organization?

- **30%** Managing change & innovation
- **0%** Inadequate communication
- **27%** People taking personal accountability & ownership
- **7%** Understanding how to mentor & coach
- **5%** Lack of diversity
- **12%** Insufficient talent pipeline
- **17%** Silo mentality
- **2%** Other
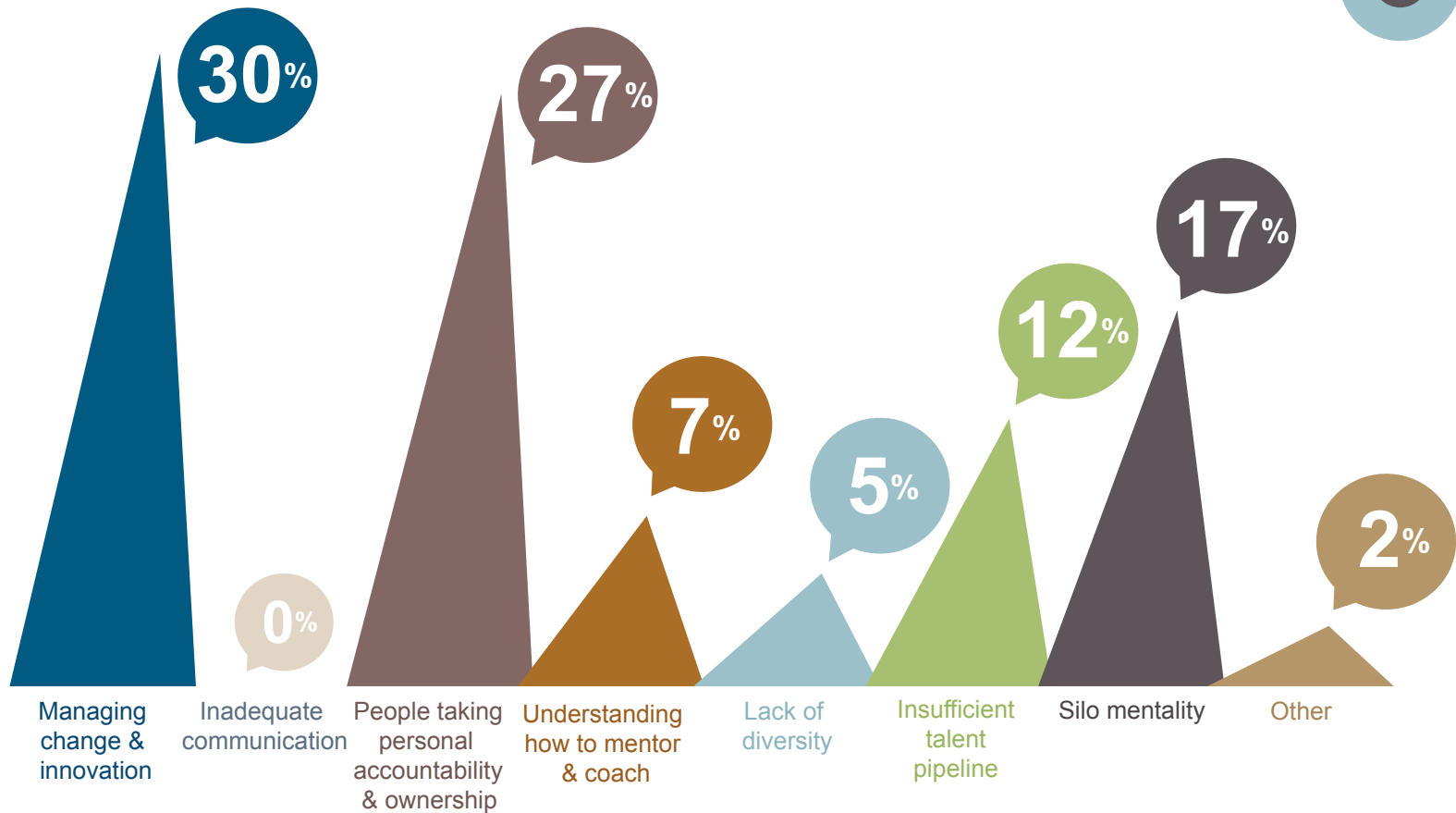
Other

Work-life balance

Transparency of decisions   Hiring from the outside vs. developing and promoting from within

What is the main leadership challenge in your organization?

"The focus right now is 'delivering on business goals', not on future leadership. Leaders are often brought in from outside; there is little internal advancement." - survey respondent

8% Very Poor

37% Poor

47% Good

8% Excellent
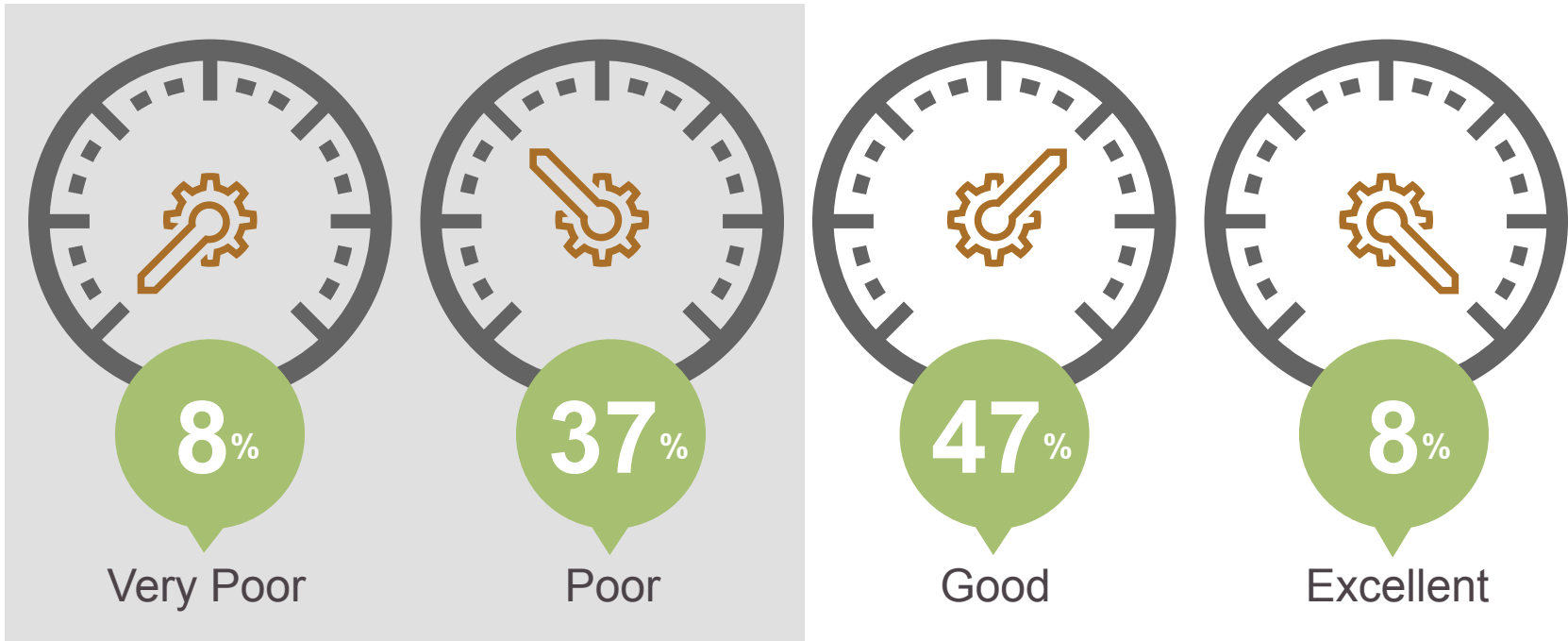
Nearly half of respondents characterize leadership development within their organization **as poor**.

11% **43%** **41%** **5%**

Very ineffective | Rather ineffective | Rather effective | Very effective
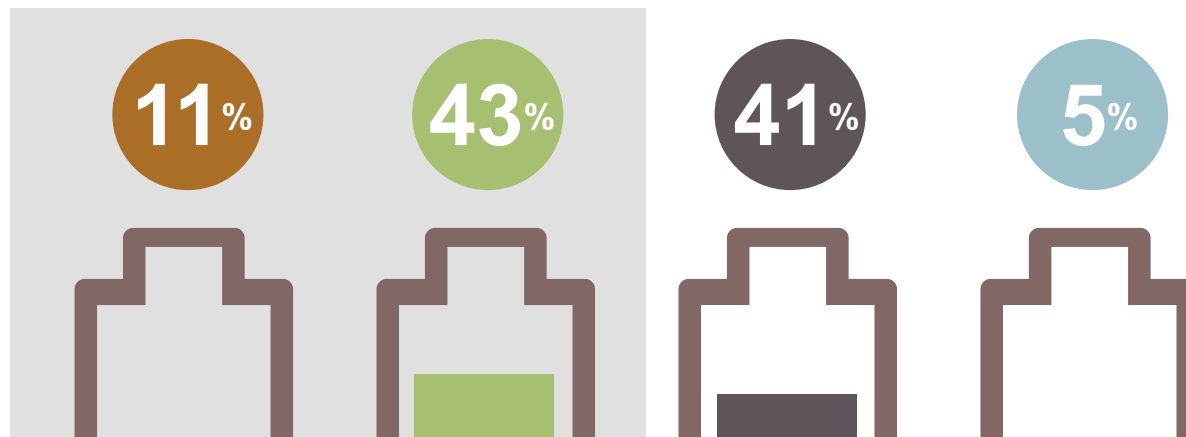
Leadership development programs are mostly perceived as **ineffective.**
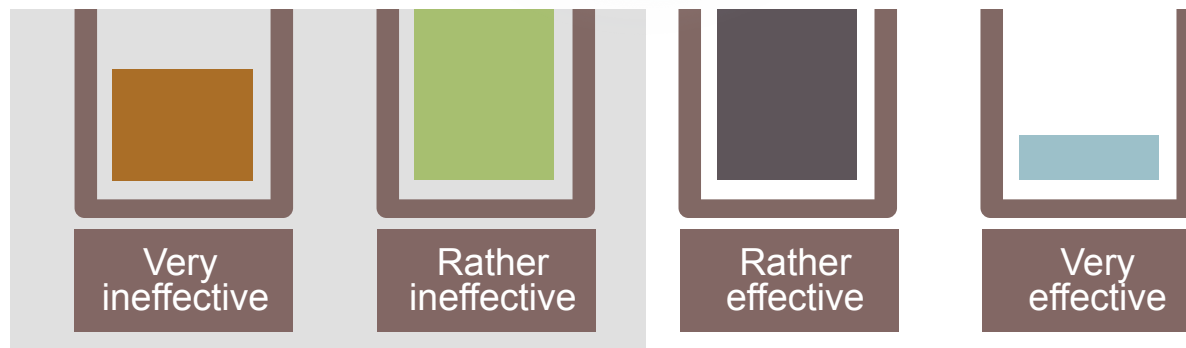
How satisfied are you with the level of investment in leadership development in your organization?

16%

44%

34%

6%

Very dissatisfied	Rather dissatisfied	Rather satisfied	Very satisfied
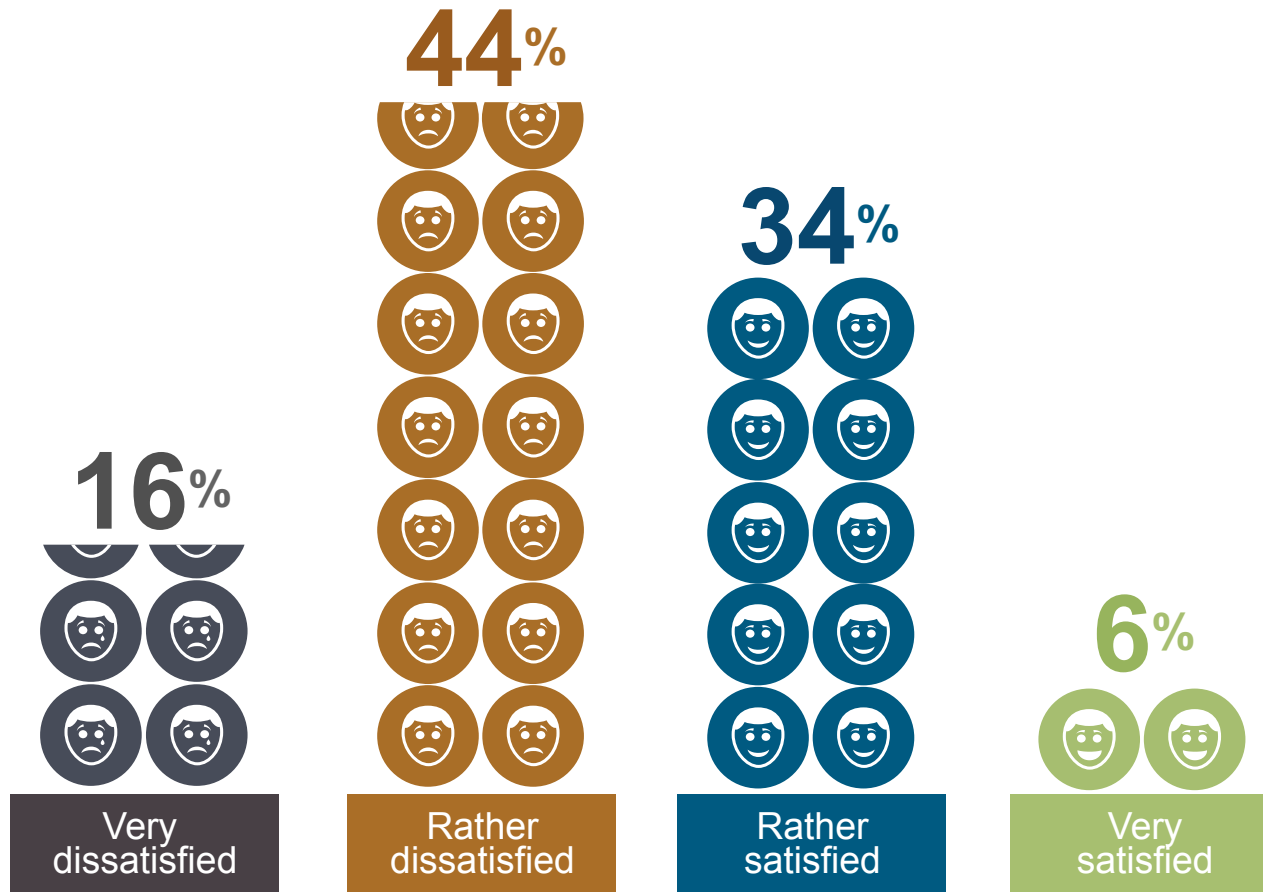
A great many executives are **dissatisfied** with the level of investment in leadership development in their organizations.

How has your organization's level of investment in leadership development changed in the last 3 years?

2013	2014	2015	
Declined			**19%**
Stayed the same			**46%**
Increased			**29%**
Increased Substantially			**6%**
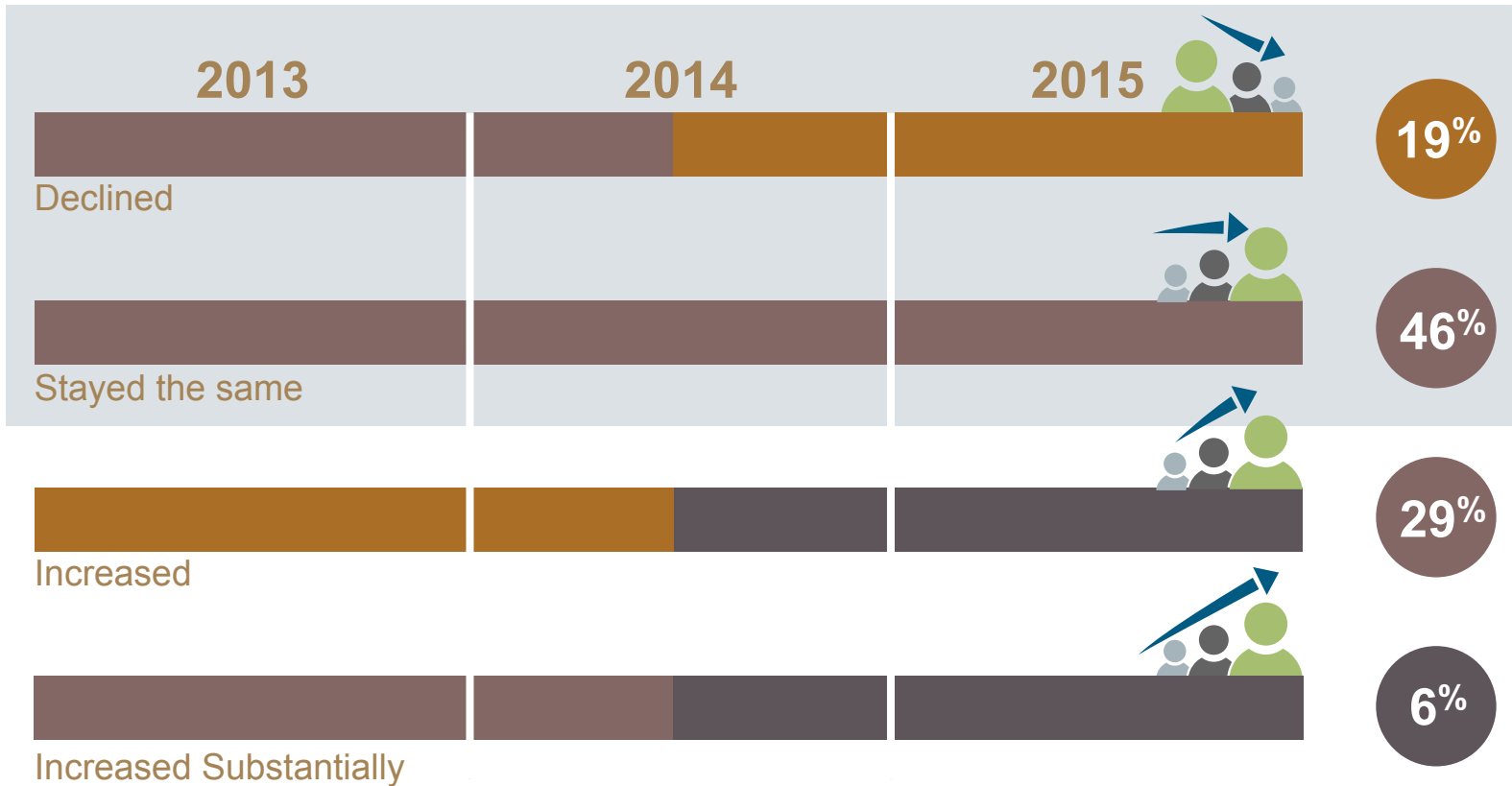
And most **executives do not believe investment in leadership development** within their organization **has evolved** in recent years.

The Borderless Perspective

- A majority of respondents (>54%) rate the **leadership development activities** in their own organization as **ineffective**.

- A large majority of respondents (almost 60%) say they are **dissatisfied with the investment** in leadership development in their organization.

- A large majority of the respondents (>65%) believe that the **level of investment** in leadership development in their organization has, in recent years, **declined or stayed the same.**

We note that executives perceive that **too little focus is placed on developing leaders** and/or that the efforts made fall below expectations.
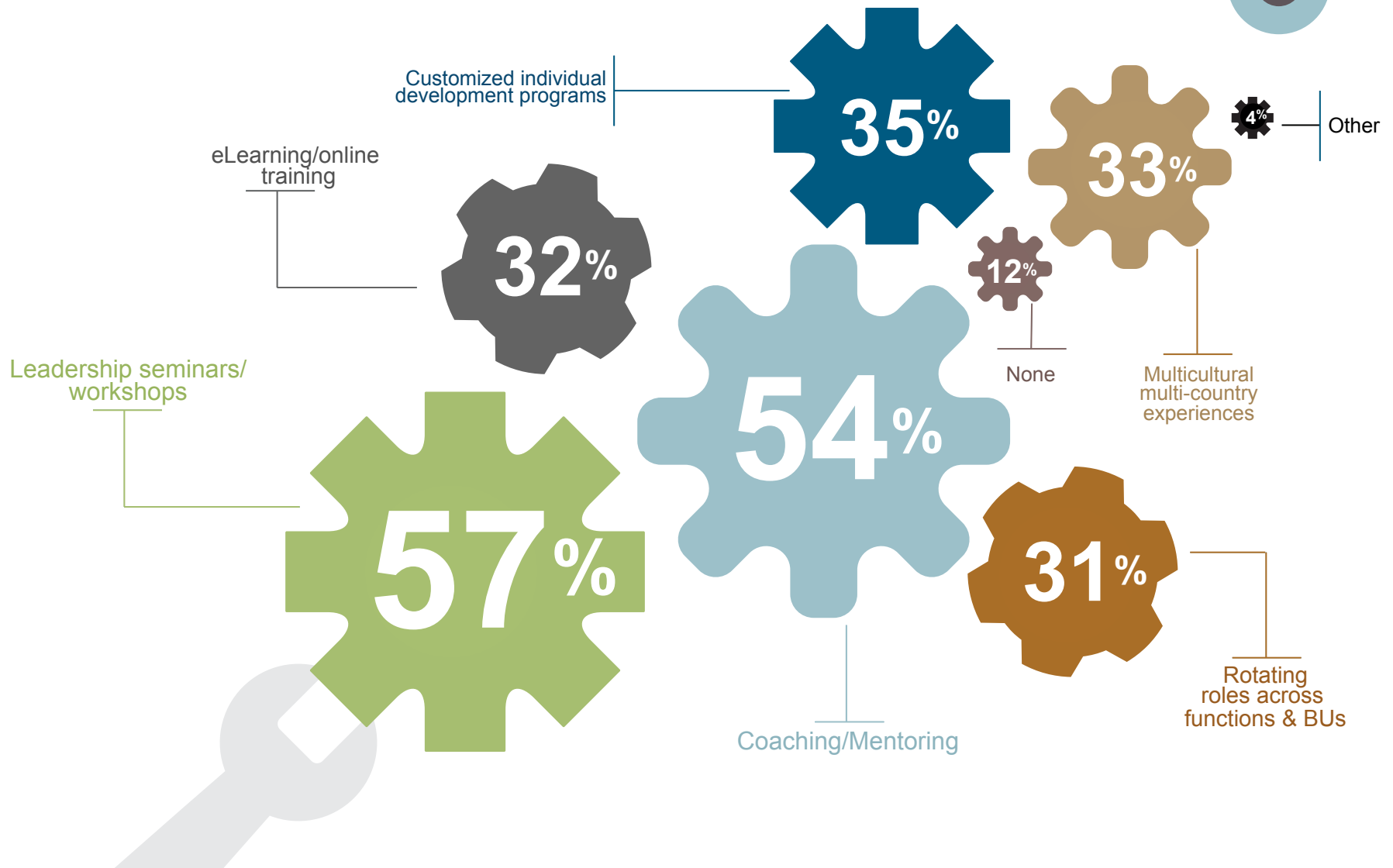
Executives are so often caught up in the day-to-day that leadership development is considered an extra task on the to-do list rather than a necessary activity. To counter this, organizations need to connect leadership development initiatives to business reality. Effective leadership development programs are organized as on-the-job-training, grounded in real-life business.

"My former employer would not invest in developing leadership skills as a company policy or strategy. It was considered a 'sunk cost' in relation to their short-term profit view…" - survey respondent
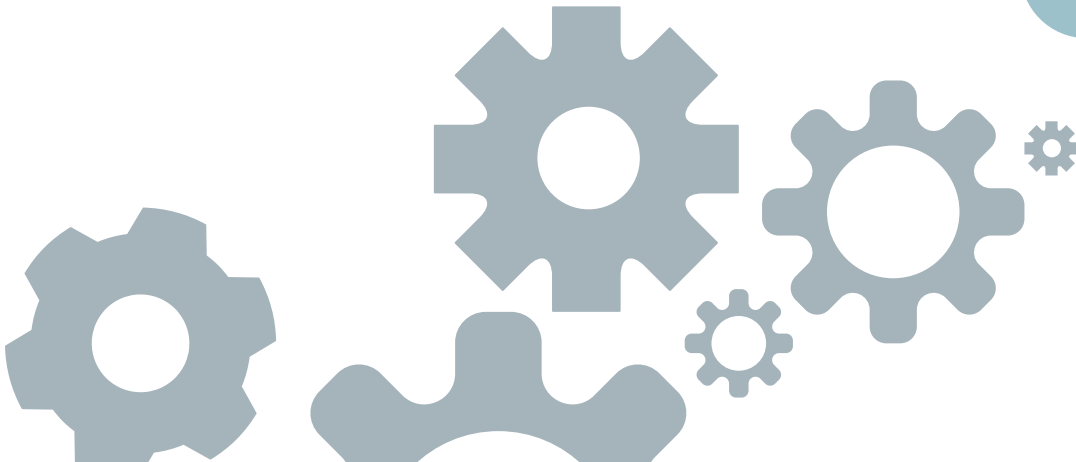
Leadership Development programs & measurement

Which tools or programs are used by your organization to develop leaders?

Customized individual development programs
35%

Other
4%

eLearning/online training
32%

33%

12%
None

Multicultural multi-country experiences

Leadership seminars/ workshops
57%

54%

31%
Rotating roles across functions & BUs
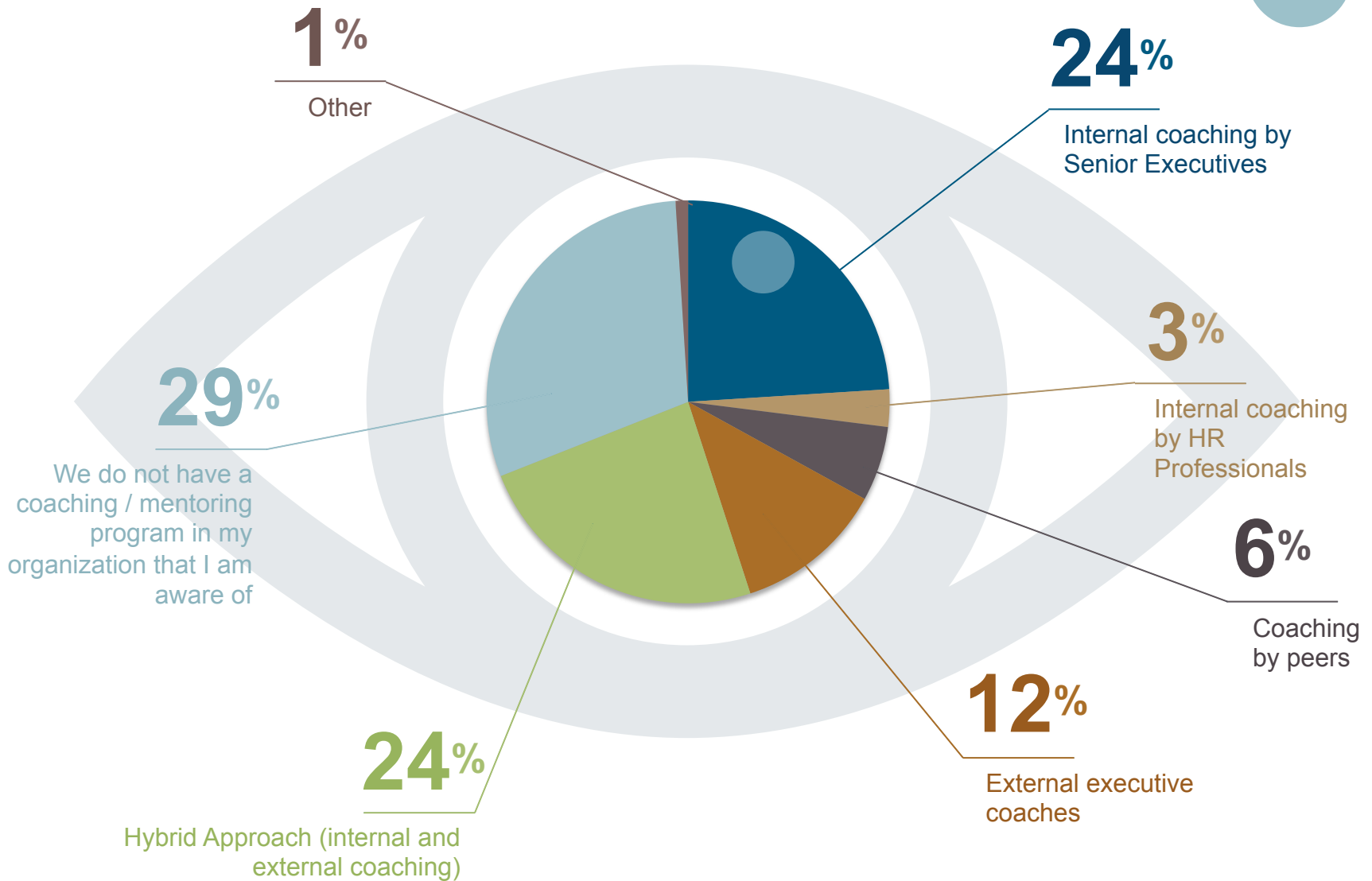
Coaching/Mentoring

Which tools or programs are used by your organization to develop leaders?

"Generally there is a lack of consistency in the implementation of rotational roles and multi-country experiences, and there is poor management of succession planning for returning employees." - survey respondent

In your organization, which approach is most used in coaching executives for future leadership roles?

1% Other

24% Internal coaching by Senior Executives

3% Internal coaching by HR Professionals

6% Coaching by peers

12% External executive coaches

29% We do not have a coaching / mentoring program in my organization that I am aware of

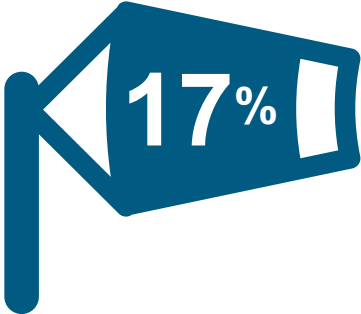**24%** Hybrid Approach (internal and external coaching)

In your opinion, how effective are coaching/mentoring programs for developing future leaders
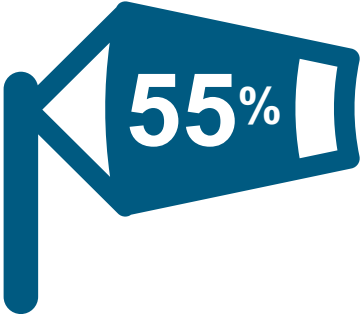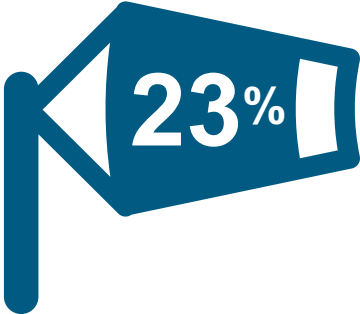
Very ineffective

Rather ineffective

Rather effective

Very effective

5%

17%

55%

23%
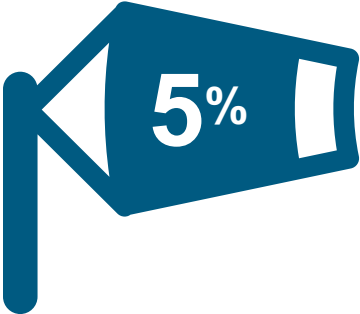
The Borderless Perspective

Almost a third of respondents state that **e-learning is part of their organization's approach to leadership development.** This is unsurprising as e-learning can be both time and cost-efficient.

Job rotation, which has the added advantage of creating higher levels of understanding and cooperation between functions, in our view deserves higher priority if organizations are to develop executives with broad-based general management skills.
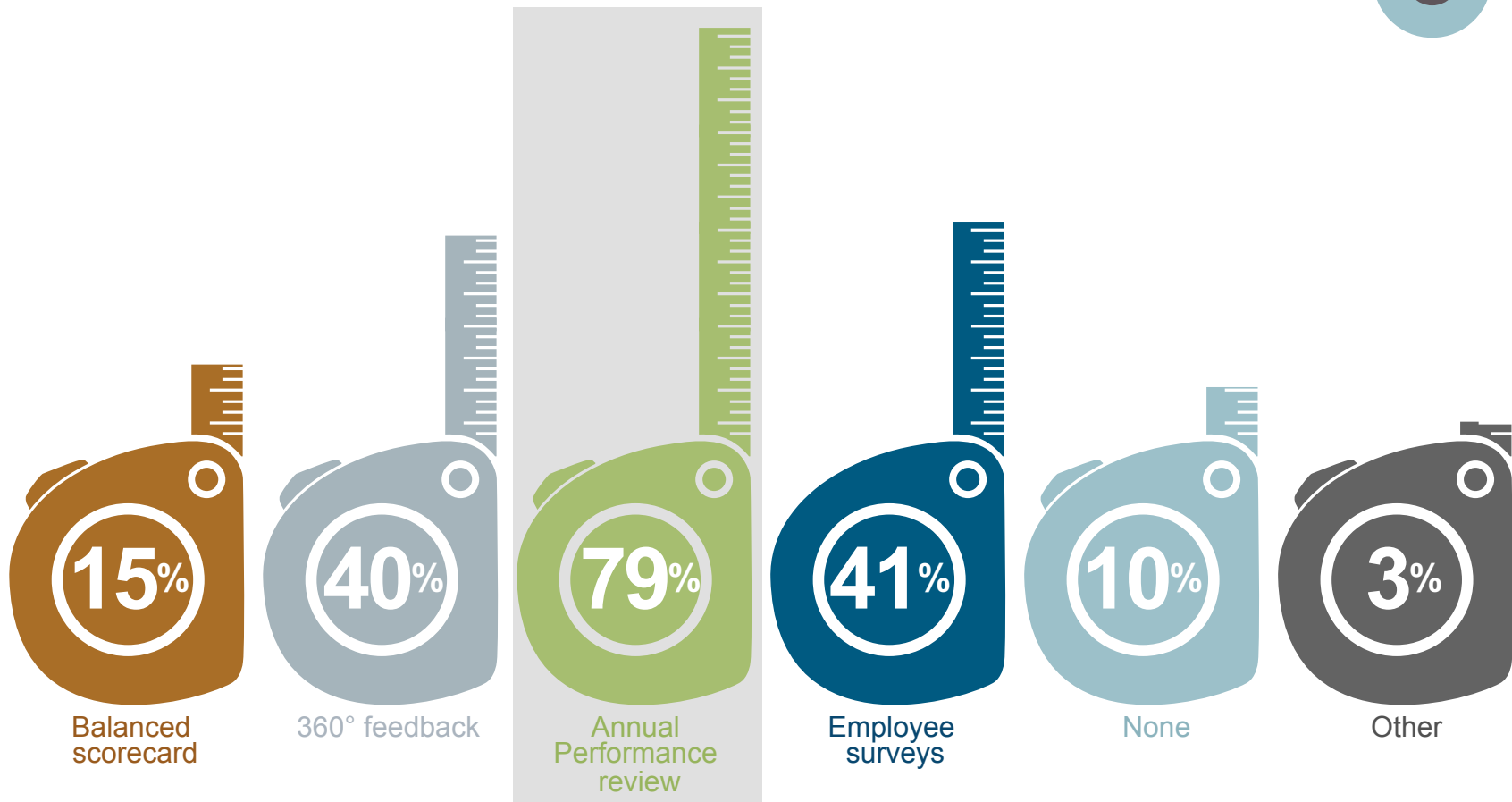
While **coaching is considered effective** by almost 80% of respondents, qualitative responses suggest that coaching initiatives leave room for improvement. Developing high-quality coaching and mentoring initiatives (internal and/or external) can be key to leadership development.

In our view, insufficient attention is paid to the qualifications and experience of coaches, and in particular their ability to relate to the 'real life' situations faced by executives.

"In order to lead you have to inspire people and support them to become better leaders themselves. Coaching is imperative to reach both these aspects." –
survey respondent

How do you measure leadership performance in your organization?

Balanced scorecard	360° feedback	Annual Performance review	Employee surveys	None	Other
15%	40%	79%	41%	10%	3%

Other

Ongoing informal reviews and feedback

Business results

Talent reviews and succession planning

Client feedback

OKRs (Objectives & Key Results)

The Borderless Perspective

Performance reviews are considered the main measure of performance for both business objectives and leadership development objectives. Most companies struggle, however, with how to formulate comprehensive reviews and carry out effective discussions. Leadership therefore tends to be measured by business results alone.

Many organizations **lack the expertise** to describe and measure leadership in terms of observable behavior. They struggle between identifying and evaluating the qualitative versus the quantitative.

In establishing KPIs and setting measurements, organizations should **focus on what a leader should do, demonstrating example behaviors**, as well as delivering business results.

Leadership development programs in your organization are:

For everyone

For Select individuals

Mandatory

	For everyone	For Select individuals
Mandatory	6%	31%
Voluntary	11%	52%

Voluntary

The Borderless Perspective

It is interesting to note that **83% of leadership activities are for a select group**. However, in our view every person in an organization needs to develop a level of leadership ability to fulfill his or her role.

The key is not to establish a one-size-fits-all approach, but rather to **develop targeted activities for different audiences**, based on a number of shared values and leadership principles.

Also interesting is that within two-thirds of organizations, **leadership development participation is voluntary.** While it is advisable to allow participants to determine how they will take part (via mentoring, e-learning, coaching, and so on), if leadership development really drives profitability and growth, then **active engagement in development programs should never be optional.**

"The grass isn't greener on the other side. It's where you water it." – anonymous

Thank you