Global Leadership Forecast 2018

22 Research Insights to Fuel Your People Strategy

Canada
Actionable Intelligence for Leadership Imperatives

Global Leadership Forecast 2018—a three-way collaboration with Development Dimensions International (DDI), The Conference Board, and EY—is the eighth Forecast since DDI began the stream of research in 1999. It’s also one of the most expansive leadership research projects ever conducted. This report summarizes dozens of practical, evidence-based recommendations for critical business issues. These range from digital transformation to gender and generational diversity to the roles of purpose and culture in building an effective, sustainable leadership strategy for a digital age.

This research integrates data from 25,812 leaders and 2,547 HR professionals across 2,488 organizations across the globe. Not only are these perspectives numerous, but they are also diverse and highly representative of the business context facing global enterprises. The research, which spans more than 1,000 C-level executives and 10,000 high-potential employees, includes 54 countries and 26 major industry sectors. Our full set of leader demographics is depicted below.

25,812 Leaders
2,547 HR Professionals
2,488 Organizations
GLF Insights for Canada

As part of the larger Global Leadership Forecast 2018 study, this report highlights findings on the current state of leadership and leadership practices in Canada. Based on survey responses from 516 leaders and 34 HR professionals, these results provide actionable insights specifically for Canada’s leadership context and business market.

Throughout this report, findings are presented for both Canada as well as the global sample of leaders. Where the global results are presented, they will be accompanied by the global icon [ ] to indicate findings are based on the global sample of leaders or HR professionals. Unless accompanied by the global icon or otherwise noted, findings throughout this report can assumed to be specific to Canada.

Not all findings from the Global Leadership Forecast 2018 are specific to Canada and provided in this report. As such, please refer to the global report for the full set of actionable insights. The global report can also be used as a comparative benchmark for Canada-specific findings presented in this report. We are confident these results will provide new insights for Canada’s leadership practices and hope the report will stimulate your own ideas about how to enhance your organization’s leadership capabilities.
A Research-Driven Road Map for Leadership Acceleration

Canadian insights from the Global Leadership Forecast 2018 center on 22 findings (listed in the Table of Contents on the facing page) about the state, context, and future of leadership. The findings are clustered into six categories:

1. **Leaders at the Core**—leadership and talent are top agenda items for CEOs, and the readiness gaps continue to be significant.
2. **Digital & Data**—how digital and data-rich business contexts accelerate the need to build the right capabilities to thrive.
3. **Growth & Potential**—proven practices for aggressively developing leader talent and bench through a robust learning and growth engine.
4. **Leader Diversity**—understanding and advancing gender and generational diversity in leaders to achieve the diversity dividend.
5. **Cultural Drivers**—the powerful forces that can propel—or if lacking, will cripple—rapid, disruptive change.
6. **The HR Opportunity**—how HR can elevate and extend its influence on business outcomes to deliver on this strategic agenda.

Each of the 22 findings shares a common format: We describe the context for the business issue, visualize the key data, describe the key leadership implications, and provide specific guidance for converting research evidence to recommended actions of two types:

First, **“Where to Start.”** Practical steps that organizations can take now to build, reinforce, or remedy their foundation for evidence-based leadership practices and systems, drawing on notable outcomes from the research. Typically, these are actions that many—but far from most—organizations have in place, but that are often overlooked as key building blocks on which more advanced elements of leadership strategy rely. That is, though they’re often common sense, they’re rarely common practice.

Second, **“How to Excel + Differentiate.”** The research’s wide-reaching scope includes hundreds of organizations that are prototypes for rapid advancement toward one or more challenging leadership and business objectives: digital transformation, gender diversity, high-potential management, people analytics, and instilling a sense of purpose, among many others. This section of each finding shows how organizations can draw on proven, high-impact leadership practices to gain a sustained competitive advantage by harnessing their leaders’ potential at all levels and from all backgrounds.

After the 22 findings, which are designed to be modular and self-contained so that they can be used individually, we close Global Leadership Forecast 2018 with two integrative summaries:

- **First,** an integrated view of six leadership megatrends—core, overarching themes that we found emerging again and again across the findings—that collectively chart a course for the trajectory of leadership and serve as broad guiding principles for leadership-directed action.

- **Second,** a leadership practices scoreboard showing the “in-place” frequency of 34 leadership practices in Canada and the links from each to three critical outcomes: Leadership Program Quality (in the eyes of the leaders/learners who are the “customers” for these programs), Leadership Bench Strength (supply of ready-now leaders to fill critical roles over the next three years), and Financial Outcomes (an externally gathered composite of operating margin, EBITDA, revenue growth, and return on equity).
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For CEOs, It’s Still About Developing Leaders
Strategy Is Nothing Without Effective Leaders to Execute

More than 1,000 C-level executives, worldwide, identified the issues they expect to command their attention in the coming year. Of the 28 challenges from which they could choose, their biggest concerns weren’t headline-worthy global issues like political instability, climate change, terrorism, or a global recession. Rather, the top challenges vying for leaders’ action focused on their own leaders. Developing “Next Gen” leaders and failure to attract/retain top talent were rated in the top five by 64 percent and 60 percent of global respondents, respectively. Consistent with the global data, Canada senior executives point to developing “Next Gen” leaders and failure to attract/regain top talent as their top concerns, with 79 percent and 55 percent of respondents, respectively. Leaders clearly indicated that top talent and effective leaders will be needed to address the myriad current challenges and to position their organization for future success. The global Top 10 Challenges are shown below along with the percent of global and Canada executives that rated each challenge in their top five. While this finding is consistent with our experience, it emphasizes the criticality of organizational focus in driving faster capability growth across all leadership levels.
These findings are consistent with The Conference Board’s 2017 CEO Challenge* study, which asks the same question of global CEOs each year. In 2016 and 2017, these two challenges placed among the top five choices globally. Senior leaders are acutely aware of the importance of focusing on strengthening human—and, specifically, leadership—capital.

Of those Canadian leaders surveyed in Global Leadership Forecast 2018, only 36 percent believe their organization’s leadership development program to be of high or very high quality, with 23 percent rating “leadership assessment” and 29 percent rating “leadership performance management programs” to be of high or very high quality. Average program quality translates into moderate confidence in leadership effectiveness. When asked to consider their own effectiveness in the critical leadership skill of identifying and developing future talent, only 64 percent of respondents rated themselves highly effective or very highly effective, which leaves 36 percent of leaders (those who are only moderately effective, or even less skilled) to shape the next generation. And with 62 percent never having been mentored, how do we expect that they’ll know how to mentor others?

**HR Paints a Bleak Picture**

More than 2,500 HR professionals across the globe told us that identifying and developing future talent is the most critical skill leaders will need in three years. In Canada, identifying and developing future talent was ranked as the number 1 skill leaders will need in the next three years. A significant gap exists between the criticality of this leadership skill and leaders’ own assessment of their ability to successfully master it. The net result would be a weakened leadership cadre. Only 46 percent of Canada HR professionals rated their organization’s bench strength—the supply to fill critical leadership positions over the next three years—at any level of strength (slightly strong, strong, or very strong) and, on average, only 45 percent of positions could be filled by an internal candidate immediately. Twenty-three percent believe their succession management system and processes to be of low or very low effectiveness.

In terms of quality, HR professionals’ assessments of their organization’s leadership development program were lower than the leaders’. Responses do not signal a bright future:

- 43% have a weak or nonexistent relationship between annual strategic plans and their own plans to grow leadership talent.
- 61% do not have well-integrated and strategically aligned leadership development programs or processes.
- 96% see their leadership career planning/pathing systems as only moderately effective or worse.
- 74% do not believe their leaders have high-quality, effective development plans.
- 63% do not use information from assessments and simulations to make leadership hiring and promotion decisions.
- 29% do not have a program to develop high potentials, and 50% don’t measure the effectiveness of the programs.
- 91% do not exercise negative consequences when leaders fail to develop leaders on their team.
- 63% do not know the up-to-date status of leadership talent capability across the organization.


**WHERE TO START**

- With all stakeholders, begin with a candid assessment of all leadership development programs and processes at all leader levels.
- Create a plan to integrate all efforts with the twin goals of supporting leaders’ success now and building a solid pipeline of successful future leaders against the profile your organization will need.
- Create or update a leadership capability model that is embraced by senior leadership and aligned with the organization’s strategic goals.
- Ensure that leaders have the skills to identify and develop top talent.
- Review and enhance other talent management systems to support the creation of a strong cadre of leaders.

**HOW TO EXCEL + DIFFERENTIATE**

- Systematically monitor progress and gather data to determine the business impact leadership development processes have on advancing the organization’s strategic goals.
- Articulate the impact in terms of the organization’s ability to execute the strategy and create a plan to address deficiencies.
- Deepen the strength and quality of your leadership bench.
- Partner with business leaders and the C-Suite to design, deliver, and assess the effectiveness of all leadership-related actions. Enlist these individuals as coaches, mentors, and champions.
- Adapt performance management processes to hold leaders accountable for successfully developing their teams, particularly emerging leaders.
Leadership Strategy
The Forgotten Foundation of Business Planning

Only 18 Percent of Canadian CEOs Have the Leadership Talent to Execute Their Strategy
The data in Global Leadership Forecast 2018 shows that organizations with effective leadership talent outperform their peers. Yet very few organizations manage this high-value asset in an integrated, cohesive way. Even after spending more than $50 billion annually* on developing their leaders, many companies still don’t have the bench strength to meet their future business goals. And despite the spending, investments are often fragmented and see a lack of returns. Leadership models and development programs abound; few tie to business goals. Worse yet, there’s scant evidence that they actually work. What’s needed is a coherent, integrated leadership strategy. A well-crafted blueprint ensures that companies have the right talent, at the right cost, and with the right capabilities to deliver today and into the future. Yet, we found only 27 percent of HR professionals in Canada feel their organizations have an effective leadership strategy. Companies that do have such strategies in place report better returns on their investment in talent. They consistently feature deeper leader bench strength and stronger leaders at all levels.

> Global Preparedness to Meet Key Business Challenges with an Effective and Ineffective Leadership Strategy

<table>
<thead>
<tr>
<th>Business Challenges</th>
<th>With an Ineffective Leadership Strategy</th>
<th>With an Effective Leadership Strategy</th>
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<tbody>
<tr>
<td>Act decisively</td>
<td>19%</td>
<td>27%</td>
</tr>
<tr>
<td>Anticipate and react</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>Maintain effectiveness</td>
<td>23%</td>
<td>33%</td>
</tr>
<tr>
<td>Capturing organizational knowledge</td>
<td>14%</td>
<td>25%</td>
</tr>
<tr>
<td>Navigating through complexity</td>
<td>23%</td>
<td>32%</td>
</tr>
<tr>
<td>Responding to the competitive environment</td>
<td>18%</td>
<td>32%</td>
</tr>
<tr>
<td>Operating in a highly digital business environment</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>Understanding and acting</td>
<td>21%</td>
<td>37%</td>
</tr>
<tr>
<td>Using data</td>
<td>21%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Percentage of Organizations Ready to Meet Each Business Challenge

What Differentiates Organizations with Effective Leadership Strategies?
The advantages of having a leadership strategy in place are enormous, beginning with leader preparedness to meet business challenges. The graphic at the far left shows the leader-readiness advantages of an effective leadership strategy.

So, What’s in an Effective Leadership Strategy?
Senior line managers define “leadership strategy” as having a supply of capable leaders to meet both their short- and (ever-changing) long-term business needs. A sound leadership strategy consists of the four elements defined below. We looked at the effectiveness ratings for each element, comparing organizations that report having a leadership strategy in place with those that do not.

- ** Defines the competencies required for success.** We see a much higher level of effectiveness of this basic practice in organizations with a leadership strategy versus those with no strategy (82 percent versus 49 percent).
- **Models supply and demand as part of the strategic planning process.** Organizations with an effective leadership strategy are 4.3 times more likely to adeptly forecast future leadership demand than those without.
- **Ensures that all core leadership processes align and are consistently reinforcing the appropriate skills/capabilities/mindsets.** All major talent systems are more effective in organizations with stronger leadership strategies. For example, when there is a leadership strategy in place, 70 percent of organizations report having effective development programs in place versus 27 percent in those organizations with no strategy. The same magnitude of difference applies to succession management (51 percent versus 15 percent). These systems comprise the foundation for delivering a steady flow of leaders through the pipeline.
- **Measures the impact of leadership spending on performance and potential.** Companies with effective leadership strategies are 4 times more likely to gather business-impact measures on their talent initiatives.

What Are the Performance Benefits?
We found that an investment in formulating and executing an effective leadership strategy can have a significant impact in several other areas:

- **Working with the business to articulate a leadership strategy improves HR’s strategic impact.** Organizations with a leadership strategy are 2 times more likely to rate their HR teams as strategic advisors.
- **Of organizations with effective strategies, 56 percent have overall high leadership quality versus 20 percent with less-effective strategies.**
- **Future bench strength,** a critical lead outcome measure, is much stronger with an effective strategy (32 percent versus a dismal 5 percent).
- **Stronger ability to fill critical open positions** with internal candidates (56 percent versus 38 percent). The cost of even a few senior positions remaining open far exceeds the investment required to put a sound strategy in place.

Should HR Be Involved in Strategic Planning?
Leadership strategy should never stand alone from an organization’s strategic plans, yet only 26 percent of HR professionals in Canada are involved in strategic planning from its inception. This diminishes the role they can, and should, play in connecting the business to required leadership capability.


**WHERE TO START**
- **Translate your strategic plans into leadership and talent implications.** Assess risks and areas where poor leadership capability will impede execution.
- **Focus on execution.** Like any other strategy, leadership strategy often fails more due to lack of execution than integrity. Make sure to align all components of successful execution: rewards, metrics, resources, and skills.
- **Look carefully at deploying initiatives across the enterprise.** Ensure the most efficient and effective deployment of your limited resources.

**HOW TO EXCEL + DIFFERENTIATE**
- **Use robust predictive analytics to pinpoint the likely gaps in your leadership supply chain.** This will help you focus your efforts.
- **Orchestrate all components of your leadership strategy.** They do not stand alone. Forecasting demand is worthless without accompanying initiatives to close the gaps.
- **Prove the return on your leadership investment.** Unlike every other function, HR typically fails to seriously evaluate (and thus justify) the impact of their spend on organizational performance.
Purpose is an aspirational reason for being that inspires and provides a call to action for an organization, its partners, stakeholders, and society as a whole. EY Beacon Institute research* has consistently shown that purpose enables organizations to perform well in times of volatility. The research joins a growing body of evidence demonstrating that a strong and active purpose raises employee engagement and acts as a unifier, makes customers more loyal and committed to working with you, and helps to frame effective decision making in an environment of uncertainty. Global Leadership Forecast 2018 finds that getting purpose right builds organizational resilience and, crucially, improves long-term financial performance as seen in the figure below. We found that the real benefits come when leaders walk the walk by behaving in a manner that exemplifies their organization’s purpose.

*EY Beacon Institute research refers to studies conducted by EY Beacon Institute, which is a research and advisory organization. The research is based on surveys, interviews, and other data collection methods to understand the impact of purpose on various aspects of organizational performance.
Why Make Purpose Your Guide?

Of 1,500 global C-Suite executives surveyed, 84 percent say their business operates in an increasingly disrupted environment. In this world, purpose is a North Star—a fixed point to help navigate through change and uncertainty.

To understand the impact of purpose, we identified three types of organizations:

- Those without a purpose.
- Those with a purpose statement.
- Purposeful organizations where leaders bring the stated purpose to life through behaviours.

We found clear evidence that companies in this third category are earning a significant performance premium.

Why Isn’t Just Having a Purpose Statement Enough?

In the context of domestic and international competitive pressures, as well as the looming digital disruption in many sectors of the economy, the opportunity to capitalize on a well-aligned and purpose driven culture has a critical lever to leverage for Canadian organizations. On one hand, companies with only a purpose statement realize considerable performance improvements across many outcome measures. However, the greatest insight is that purposeful organizations (those with active leadership support) get even stronger financial performance in the short and long term—and are better equipped to deal with the fast-changing, competitive environment that Canada is experiencing.

More Benefits of Being a Purposeful Organization

The advantages to being purposeful are many:

- **Engagement.** Purpose is a key driver of employee engagement. In previous research*, 96 percent of leaders said that purpose is important to their job satisfaction. In *Global Leadership Forecast 2018*, we found that having a purpose statement not only has a positive effect on engagement overall, but 4 percent more Canadian leaders get meaning from work than in the global norm and energy levels are reported to be 12 percent higher. This effect is amplified in purposeful Canadian organizations, where engagement levels are 43 percent higher and employees’ intent to stay is 20 percent higher.

- **Culture.** Companies with a purpose statement boast a stronger culture of collectiveness than those without, and the effect is 43 percent greater in purposeful organizations, which also report 16 percent greater levels of psychological safety.

- **Agility.** Having employee and stakeholder buy-in enables a purposeful organization to respond more quickly and effectively when opportunities arise or danger threatens (20 percent higher than non-purposeful organizations).

- **Resilience.** Purposeful companies tend to enjoy higher levels of trust and loyalty, making them more resilient when faced with mounting pressures from global competition and disruption. They’re also better able to retain customers, employees, and shareholders during the often-painful transition periods that comprise the new 21st century normal.

- **Vision.** Serving all stakeholders and aspiring to improve society enables a broader vision—a bigger game to play—making organizations more likely to spot unexpected opportunities and new risks.

- **Learning environment.** While many companies understand that having a stated purpose is important, they struggle to weave it into day-to-day business. We found that purposeful organizations build leaders’ skills in inspiring, adapting, and team leadership. They do this by focusing on experiences, coaching, and mentoring. Leaders learn from leaders, and they coach and develop their people.


WHERE TO START

- **Articulate a clear purpose for your organization.** Focus on answering the why questions. We all know what our organizations do. Purpose is about asking why we exist in the first place, what our employees and stakeholders care about, and what resonates with customers.

- **Use purpose as a lens for everything you do.** Let purpose guide the solutions you offer, how you treat your customers, and how you engage your workforce.

- **Communicate success stories to all constituents.** Stories perpetuate purpose. Each time people repeat them, purpose entwines more closely with day-to-day business.

HOW TO EXCEL + DIFFERENTIATE

- **Integrate purpose into the company’s DNA.** Reinforce purpose through the day-to-day customer and employee experience. Treat purpose as a commitment to stakeholders and publicly update on its progress.

- **Focus on leaders.** Help them develop their own “why.” Work with all leaders to articulate their own purpose as it relates to the overarching purpose for the business. Then, help them do the same for their teams and employees.

- **Develop key skills.** Purpose-driven leaders form teams, inspire, and motivate in a fast-changing world. They develop psychological safety and agility.
Digital-Era Leadership
Ready or Not, Digital Competence Is Already Differentiating Winners from Losers

The work world continues its metamorphosis as organizations increasingly leverage technology to modernize their business strategies. As the pace of change intensifies, many companies just cannot compete; 50 percent of the 2006 Fortune 500 companies no longer exist. Competition rains in from every direction. Looking ahead, technologies such as robotics and artificial intelligence (AI) are projected to affect two billion jobs over the next decade.* These trends represent both a threat and an opportunity. Organizations with digitally savvy leaders, the pioneers, are outperforming those organizations with less digitally capable leaders, the laggards. As our work world becomes increasingly digital, that performance gap will only grow.

How Digital-Ready Are Leaders?
*Global Leadership Forecast 2018* shows digital-era leaders focus their attention across five clusters made up of 16 competencies (see figure below). Averaging across all competencies, only 17 percent of leaders in Canada considered themselves effective in all five areas.

The right column of the figure shows leaders’ ratings of their own effectiveness. They’ve reported relative strengths in traditional leadership skills. However, the differentiators (digital capabilities and seeking out opportunities across complex ecosystems) are where leaders have gaps.

**Key digital-era leadership capabilities**

| Drive digital by leveraging technology to modernize their business strategy and operations. |
| Navigate a complex digital landscape by embracing disruption with clarity of purpose and resilience. |
| Connect people and possibilities in an increasingly dispersed and ecosystem-driven working world. |
| Relate to others on a very human level by balancing people and technology, and lead with true empathy and inclusivity. |
| Think differently, focusing on holistic situational understanding and seeking creative and innovative possibilities. |

Where Should You Focus?

Not every competency has the same impact on an organization’s digital performance. The middle column of the figure at left shows the six competencies that were found to have the greatest impact on performance. Of these six most critical skills, leaders are relatively strong in four areas, weaker in two.

- **Lead with digitization.** Organizations need leaders who understand the impact digital tech can have on their businesses. They sense what is and isn’t possible and, more important, sense what will be possible. They look to standardize and automate processes to generate new insights they can leverage for differentiated capabilities. This is a relatively weak area for leaders.
- **Adaptability is a must.** Digital leaders must be able to adapt to constant change or fall behind. They need to be learning every day, not getting caught up in “traditions.” This is a relative leadership strength.
- **Execution.** It’s one thing to anticipate change. But it takes another set of skills altogether to turn new ideas into reality. This also is a strength.
- **Hyper-collaboration** is about working relentlessly to break down silos. It’s getting people working together to solve customers’ and the organization’s issues. Again, this is a relative leadership strength.
- **Identify and develop new talent.** Leaders need to spot and rapidly bring on board the digitally savvy talent of tomorrow. Leaders do relatively well in this area.
- **A 360 view.** Leaders must be able to spot patterns and bring thinking together from multiple perspectives. This is a real weakness.

What Does This Mean for Performance and Potential?

Across the global sample, we found that the pioneers, digitally savvy leaders, are more prepared than the laggards to meet emerging business challenges. Most notably, they’re better at anticipating and responding to the competitive environment, navigating through complexity, and using data and analytics to guide their decision making.

In the figure above, we also demonstrated a significant relationship between global leaders’ digital readiness and their organization’s financial performance. Looking to the near future, every organization will need to embrace new technologies if they are to flourish. And, those with the most capable digital-ready leaders will continue to stay ahead of the curve. In another section titled “Accelerating the Digital Journey,” we focus on how to ramp up organizational and leadership digital capability.


WHERE TO START

- Start by identifying critical leadership roles and assess readiness of your talent to embrace and pioneer digital transformation.
- Rethink your competency framework to include emergent knowledge and skills to focus leader development. Many companies going through unprecedented change have not re-examined their competency models.
- Develop digital accelerator leadership-immersion programs. This is an excellent approach to building both technical know-how and leadership capability.
- Move beyond simply “doing digital” via discrete technology implementations to “being digital,” an embedded leadership mindset and way of working.

HOW TO EXCEL + DIFFERENTIATE

- Some of your current leadership bench will be unable to acquire a new mindset. They may need to be replaced with more digitally capable leaders.
- Lead for the future of the organization. Nurture and develop leaders as much as those running the legacy business. New leaders will not only require a technical mindset, but also the imagination and vision of how technology can enable their organization’s competitive position.
- Foster a digital ecosystem for leaders to thrive. This includes new approaches to learning, rewards, use of space, and elimination of hierarchies. Place great digitally ready leaders in a traditional culture, and they will surely fail.
Accelerating the Digital Journey
Changing Old Leadership Mindsets and Ways of Working

In our section, “Digital-Era Leadership,” we put forth a new model of leadership and demonstrated that leaders who are more digitally capable exert a positive impact on their organization’s performance. We also showed that this new-era digital leadership requires a full and complex range of skills, including interpersonal, analytic, and technical. To thrive in this new era, most organizations will need to build new skills and capabilities; they’ll also need to overcome old mindsets and ways of working. This won’t be achieved by the delivery of formal training and learning alone. The workplace must become the learning environment. To assure this transition, everyone in the organization will need to be learning every day.

> Meeting New Workplace Challenges

<table>
<thead>
<tr>
<th>Digital Pioneers’ Impact Compared to Digital Laggards¹</th>
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<tbody>
<tr>
<td>4.3x Acting decisively</td>
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<tr>
<td>10.7x Anticipating/Reacting to high-speed change</td>
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<tr>
<td>9.5x Maintaining effectiveness despite lack of predictability</td>
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<tr>
<td>3.7x Navigating through complexity</td>
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<tr>
<td>16.2x Operating in a highly digital environment</td>
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<tr>
<td>9.6x Using data to guide decisions</td>
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¹High digitally ready leaders judge themselves...
...better equipped than digital laggards to cope with new workplace challenges

How Do Organizations Accelerate Their Digital Journey?

We explored dozens of organizational operating environments that elevate the bar from simply “doing digital” to truly “being digital.” Three emerge as critical:

- **New learning cultures.** Building digital-era leadership capability requires a workplace where everyone learns every day. There’s a heavy emphasis on experiential development. Highly capable digital-ready leaders, the pioneers, actively manage their own growth and development. Compared to their peers who aren’t as skilled, digitally-ready leaders in Canada are more likely (92 versus 71 percent) to take on stretch assignments to build new skills. They’re also more likely to provide input to grow the business (66 versus 54 percent) and seek it from others to grow themselves (93 versus 79 percent).

Getting the culture right delivers more able, confident leaders. The figure at left shows the differences in leaders’ confidence to face these challenges. Pioneers (digitally adept leaders) are significantly more confident than the digital laggards in handling every challenge. They are 16.2 times more confident operating in a digital environment, and 10.7 times more likely to anticipate and react to change.

- **New working environment.** Today’s high-performing operating environments are purpose-driven and team-based, with shallower hierarchies. They enable workforce mobility and deliver a consumer-grade technology experience to internal workers, aligning modern performance and rewards practices to the right behaviours.

- **Developing the right environment drives engagement, productivity, and learning.** Digital-ready leaders in Canada are more likely to respond that they are “definitely engaged” at work (63 versus 60 percent). They’re also more likely to see their organization as embracing or even rewarding failure in pursuit of innovation (40 versus 25 percent). Additionally, 85 percent of digital-ready leaders feel a strong sense of accountability for effectively leading their people, compared to only 71 percent for leaders who are not ready.

- **New role of HR.** Building digital organizations requires a reset of talent and leadership infrastructures. The HR function must transform to become nimbler, data-driven, tech-savvy, and tied to the evolving business needs.

Analysis of the global data reveals a considerable payoff for accelerated digital transformation. The figure above examines five elements essential to operating in a highly digital workplace. Digitally mature organizations (those farther along in their digital transformation) have stronger overall cultures than their less-mature counterparts—by a factor of 10.5. As we mentioned above, they’re more likely to encourage and reward experimentation and far more focused on future possibilities, not past constraints. And, they’re nearly seven times more likely to lead with agility. Finally, data-driven decisions are used more heavily.

**WHERE TO START**

- Examine every aspect of your talent management system. Make sure it’s building capable, future-ready digital leaders.
- Ensure that you’re reinforcing a culture where people continuously grow and learn. The workplace, not the classroom, has become the primary learning environment.
- Invest resources to build HR leaders’ skills in using digital technologies and predictive analytics. As they become more adept, they’ll embrace the new way of working.

**HOW TO EXCEL + DIFFERENTIATE**

- Measure and work on your organization’s learning culture.
- Take an integrated approach to building a future workplace. Use rewards, workforce mobility, and technology experiences and leverage physical space and structure to drive collaboration and innovation.
- Stop talking and start transforming. You need to stand shoulder-to-shoulder, starting with HR as custodians of your organization’s assets.
Leading with Data-Driven Decisions
The Culture and Skills Driving Higher Returns on Data

Nearly seven years after the first “Big Data” articles appeared in major business publications, many organizations struggle to counter Big Data's substantial costs with newly unlocked value. A 2017 study* found that fewer than half of senior Fortune 1000 decision makers see measurable returns from Big Data. In Global Leadership Forecast 2018, across the global sample of data, companies whose leaders are well prepared to use data to guide decisions are 8.7 times more likely to have closely integrated talent and business strategies, 7.4 times more likely to have a strong bench of future leaders, and 2.1 times more likely to have grown aggressively over the past three years, compared to organizations whose leaders are ill-prepared for a data-rich business context. But these are the outcomes, not the drivers. What is the leadership context—the culture and skills—that makes these returns not only possible, but probable?

> The Cultural Factors that Make Data-Savvy Organizations Unique

Traits of a Data-Driven Enterprise

We identified the five cultural factors (shown in the graphic at left) in which data-savvy organizations most exceed organizations where leaders struggle with data:

1. **Strength of company culture.** Data-savvy companies build the shared mental models vital for cultural strength by actively measuring and reacting to customer and employee viewpoints.
2. **Experimentation mindset.** Data provides the confidence to launch and gauge the success of experiments and to objectively learn from failures.
3. **Digital technology influence.** Technology is a prime source for new volumes and varieties of data; digital advancement parallels being data-savvy.
4. **Focus on future vision.** Data informs trajectories and trends via prescriptive and predictive analytics.
5. **Organizational agility.** Agile organizations are fueled by rapid data acquisition and action.

Yet, the need to be data-driven isn’t limited to a particular style of leadership: whether EQ or IQ is more important, whether leaders have an execution or an engagement focus, or whether leaders derive power from personal versus position-based influence.

The Skills of Data-Savvy Leaders

In addition to rating their preparedness to use data in making decisions, leaders also rated their confidence in 16 skills. The figure at right orders skills based on their link with data-savvy (a longer bar equals a stronger link). The statistics presented to the left of each skill represent the percentage of effective leaders in Canada.

Not surprisingly, leading with digitization (using technology to manage the workforce) heads the list. Also in the top five are leading virtual teams and digital literacy (personal technology expertise). To underscore the fact that being data-savvy isn’t only about being digital, two management skills also made the top five: driving execution and integration (combining information from multiple sources). This confirmation of the importance of managerial capabilities parallels 2017 research from MIT Sloan**.

Notably, the bottom-three skills—empathy, connectivity, and collaboration—aren’t recognized enough for the role they can play in using data not just adeptly, but fairly and in partnership with others. A tighter connection of interpersonal skills to data-driven decisions may be a path for organizations to improve their low success rates extracting value from big data.


WHERE TO START

- **Use data to create a common culture.** Strong cultures aren’t formed by accident; they’re fostered carefully and monitored by aggressively using data to understand how employees and customers view the company and then reacting accordingly.
- **Build digital skills.** Digital acumen at both a personal level (understanding new technologies oneself) and a leadership level (using technologies to lead others in different, more-effective ways) is key for successful data-driven decisions.
- **But don’t neglect the execution element.** Leaders who excel at using data effectively also integrate it from multiple sources and know how to convert the data’s strategic insights into operational plans.

HOW TO EXCEL + DIFFERENTIATE

- **Don’t overlook empathy, connectivity, and collaboration.** Few leaders see the connection between interpersonal skills and ability to use data effectively for business decisions. This is a prime opportunity to strengthen awareness of these links and to factor in the human implications of data.
- **Implement Agile project management techniques.** Agile methodologies provide the cadence, mindset, and opportunity to flow high volumes, varieties, and velocities of data into actionable use.
- **Prepare for AI.** Efficient and ethical artificial intelligence applications, already in the strategic plans for many organizations, will require a critical mass of leaders whose skills span digital, management, and interpersonal domains.
Rethinking Leadership Potential
Why Broader Is Better

Identifying and preparing future leaders is a quintessential “top of the house” issue. Our research drew on responses from nearly 1,000 senior-level leaders across the globe to identify the issues demanding their greatest attention for the coming year. Their top two concerns are deeply integrated with proactive talent strategy and high-potential management: developing “Next Gen” leaders and failure to attract/retain top talent. To provide context, senior leaders chose these issues more than twice as often as slowing economic growth in emerging markets, labour relations, and global recession. This intense focus also cascades into cost and time investments: On average, companies worldwide spend $4,000 and 39 hours per high-potential leader, per year for development activities. For organizations with 1,000 high-potential leaders, this translates to an annual investment of more than $4 million and 4,800 person-days. Clearly, the stakes are high for a data-driven evaluation of high-potential programs’ effectiveness.

Top 10 Practices for Boosting High-Potential Leader Success Rates

- Fair, objective talent review
- Unbiased high-potential ID processes
- Fair, transparent performance management
- Personalized high-potential development
- Systematic, strategic talent planning
- Consistent high-potential ID processes
- Up-to-date status about high-potential leader talent
- Objective assessments of high-potentials

Mixed Results on Potential’s Progress
It’s important to start by recognizing the signs of positive movement for high-potential programs between 2014 and now: Globally high-potential success rates are up from 56 to 61 percent, and high-potential programs are more gender-diverse, a boost from 19 to 24 percent women. The next layer of data, however, reveals problem signs for potential efforts. Despite 65 percent of organizations having high-potential programs, 68 percent rated them as less than highly effective. Outcome links are also unraveling: Globally, relationships between high-potential programs and leadership outcomes are 19 percent weaker now than in 2014.

And perhaps most alarming, looking at the most important reason these programs exist—to address CEOs’ top concern by building a strong pipeline of future-ready leaders—progress is nonexistent at best and retreating at worst. Currently only 14 percent of organizations across the globe feel they have a strong bench (down slightly from 15 percent in 2014), and only 43 percent of critical roles can be filled rapidly by internal candidates (down from 46 percent).

The Perils of a Top-Down, Top-Only View
To gauge why few organizations succeed in cultivating potential, we looked at one of the first decisions made when creating a high-potential program: how deeply to extend it. Globally, nearly half of organizations (46 percent) limit their potential focus to senior-most levels. Even more troubling, this percentage has barely changed from 2014 (45 percent) and reflects a costly misstep.

Organizations that opt to extend their development of high-potential talent below senior levels are 4.2 times more likely to outperform those that don’t on a financial composite of revenue growth, operating margin, EBITDA, and return on equity.

Can Bigger Pools Drive Better Outcomes?
The conventional wisdom that high-potential efforts need to be restricted to an exclusive few simply isn’t supported by the research. Worldwide, companies designate 32 percent of their leaders as high potential, up from 25 percent in 2014, and larger pools tend to be more effective. Yet, just stocking the pool with more leaders isn’t the key to success. Use of analytics, peer and mentor-driven coaching, long-term developmental assignments, and personalized learning propel organizations to outperform companies with a narrowly constrained view of potential. Larger pool sizes alone aren’t the answer; rather, a full reshaping of a company’s orientation toward potential is required.

Best Practices Aren’t Just About the Pool
Turning to the practices themselves, the graphic at left shows the top 10 practices linked to higher success rates for high potentials around the world. Most companies don’t use them all; in fact, just 18 percent of companies, worldwide, use all, and over a third use half or fewer. Note that not even half of the practices driving success are specific to high potentials. Instead, they deal with core themes of development, diagnosis, and objectivity for all, representing an inclusive, systematic view of potential.

Driving Returns on Potential Investments
As noted earlier, high-potential programs and individuals require outsized investments. When pairing these financial figures with an average success rate of 61 percent for high-potential leaders, it translates to wasted expense (for the 39 percent not successful) of about $1.6 million and 1,900 person-days. By employing proven practices, organizations can dramatically boost return on their investment in potential.

WHERE TO START
- **Broaden the potential pool.** It’s neither sufficient nor financially responsible to limit the high-potential view to the organization’s top level.
- **Target diversity, not just numbers.** When companies expand their view of potential, they increase gender diversity for leaders at all levels.
- **Don’t invite more without building objectivity.** Bigger pools are more likely to be data-driven, boosting inclusivity along with head counts.
- **Create a culture of coaching.** Companies with more successful pools use peer coaching and external mentors heavily.
- **Use scalable tools for deeper diagnosis.** It’s rare that the same tools used with a senior leader-only view will be appropriate for a full-pipeline talent review; introduce new tools accordingly.

HOW TO EXCEL + DIFFERENTIATE
- **Hours over money.** Hours spent on high-potential development has a 68 percent stronger relationship to leadership and business outcomes than money spent, including a significant link to the financial composite that doesn’t exist for money spent.
- **Prioritize immersive, personalized learning.** Formal learning that incorporates personalization to the high-potential learner and well-planned developmental assignments increases success rates.
- **Strengthen your analytics backbone.** High-potential success rates rise with benchmarking, forecasting, results metrics, and data visualization in place.
- **Track return on the potential investment.** High-impact practices can yield high returns, but only when integrated, sustained, and monitored.
Meeting the Needs of the Modern Learner

Technology Gains Its Footing, but It’s a Slippery Slope

The scope and variety of learning methods continue a rapid advance at a pace that is only likely to accelerate, as pressure mounts to adjust to evolving business’ and leaders’ needs, as well as to the emergence of new technologies and the imperative to revitalize learning practices across Canadian firms. In tackling this, HR and OD professionals face particularly difficult choices about synchronizing complementary modalities, how to appropriately blend technology-centric and high-touch (formal training, coaching) learning, and how to apply learning back in the workplace. Although organizations want to meet the needs of all modern learners, the choices and trade-offs are complex and becoming even more so. In this research, we took stock of the leadership learning landscape, factoring in company usage and leader preferences to recommend an evidence-based path forward for learning design.

> How Much Leaders Want—and Are Getting—19 Learning Methods for Developing Canadian Leaders

![Diagram showing learning methods with leaders wanting more than they are getting, and the leaders' usage by organizations.](image-url)
Meeting Modern Learners’ Needs

To understand where learning needs to go, we started with the needs of learners themselves. We saw high consistency across generations. The three features Canadian learners prefer most include (in this order):

1. Personalized learning experiences.
2. Formal workshops, training courses, and seminars.
3. Coaching from external mentors.

While this is what learners want, what they actually get can be far different. In the graphic at left, we juxtaposed learner preferences with company use for 19 learning types and methods, to yield three categories:

Leaders Want More than They’re Getting (5 types)—This category includes coaching from external mentors, long-term developmental assignments, personalized, on-demand, and mobile device-based. It spotlights leaders’ thirst for external perspectives on their challenges—many of which aren’t unique to their own company—as well as immersive development and personalized “anytime, anywhere” learning.

Leaders Get More than They’re Wanting (4)—Methods include coaching from the current manager, books/articles, self-study, and internally developed learning. Surprisingly, many leaders would prefer a bit less manager coaching, perhaps because many managers aren’t very good at it. Leaders also have reservations about “on-the-job learning” morphing into “on-your-own” learning through self-study and books/articles. This category also reflects the limitations of internally developed content, which might not fully capture the external business context.

About Right (10)—Coaching from peer leaders, coaching leaders receive from their employees, short-term developmental assignments, formal workshops/training courses/seminars, microlearning, game-based, externally developed, computer-based, social network-based, and podcast. These learning approaches are roughly in line for what leaders want and what their companies are offering. This category includes two rarely used technologies: game- and social network-based learning. While these tend to be sought after by millennials, leaders might be looking for a balance between variables such as fun and interactivity, with opportunities stretch, expansion in their way of thinking and business impact.

Technology Alone Isn’t Enough…

Despite its immense attention and expense, our data shows that technology isn’t having a notable impact on leadership or business outcomes above and beyond coaching (from managers, peers, external mentors, and employees). Nor is it surpassing high-touch methods such as formal learning and development assignments.

…But Adds Value When It’s Need-Matched

Technology’s role becomes clearer, however, when viewed as an accelerator of learning impact. Globally, the link between learning programs and leader quality is 46 percent stronger when technology is used heavily. It also improves back-to-the-job application, raising it from 55 percent with minimal technology use to 63 percent with extensive use.

The future of technology in learning will be driven by companies using it to address the unmet needs of the modern learner identified in the “Leaders Want More Than They’re Getting” cluster. It’s not about implementing technology for its own sake, particularly not to enable the self-study forms of learning that many leaders shun. When technology is designed and implemented to match a need, it generates value for on-demand, personalized, and mobile learning, and to connect leaders with external mentors. Technology works best when giving “always on” learners the tools and access they need to constantly seek opportunities to grow themselves and others.

WHERE TO START

- Pursue learning personalization. This was by far the dominant feature defining what leaders want most. Technology’s potential here is immense to bring personalization to large-scale learning. This includes new techniques such as machine learning and natural language processing to rapidly distill information into personalized recommendations.
- Restore the value of manager coaching. Leaders’ opinions of manager coaching—comparing needs with wants—are decidedly neutral, but don’t have to be. Reinforce managers’ coaching skills to push this form of learning back to a “want more” state.
- Understand the learning problems technology will solve. Don’t invest further in learning technology until you’re certain you understand the problems it will solve and needs it will meet. This is the key to stronger technology impact and ROI.

HOW TO EXCEL + DIFFERENTIATE

- Shift away from self-service. Technology driven or not, learners want much less self-study learning. Make learner enablement about on-demand rather than assignment and tailored to a leader’s own development plan rather than generic.
- Experiment with game-based learning. Though few companies are putting these approaches in place, they are more sought-after by Millennial leaders than other generations.
- Extend learning beyond the classroom. Learning reinforced through prompts and practice—often, but not only, through technology tools—better “sticks” once the leader is back on the job.
- Appoint a Learning Experience Manager. Only 37 percent of companies have this role in place, but those that do are 5.5 times more likely to have highly effective leadership development systems.
Making the Most of High-Potential Talent
Avoiding a Mismatch Between What They Want and Get

Globally, organizations spend more money developing high potentials than any other group of leaders, including the senior team. High-potential leaders also spend more hours per year in formal leadership training than any other leadership group. Across the globe, companies annually spend an average of $4,000 and 39 hours per high-potential leader. Given the money and time expended, how can organizations ensure that they’re reaping benefits of cultivating these would-be high performers?

Knowing what high-potential leaders want from their development experiences can shape a company’s strategy and lead to positive outcomes. High-potential respondents to our survey were clear: They’re looking for tailored development. From a list of 10 development types (see figure below), four of their top five preferences are types of learning that are tailored to their own needs. Coaching from external mentors tops the list, and short-term and long-term development assignments and coaching from current managers are also in the top five. High-potential leaders also desire formal workshops and training courses, the type of learning that’s provided most frequently by organizations.
Identifying High Potentials

Many organizations are caught in the same dilemma: how to identify high potentials, how to develop them as leaders, and when to promote them. The benefits to having them are obvious, but how can organizations maximize their contribution and keep them engaged?

Simply identifying high potentials within the organization is correlated with positive business results. Companies that know who their high potentials are have greater bench strength, and leaders who have been notified of their high-potential status are more engaged and more likely to commit energy to growth and development opportunities. Globally, turnover is also slightly lower among high potentials (11 percent per year) than the general leadership population (13 percent).

Many organizations are seeing this benefit. About 65 percent of companies we surveyed identify high potentials, and of those organizations, almost 60 percent inform them of their special status. While HR professionals mostly agree that their identification methods are unbiased (73 percent), their evaluation methods are sound (69 percent), and that their program is targeted to specific needs of this group (76 percent), about 27 percent of respondents disagree with each of these statements (see figure above). Even more worrisome, a full 33 percent of respondents note that their organization’s process for identifying high potentials is inconsistent.

Are High Potentials Getting the Learning They Want Most?

In some cases, high potentials get the desired learning, but not often enough. In Canada long-term developmental assignments rank as the number 5 most-desired learning method, and 64 percent of them have completed at least one international assignment. About half (57 percent) have had a formal mentor. That said, 43 percent of leaders not identified as high potential also have had a formal mentor, and 36 percent of those individuals have completed an international assignment.

Considering this small difference, not much more is being done for high potentials, who strongly desire such experiences. Additionally, though coaching from external mentors ranks number 1 on the list of desired developmental experiences for high potentials, it ranks number 7 in terms of what companies actually provide. Using books and articles is a very commonly provided developmental activity (ranked 3rd in terms of frequency offered), but it ranks at the very bottom on the list of the types of learning high potentials want (number 10). Organizations should seek to provide more targeted learning opportunities for high potentials by increasing coaching and developmental assignments.

Among several key activities to identify and manage high potential, most HR professionals agree that their organization evaluates high-potential performance but measuring effectiveness of programming is a weakness (see figure above).

WHERE TO START

- Consistently identify high potentials. You can do this via clear evaluation criteria around competencies and expectations.
- Evaluate high potentials’ success. Measure the success of high-potential development programs to ensure that offerings satisfy these leaders’ learning needs and preferences.
- Evaluate selection and promotion processes for bias and consistency. This was an area of perceived weakness by HR leaders in our study. If it’s a concern in your organization, work with leaders to ensure that consistent, quantitative measures of leader success are applied across the organization.

HOW TO EXCEL + DIFFERENTIATE

- Give high potentials the tailored learning experiences they crave. This means external coaching, short-term and special projects, or rotational-placement programs. Some experiences can be provided at low cost.
- Provide simulations of major events or decisions. These experiences allow leaders to practice reacting to realistic scenarios. Networking events to expose high potentials to senior leaders and mentoring programs can have significant impact as well. Designing these experiences may require greater creativity and thoughtfulness than typical development programs, but they can lead to greater returns.
Want to Be a Leader?
Get an Early Start

“From the experiences of the past, we learn instructive lessons for the future.” So said John Quincy Adams, the sixth U.S. president, during his inaugural address. For the past few decades, we’ve talked about the degree to which experiences shape leadership behaviour. In *Global Leadership Forecast 2014|2015*, we showed the specific types of job experiences that shape leadership behaviour. Experiences that impact a leader’s career can occur well before a promotion to leadership or before that person enters the workforce. This finding examines earlier life experiences, an area not previously addressed in our research.

**The Earlier, the Better**
The figure below shows the frequency of seven experiences and motivations from leaders. An early motivation to lead plays a significant role in a person’s decision to pursue a leadership position. By far the greatest contributing factor, 81 percent of Canadian leaders surveyed had leadership ambitions early in their life or working careers. Two additional early life experiences may especially influence the motivation to lead:

- Parents as working leader role models. 51 percent of leaders had parents who held leadership jobs.
- An elected or early volunteer leadership position. Nearly 49 percent of leaders held such a position (for example, club president or sports team captain) long before they entered the workforce.

> Percentage of Canadian Leaders Who Had Experience and Motivation
These findings are supported by a recently completed study with The Conference Board, DDI, and RW2 Enterprises on Millennial leaders* that involved interviewing leaders at all levels in several Fortune 500 companies about experiences that shaped them. One leader cited her parents’ role in providing lessons in how people should be treated and noted how this helped mold her character. Another respondent recalled a leadership position in school government.

Parents as leaders seem to have a stronger influence on their children becoming leaders than does either having a formal mentor or being a mentor. That said, mentorship nonetheless continues to provide considerable value to developing leaders. The lower percentage (18 percent) of involvement in family-run business might well trace to lack of opportunity rather than the value of the experience itself.

Finally, international assignments can occur anytime during a leader’s work life. Just over 16 percent of leaders completed at least one international assignment. This is a surprising gap given the rising number of multinationals.

Globally, there was a small gender difference for two of the early experience values. Female leaders were more likely than male leaders to have had parents in a leadership role. Males, on the other hand, had more of an opportunity to serve in a pre-career leadership role. Perhaps gender role modeling becomes more critical for females in a male-dominated leadership work environment. And, opportunities to lead may be less available to females before they enter the workforce.

**Does It Make a Difference?**

The figure above shows the global links between previous experiences, motivations, and outcome variables, with a check mark indicating a positive relationship. We looked at leadership engagement and retention, leadership self-confidence (a leader’s perception of his or her own abilities versus those of peers), number of promotions, and designation as a high-potential individual. Both leadership self-confidence and high-potential status have strong relationships.

We also asked all leaders if they felt prepared to deal with nine challenges associated with working in a complex working environment. Examples of survey items included operating in a digital environment, anticipating/reacting to speed of change, and acting decisively without clear direction. While not universal across all items, leaders across the globe are better prepared to perform in today’s complex work environment when they’ve had some of the pre-career experiences.


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**WHERE TO START**

- Consider previous experiences as you make leadership selection and placement decisions.
- **Motivation to lead** is essential and often a reason many new leaders are happy to return to a role as individual contributor. Instruments and interview methods exist that accurately assess motivation to lead.

**HOW TO EXCEL + DIFFERENTIATE**

- Seek opportunities to place employees in informal leadership experiences before they apply for or are asked to fill a formal leadership role.
- Explore the use of biodata to get a better read on an individual’s probability of success as a leader. Artificial intelligence (AI) soon will play a larger role in examining prework and work variables in predicting leadership success.
- Like marketing, IT, or any other profession, think of leadership as a profession. Never underestimate the impact and influence you can have on your children or the younger generation in encouraging them to consider leadership roles inside and outside the work place.
The Rise of the Digital Natives
Are Millennials Ready to Lead?

Millennials are digital natives. They grew up in a digital environment and seem to embrace technology in all aspects of their lives. Although we often take for granted that this generation will lead us in digitization, are Millennials really up to the challenge? Perhaps not as much as we would hope. When comparing preparedness to meet nine critical business challenges (such as navigating through complexity, chaos, and confusion; and acting decisively without always having clear direction), Millennials—the generation born between 1982 and 2000—generally agree with their Baby Boomer and Generation X counterparts about the challenges for which they feel most and least prepared, as shown in the figure below.

> As a Leader, How Prepared Are You to Meet the Following Business Challenges for Your Organization?

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>MILLENNIALS</th>
<th>GENERATION X</th>
<th>BABY BOOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining effectiveness despite constant surprises and a lack of predictability</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Anticipating and reacting to the nature and speed of change</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Navigating through complexity, chaos, and confusion</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Acting decisively without always having clear direction and certainty</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Understanding and acting on changing customer needs and perspectives</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Responding to competitive environment faced by the organization</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Using data to guide business decisions</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Operating within a highly digital business environment</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Capturing organizational knowledge before it's lost</td>
<td>9</td>
<td>9</td>
<td>9</td>
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</table>

Are Millennials Ready to Lead with Digitization?

Millennials feel slightly more prepared to operate within a highly digital business environment than do Baby Boomers and Gen Xers, but all generations could use more development in this area. Even for Millennials, it ranks third from the bottom. Given that Millennials grew up with technology, we might think that these digital skills would be second nature. However, it seems that they need additional preparation and training to really excel at leading in the digital space.

In addition, Millennials rated themselves as slightly more effective at digital literacy and leading with digitization skills than members of Gen X and Baby Boomers did (see graphic at right). Millennials are less confident in their effectiveness at leading virtual teams, perhaps because they lack overall experience in leading teams.

Again, although Millennials rated themselves as more effective than their older counterparts at some digital skills, these skills were rated low across all generations. Organizations will need to step up to prepare leaders to keep pace with rapidly evolving technology advancements. They would be wise to arrange additional training or to revamp hiring and collaboration strategies to flow digital experts into more functions.

Differences Due to Generation or Life Stage?

In 2017, The Conference Board and DDI collaborated on the research report *Divergent Views/Common Ground: The Leadership Perspectives of C-Suite Executives and Millennial Leaders*. In that report, we found that much of the difference we often attribute to generation is more closely related to career or life stage. Millennial preferences are not largely different from those of previous generations at similar points in their careers.

We found this to be true in *Global Leadership Forecast 2018* as well. As leaders climb the management ladder, they rate their effectiveness at mastering leadership skills higher. Higher-level leaders, regardless of generation, are more effective at connecting ideas, driving execution, and aligning toward common objectives. But there are some generational differences as well. Millennial leaders across the globe:

- Rate their intellectual curiosity higher than other generations.
- Are more likely to seek feedback and input from colleagues and mentors.
- Are more likely to want “stretch” assignments.


WHERE TO START

- **Build programs that leverage Millennial strengths.** Millennial strength in digitization and comfort with using data to guide business decisions can enhance digital skills across the organization.
- **Take advantage of Millennials’ digital ability.** One way to do this is through reverse mentoring programs. Millennials can share digital literacy and social media savvy, while more experienced employees can share their organizational knowledge to ensure that it’s not lost.

HOW TO EXCEL + DIFFERENTIATE

- **Define your company’s current digital capabilities.** Consider the digital skills leaders of all generations will need to move the organization forward. Then, articulate your digital strategy to the organization so that leaders can improve their own skills as needed.
- **Ensure that your leaders are equipped to lead with digitization.** Create a task force of Millennials to involve them as part of the strategy development. If additional expertise is needed, evaluate options for building or acquiring it.
Generation X-Change
Don’t Underestimate the Powerful Influence of Gen X Leaders

As companies grapple with how to transform and innovate better and faster, the population of leaders guiding these decisions is changing dramatically. Most popular discussions about the next generational shift has centered on the mass of Baby Boomers retiring or the eager ascension of Millennials into leadership. Often overlooked is the next generation to leadership, Generation X, which is leading the way in a time of great change with technology advancement, how jobs are automated and created, and how businesses are designed and transformed. Born between 1965 and 1981 and with an average of 20 years’ experience in the workplace, members of “Gen X” are primed to take on nearly every important leadership role in organizations. In Canada, they already hold 57 percent of leadership roles and will continue to grow into more senior positions. Yet, little is commonly known about what defines the Gen X leadership experience and style. It’s time for that to change.

> Four Key Findings on How Generation X Leaders from Canada Stand Out

- **7 Direct reports on average** (the same as Baby Boomers, 1 fewer than Millennials)
- **50%** of Generation X leaders are digitally savvy, on pace with Millennials (58%)
- **Baby Boomer leaders are slowest to advance**
- **Want more external coaching than coaching from their own manager**

The Early Technology Adopters
Although Millennials are most recognized for having grown up with technology, Gen Xers were early technology adopters and gamers who use social media more habitually than any other generation*. This has translated to their leadership skill set. According to data from 516 Canadian leaders, ratings from Generation X show they are just as confident in their digital leadership capability as Millennials, with slightly more than half of Gen X and Millennial leaders rating themselves as highly or very highly effective (50 percent and 58 percent, respectively). This Gen X digital savvy is balanced by strength in more conventional leadership skills such as driving execution and building talent, which are areas in which Millennials rated themselves lower than both Baby Boomer and Gen X leaders.

Slower to Ascend, But Loyal
Perhaps part of the reason that Generation X has flown under the radar in the rise to leadership is that it happened slowly. Baby Boomers occupied higher-level leadership roles longer in their careers and held off for later retirement. Meanwhile, Millennials surged into the workforce eagerly, and although this younger generation has often been unfairly labeled as impatient and promotion-needy, perceptions have an impact.

Gen X may have become the “middle child” in career advancement, as leaders from this generation have the slowest promotion rate (see figure at left). Compared to leaders from the other generations, Gen X leaders received, on average, just 1.1 promotions in the last five years with their company, versus an average of 1.3 for Millennials and 0.6 for Baby Boomers. Interestingly, even though Gen X leaders aren’t advancing as quickly as they would like, they’re less likely than Millennials to change companies or leave in the near future. Only 41 percent of Gen X leaders reported that they expect to change companies to progress their leadership careers, compared to 45 percent of Millennials.

Driving Growth Through External Learning
Although most Gen X leaders aren’t looking outside for a new job, they are seeking more external development and coaching than any other generation. In fact, leaders from this generational cohort are much more likely than either Millennial or Baby Boomer leaders to prefer external coaching over internal coaching. Most notably, 60 percent of Gen X leaders said they would like more external coaching, compared to only 43 percent who said they want more coaching from their managers—a 17 percent difference.

Gen Xers also reported that they want more externally developed (52 percent) than internally developed (49 percent) material to support their leadership development, whereas about equal numbers of Millennials (58 percent and 63 percent, respectively) and Baby Boomers (46 percent and 46 percent, respectively) reported wanting more of both types of material. This is a strong indication that not only do Gen Xers see new opportunity in outside learning, but also that organizations that can successfully employ more external learning may be able to extend their capabilities into new areas and lines of business with this next generation of leaders.


WHERE TO START
- **Build tech capability with the right tools.** Gen X leaders have a unique perspective on how to work with, develop, and leverage new technologies. Provide them, and all leaders, with the tools and support needed to leverage technology for greater business impact.
- **Provide leaders with more external guidance.** Encourage looking outside the organization for coaching and development guidance, especially as leaders face new and more complex business challenges for which they may not have internal mentors.
- **Don’t promote generational stereotypes.** Avoid catering programs to any single generation or group so that you don’t alienate others. Seek cross-generational feedback to improve outcomes for everyone.

HOW TO EXCEL + DIFFERENTIATE
- **Encourage leaders to challenge the status quo.** Gen Xers are taking the lead at a time when change is regular and desirable. Provide them the freedom and encouragement to try out new approaches and challenge old ones to encourage innovation and growth.
- **Leverage technology to support traditional development.** The large majority of leaders, regardless of generation, said they want more traditional learning. Technology can be a powerful enabler of that development. Gen X and Millennial leaders will especially benefit from additional technology-based development tools they can access and control on their own when needed.
Diversity Leaders
How Top Organizations Are Growing Strong with Women in Leadership

Worldwide forecasts call for women to effect significant, increased economic and financial impact in the next decade, both as consumers and investors. Organizations have much to gain by engaging and leveraging female perspectives within their workforces, and there’s plenty of room to grow as women still comprise a minority within leadership circles. According to demographic data gleaned from more than 2,400 organizations around the globe, women currently inhabit less than one-third (29 percent) of all leadership roles, with the large majority being in first-level management positions. In Canada, 22 percent of leadership roles are currently occupied by women. Our global research reveals that companies that have reached an above-average level of gender diversity overall (at least 30 percent) and at the senior-level (more than 20 percent), outperform diversity laggards in key leadership and business outcomes. What can we learn from these diversity leaders, and what are they doing differently? The graphic below depicts key practices that enable a stronger pipeline of women at each leadership level.
Don’t Single Out Women, Or Anyone

Worldwide, our research shows that companies achieving a stronger balance of gender diversity sustain an advantage beyond the numbers. Their leadership strategy relies not on meeting any single demographic target alone, but in integrating diverse perspectives into people, product, and business decision making companywide. Beyond succeeding with diversity-enabling practices identified in the graphic, they stand out in two key ways:

- **Inclusion is embedded within their culture.** Leaders from more gender-diverse companies indicated that maintaining multiple and diverse perspectives is critical to achieving success. They were twice as likely as their low-diversity counterparts to report that their leaders work together to create new solutions and opportunities, and that multiple perspectives determine success. They also reported a higher level of collaboration across organizational boundaries. Leaders from more gender-diverse organizations were 1.5 times more likely to work across organizational boundaries and create synergies in their efforts.

- **Their leaders operate with different mindsets, not skill sets.** On average, leaders from more diverse organizations weren’t particularly more skilled in any single leadership area. Rather, they were more likely to demonstrate a strong focus on personal development. This development mindset is enabled by organizational practices that emphasize high-quality development planning and more regular conversations on personal development.

Succeed with an Inclusive Approach

This collaborative, integrated approach to growing leadership diversity translates to beneficial people and business outcomes (see graphic at right). Diversity-leading organizations, worldwide, were rated by their leaders as:

- Having higher-quality leadership.
- Being faster-growing and more agile than their more homogenous counterparts.
- More likely to experiment and embrace failure in pursuit of different and innovative approaches.

Their successes also translated to an impact on the bottom line. Organizations with greater gender-diversity were 1.4 times more likely to have sustained, profitable growth.

WHERE TO START

- **Seek the best recruiting sources.** Continuously evaluate the different channels leveraged for recruitment and seek new ones. You can’t grow diversity if you’re not creating new ways of getting new perspectives into the building.

- **Hire and promote for diversity.** Leverage valid, reliable data on employee capabilities and personalities to guide hiring and promotion decisions.

- **Seek out and encourage under-leveraged talent.** Encourage leaders to seek different perspectives for new projects and reward teams that harness inclusion of multiple perspectives to generate new ideas and solutions.

HOW TO EXCEL + DIFFERENTIATE

- **Reframe diversity goals.** Not all diversity is easy—or possible—to measure. It’s important to consider and value the potential impact of any different backgrounds and experiences that leaders can bring.

- **Encourage knowledge-sharing through mentorship.** Provide new and early leaders with mentors from outside their own functional areas to encourage learning and exchange of diverse ideas.

- **Continue to grow diversity.** Provide high-performing women with stretch assignments to continue building their skills and cross-functional knowledge.
Build a Coaching Culture

Want to Be a Better Leader?
Ask a Peer or Employee

Many organizations are fostering a coaching culture to reap benefits beyond senior-leadership levels. They’ve expanded their focus to developing leaders at all levels and integrating coaching behaviours and expectations into everyday conversations and formal talent management processes. In such a culture, learning can come from a variety of sources: peers, managers, employees, and external coaches. When everyone in the company can be a coach, everyone benefits. Leaders often underestimate what they can learn from their peers and employees on their teams. Global Leadership Forecast 2018 challenges notions of where learning can and should come from. For example, when organizations use peer and employee coaching, leaders are more likely to feel strongly engaged and accountable to the company and their team, than when there is no coaching.

> When Everyone in the Company Can Be a Coach, Everyone Benefits
Promoting Shared Leadership

Coaching by managers, employees, peers, or external mentors promotes a stronger sense of shared leadership in leaders. This includes working with others across silos, collaborating to enhance organizational effectiveness, acting as custodians of company purpose, and supporting critical activities that align with that purpose.

A coaching culture emphasizes the skills of seeking and listening, versus telling someone what to do. When asked for their input, peers and employees feel free to challenge and provoke thinking or offer solutions that might not have been considered. Given the chaotic and fast-changing business environment, having leaders at all levels of the organization (not just those at the very top) coaching each other can provide greater agility to solve problems across the enterprise. A coaching culture creates space for these conversations and daily coaching moments between leaders and teams, as well as between colleagues and peers.

A point of disconnect found in the study highlights that while Canadian leaders—including high potentials—want more coaching from external mentors (ranked number 2 on a list of 10 learning types), organizations aren’t providing this method of learning (ranked at number 7 of 10). This is an area of opportunity that companies can leverage to support engagement and retention.

What Is the Value of Coaching to Organizations?

Measuring and proving the benefit of coaching are not simple tasks, as it can be difficult to isolate its effects from other activities. The Conference Board’s recent study, Global Executive Coaching Survey 2016*, found that organizations tend to evaluate coaching efforts with different approaches. Some of these include formal and informal conversations with key stakeholders, monitoring coaching deliverables, assessment of satisfaction by those who were coached, and assessment of behavioural change by managers.

While demonstrating the impact of coaching on business performance remains a challenge, Global Leadership Forecast 2018 finds specific areas of leadership impact that organizations will find valuable. Global data reveals organizations that use coaching:

- By direct managers and external mentors show greater leadership bench strength, promote more leaders from within, and are more likely to have a pipeline of talent to fill roles immediately.
- In any form (from external coaches, managers, peers, or employees) cultivate leaders who have a greater understanding of their future leadership career paths and greater satisfaction with their advancement.
- With an external mentor experience lower leader turnover (more so than with coaching from managers).


WHERE TO START

- Initiate and build a coaching culture by embedding coaching elements into talent management processes (training programs, performance management processes, development plans).
- Develop leaders at all levels to be coaches. Enhance senior leader communication around the value of coaching and create incentives and rewards to reinforce coaching behaviours.
- Coaching often can be included in leadership cohort programs as a strong complement to other learning activities.
- By including (and rewarding) coaching behaviours in performance expectations, every leader at any level can demonstrate the skills with peers, managers, and teams.

HOW TO EXCEL + DIFFERENTIATE

- Enhance your coaching culture by designing personal and customized coaching solutions. These can be targeted types of coaching (development-focused, transition, career, on-boarding, team or group, and inclusion coaching).
- Use analytics to measure and communicate the impact of coaching. This can be a game-changer.
- Many organizations use internal coaches (formal executive coaches who are also employees) whose understanding of corporate dynamics and cultural norms allows them to guide leaders in navigating change and integrate teams to boost performance. Internal coaching can scale efforts in building a coaching culture and supporting a larger pool of leaders lower in the hierarchy.
Mentoring for Impact
How to Maximize a Critical Leadership Experience

For many reasons, mentoring is one of new leaders’ most sought-after development experiences. Not only does it enable them to gain broader, deeper perspective and knowledge of their business, it also allows leaders to network and connect with people outside their immediate functional groups. And its benefits extend beyond the individual being mentored. Organizations that operationalize mentoring, gain connections between new leaders and mentors, keep practical experience and wisdom in house, and break down silos between functional groups. Yet, despite the potential impact, only 25% of organizations in Canada have a formal mentoring program for their leaders.

What distinguishes the successful organizations? What is the impact of engaging more leaders in formal mentoring relationships? The graphic below depicts some of the benefits and sheds light on why more organizations and leaders should engage in mentoring.

Organizational Benefits of Having a Formal Mentoring Culture

- 46% higher leader quality overall
- 20% lower turnover
- 23% more critical roles can be filled immediately
- 1.7x more capable of capturing organizational knowledge before it’s lost

Six Findings on the State of Mentoring

We explored the state of mentoring across the full set of 2,488 organizations that participated in Global Leadership Forecast 2018. We found that few factors differentiate the organizations that offer formal mentoring beyond the benefits they and their leaders are receiving (see graphic at left). Here are the top seven findings about mentoring from leaders and organizations across the globe:

1. **Most leaders have had no mentor.** Only 38 percent of the leaders in Canada have had a formal mentor.

2. **Fewer early leaders have access to mentors.** The majority (59 percent) of first-level leaders in Canada have not had a formal mentor. This represents a wasted opportunity, given the proven payoff.

3. **More Millennials have had mentors.** Even though they’ve had shorter careers than their longer-tenured counterparts, Millennials have enjoyed the most mentoring opportunities. Just about half (52 percent) of the leaders from this generation have already had a formal mentor, as compared to only 37 percent of Gen X and 32 percent of Baby Boomer leaders.

4. **Mentoring is gender neutral to a point.** Just as many men and women have mentored others (41 percent and 39 percent, respectively). Among leaders in higher-level and senior-executive roles across the globe, more women have had mentors than men, indicating that mentoring could be a critical experience for women to advance their careers.

5. **Few organizations offer formal mentoring for their leaders.** Only one in four organizations (25 percent) provide formal mentoring.

6. **More financially successful organizations offer mentoring.** Globally, 54 percent of organizations in the top third for financial performance have formalized mentoring programs, compared to only 33 percent of organizations in the bottom third.

**Broader Knowledge Networks**

When designed to cross organizational boundaries, mentoring programs can facilitate an exchange of knowledge and experience that informs younger employees. These programs also put mentors in touch with other parts of the organization, elevating knowledge transfer between disparate sections. In fact, organizations that encourage mentoring are already benefitting more widely from these guided interactions. Across the more than 25,000 leaders in our global study, those from organizations with formal mentoring programs were 1.7 times more likely to feel well prepared for capturing organizational knowledge before it’s lost, than were leaders from organizations without formal mentoring.

**WHERE TO START**

- **Encourage formal and informal mentoring.** Although formal mentoring programs should establish and foster guided connections and interactions between junior and senior leaders, it’s also valuable to encourage leaders and non-leaders to seek informal mentorships, especially in the reverse with senior leaders seeking out their junior colleagues to gain new perspectives.

- **Develop mentoring contracts.** Mentoring is a valuable investment of a leader’s time to share knowledge and experience. Provide mentors and their charges with examples of how to clearly communicate expectations for the mentoring relationship and also set guidelines in advance for the mentorship.

**HOW TO EXCEL + DIFFERENTIATE**

- **Build mentoring networks.** Organizations can go only so far in connecting and establishing mentorships. Foster peer learning by establishing mentoring networks, so that when there isn’t formal guidance on a specific question or need, leaders can seek the help and support of others throughout the organization.

- **Make mentoring a retention strategy.** Leverage mentoring connections to foster retention. Be purposeful about matching mentors to junior leaders who are at greater risk of turnover.
Collective Leadership
Leading for Value Across Organizational Boundaries

In the 21st century, operating environments and models will become increasingly complex across new geographies and product/service lines with shorter half-lives than in the past. Navigating this complexity will require leaders to work together more seamlessly across boundaries within and—with greater frequency these days—outside (for example with partners and alliances) the organization. Collaboration is fast becoming a premium capability. In *Global Leadership Forecast 2018* we’ve identified what organizations with strong collective leadership have in common. Their leaders work together effectively, create value horizontally, form multidisciplinary teams, and constantly bring diverse perspectives together to work on their toughest issues. These organizations display strong—even turbocharged—confidence in their ability to conquer many of the challenges facing the business world today. Of course, collective leadership is not always appropriate; there are times when more directive leadership is required.

> Leader Capability to Meet Business Challenges in High Versus Low Collective Leadership Organizations

**How Is Culture Different: High vs. Low Collective Leadership Progress in Canada**

<table>
<thead>
<tr>
<th>High Capability</th>
<th>Low Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capturing org knowledge before it’s lost (e.g., via turnover or retirements)</td>
<td>46% – 16%</td>
</tr>
<tr>
<td>Anticipating and reacting to the nature and speed of change</td>
<td>71% – 33%</td>
</tr>
<tr>
<td>Responding to the competitive environment faced by the organization</td>
<td>59% – 26%</td>
</tr>
<tr>
<td>Operating within a highly digital business environment</td>
<td>39% – 23%</td>
</tr>
<tr>
<td>Understanding and acting on changing customer needs and perspectives</td>
<td>63% – 29%</td>
</tr>
<tr>
<td>Using data to guide business decisions</td>
<td>61% – 22%</td>
</tr>
<tr>
<td>Acting decisively without always having clear direction or certainty</td>
<td>56% – 33%</td>
</tr>
<tr>
<td>Maintaining effectiveness despite constant surprises and a lack of predictability</td>
<td>71% – 38%</td>
</tr>
<tr>
<td>Navigating through complexity, chaos, and confusion</td>
<td>68% – 32%</td>
</tr>
</tbody>
</table>
What Is the Impact of Collective Leadership?
Organizations with strong collective leadership (see figure at left) make better-informed decisions. They use data to guide their decision making, and they excel at bringing in multiple perspectives from across the organization. Collective leadership organizations are also more confident in responding to the competitive environment and acting on customer needs. The collaboration process enables them to bring a breadth of insight and experience, which, in turn, improves the rigor of debate.

Is Collective Leadership Always the Answer?
Globally, collective leadership organizations are found to have less of an advantage for acting decisively or effectively navigating complexity, chaos, or ambiguity.

When the environment demands decisive action, companies need to shift from collective to directive leadership. This requires adaptive leaders who can read the situation and use authority when required.

Collective Leadership Organizations Develop Stronger, More Engaged Leaders
Finding the right leaders and building bench strength poses an increasingly daunting challenge in today’s business world. Asked what keeps them awake at night, CEOs frequently tell us: “Do I have the leaders I need to deliver our strategy?”

In Canada, collective leadership is equated with:
- More than eight times higher likelihood of a strong leader bench (49 percent versus 6 percent).
- One third the rate of leaders at high risk of leaving (5 percent versus 17 percent).
- Thirty percent higher rate of “definitely engaged” leaders (95 percent versus 63 percent).

The global data shows that constant learning is in the DNA of collective leadership organizations. Leaders give more feedback to each other, as well as seek it more often. There’s a culture of learning that cuts across boundaries as leaders work together toward a common cause: to develop each other as they go.

This translates to engagement and commitment. Leaders bring more energy and find a greater sense of purpose in their roles (twice the levels of other organizations). They’re part of a wider team, which raises their engagement and reduces their desire to leave by 10 percent, versus organizations that don’t have collective leadership.

So, What Underpins Collective Leadership?
Collective leadership cultures are safe. Across the globe, people in collective leadership cultures feel safer to bring up tough issues—by more than twice the levels within the other organizations. Psychological safety is a main feature of people’s ability to work collectively and collaboratively. People are unafraid to admit a mistake, ask a question, or offer a new idea, confident that they won’t be embarrassed or punished.

Development becomes a team sport. Leaders in collective leadership organizations face challenging conversations and get more opportunities to provide feedback to senior leaders. They are more likely to prioritize creating chances for development and advancement for all.

Experiential practices support collective leadership. Our global data reveals organizations that score high in collective leadership use experiential learning to develop leaders. They’re three times more likely to adopt coaching/mentoring for their leaders and five times more likely to use stretch assignments to build critical skills and to reinforce the culture.

WHERE TO START
- Create leadership teams that cut across boundaries and become models of collective leadership. Give them real challenges to get the experience of working collectively.
- Build skills that enable leaders to work collectively. Work on game-changers like hyper-collaboration, inspiring others, and leading in a virtual world.
- Make your leaders aware of what it takes to establish a safe environment. Do they welcome divergent views? Do they understand that getting it wrong is an opportunity to learn?
- Accelerate team performance by helping members understand styles, leveraging differences to their advantage.

HOW TO EXCEL + DIFFERENTIATE
- Map out the leadership capabilities required to manage the complexity that can undermine the benefits from collaborative leadership/culture.
- Build teaming capability at scale. Support the effective design and development of teams across the organization.
- Deepen empathy for the enterprise. Can all of your leaders “stand in the shoes” of their peers? Do they understand the importance of making decisions that go beyond the interest of their function?
- Give leaders skin in the collective game. Reinforce, recognize, and reward collaborative leadership behaviours through formal and informal incentives.
- Create a purpose-driven organization where all leaders and their teams drive towards common goals.
It’s Time for Teams in Leadership
The Power of a Shared Leader Perspective

Mounting pressures—complexity of work such that no one person has all the knowledge needed to solve problems, trends toward multidisciplinary work groups, and the rise of agile project management approaches—are renewing attention on the unique and critical value of team-based work. Our research shows that these expectations aren’t limited to individual contributors but are also shaping the future of leadership. Based on data from more than 2,500 HR professionals, three of the top six skills viewed as most critical within three years are closely associated with team effectiveness:

- “360-degree thinking” to act on input coming from multiple sources and perspectives.
- "Hyper-collaboration" requiring leaders to work cooperatively with others.
- “Leading virtual and remote teams.”

Collectively, these forces raise the stakes for leaders’ willingness to work as a team, and for companies to respond in kind by enabling a culture of shared leadership.
True Leadership Teams: Still a Rarity

For many organizations, shared leadership is an aspiration, not yet a reality. In Canada, just under half (48 percent) of leaders feel they and their peers are engaged in mutual influence and shared sense-making, with only a slight majority of leaders feeling they truly collaborate to enhance the company’s effectiveness (58 percent).

Other signs of cooperative leadership are even weaker. For example, only 15 percent of Canadian companies extensively employ coaching from peer leaders as a learning method. Overall, many companies show questionable readiness to adopt and take advantage of a team concept for their leaders.

The Risks of Top-Level Misalignment

It’s important to understand the consequences of a talent approach that doesn’t build commonality across leadership teams and that fails to see leaders as a group needing to be unified by common mindsets and mental models guiding their decisions. At the senior-most company ranks, these risks are particularly severe: They can lead to entire business units drifting away from a core strategy and senior leaders who cascade a discrepant set of operating and leadership principles through their entire reporting structure.

In this research, we looked across data from multiple members of more than 60 senior leadership teams across the globe (C-Suite and executive VP-level leaders within the same company) to gauge the impact on leadership and business outcomes of leaders with widely varying responses. We found three areas where a lack of senior team calibration—as shown by more variation across leader responses—was most damaging:

- **Energy and development passion:** Vigour and energy on the job; looking for opportunities every day to develop employees. Organizations suffer when senior leaders differ in their willingness to continually push themselves and others to grow.
- **Future-focused leader skills:** Identifying and developing future talent, leading through digitization (that is, leveraging technology to manage the workforce more effectively). Companies where senior leaders are inconsistent in such skills see worse talent and business outcomes.
- **Views on company culture:** Degree to which the organization is sluggish or agile, whether the company focuses more on current challenges or future vision. When senior leaders aren’t well-grounded on where the company stands now (or where it needs to head) on these key cultural factors, positive outcomes are much rarer.

Globally, organizations with well-calibrated senior leadership teams have higher bench strength (ability to immediately and confidently fill critical leadership roles). They have leaders who react more decisively to change and are better able to act on shifting customer needs and perspectives. These effects of a shared leadership mindset are shown in the graphic at left.

Alignment Isn’t Constant Agreement

This research isn’t about seeking full agreement and a lack of healthy debate among leadership teams. Some forms of tension certainly can be functional*. However, a lack of senior leader alignment on key cornerstones of passion, talent growth, and cultural readiness for the future notably weakens a company’s ability to build a robust leadership pipeline and to respond adeptly and with agility to market and customer challenges.


WHERE TO START

- **Build shared mental models about leadership.** Create and socialize shared frameworks for roles and expectations.
- **Hire and promote for team profiles.** Seek valid, reliable data about leader personalities and skills to guide decisions about team composition.
- **Experiment with agile methodologies.** Agile project management, once solely used for technology organizations, deeply incorporates and can build momentum for team-based approaches.
- **Address misalignment in critical facets early.** Don’t let misalignment in passion, skills, and culture fester until they appear in their most damaging form at senior levels.
- **Target unifying purpose through team chartering.** Arm leaders with techniques to ground new teams in a common vision.

HOW TO EXCEL + DIFFERENTIATE

- **Don’t confuse alignment with agreement.** Differences in perspective are valuable; differences in fundamental views of oneself or key business challenges are much more destructive for talent and agility outcomes.
- **Use objective diagnostics to discern and act on team-level patterns and dynamics.** Go beyond standard org chart or “heat map” views for dynamic, interactive views of how leaders will work together as a team.
- **Develop leaders in cohorts.** Cohort-based development builds commonality in how leaders approach their roles as employee growth champions and advocates, and in their skills to identify talent and leverage technology to manage the workforce, providing a safe forum for open discussion of the company’s culture.
Adjusted for Disruption
Top Drivers of Organizational Success Through Complexity and Change

Exponential technology and market change are motivating organizations and their leaders to continually rethink, redesign, refocus, and readjust. Within this complex environment, what might have made businesses successful in the past, can’t necessarily be counted on for the future. As a result, more organizations are looking to optimize their capability to sense customer and market needs, shift stakeholder mindsets, and adjust their activities. Our global research indicates that organizations rated as more agile by their leaders, differentiate themselves in key leadership practices that drive more informed, frequent adjustments. Paired with leader capability to sense and act on needed changes, these companies are better prepared to anticipate trends, respond to competitive forces, and adjust to changing customer needs.

Organizational Practices that Drive Organizational Agility—and Better Shift-Making

- New solutions rely on multiple and diverse perspectives (77%)
- Leverage analytics to forecast future talent needs (68%)
- Integrate leadership programs and align them with business priorities (63%)
- Use data to guide business decisions (91%)
- Reward failure in pursuit of innovative or different approaches (56%)
- Use formal programs to ensure smooth leadership transitions at all levels (47%)

Percentage of Agile Organizations that Implement Each Practice

Sense, Act, Shift, Repeat
Organizational agility requires understanding and anticipation of how the market environment will change, so that its leaders can maneuver successfully and rapidly. Our research shows that more-agile organizations have leaders who are better positioned to meet this challenge. Globally, their leaders are 3.2 times more prepared to anticipate and react to the nature and speed of change, and 1.2 times more capable of responding to the competitive environment.

These organizations enable practices that improve their leaders’ capability to sense and respond to change (see figure at left). Specifically, they excel in three areas:

- **Informing decisions through data and analytics.** More-agile organizations in Canada leverage data and analytics to fuel their sensing capability, with 85 percent of their leaders indicating that they’re prepared to use data to guide business decisions. This contrasts to only 70 percent at low-agility organizations. They were also 2.3 times more likely to leverage data to make strategic talent decisions.

- **Integrating multiple and diverse perspectives to drive successful change efforts.** Canadian leaders in more-agile organizations are 2.5 times more likely than their low-agility counterparts to collaborate and rely on diverse perspectives to create new solutions and opportunities, and 3.1 times more likely to use multiple perspectives to gauge success.

- **Encouraging rapid development of new and improved capabilities.** Twice as many leaders at more-agile organizations in Canada indicated that failure is embraced or rewarded in pursuit of innovative or different approaches (40 versus 16 percent, respectively).

Adjusted for Continuous Leader Improvement
You can’t consistently anticipate how to succeed with your customers without understanding their needs and growing with them. Our research on over 2,400 organizations across the globe found that those that excel in their focus on external customers—who are more agile and more likely to sense, act, and shift around those needs—have been just as effective with their internal customers. As shown in the figure above, their efforts pay off in leadership outcomes that will help ensure continued success as they readjust efforts.

WHERE TO START
- **Drive first for speed.** Encourage leaders to seek rapid deployment and feedback for new prototypes so that they gather the information needed to quickly make decisions and adjust.
- **Identify data blind spots.** Inventory data sources and determine if there are gaps in the information needed to sense for and make decisions.
- **Create cross-functional, shared goals.** Set common goals across different parts of your organization to encourage interdepartmental cooperation and collaboration. This will help identify and remove information silos and barriers that can impede change efforts.

HOW TO EXCEL + DIFFERENTIATE
- **Think big. act small.** Rapid deployment of new and improved capabilities requires quick communication and decision making, which can be enabled by a smaller group. Organizations that ranked highest in agility were smaller in size and less likely to have grown in complexity due to mergers and acquisitions.
- **Aim to “adjust,” not “adapt.”** Organizations that are more successful have adopted a mindset of tinkering and adjusting. Adapting generally implies change that happens over time, whereas adjusting can be instantaneous.
No Engaged Workforce
Without Engaged Leaders
To Raise Leader Engagement, We Need to Raise Up Leaders

The direct link between engagement and bottom-line results is clear to the leaders we surveyed. When asked how they will drive better business performance, Canadian respondents said they would focus on enhancing organizational talent (76 percent), building a high-performance culture (71 percent), and engaging employees (82 percent). In aggregate, 95 percent of leaders told us they are engaged, and 93 percent want to stay on with their organization to make an impact. These findings are encouraging, as leaders continue to wield the greatest single impact on workplace engagement. But the findings, summarized in the figure below, also reveal important areas where they need support—particularly in career development, a key driver of employee engagement. The fact that 40 percent of leaders believe they will need to move on to advance their career is a wake-up call.

> Organizational Practices that Drive Organizational Agility—and Better Shift-Making in Canada

<table>
<thead>
<tr>
<th>On a positive note, leaders told us that they:</th>
<th>Conversely, they also shared that they:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felt accountable for being an effective leader for their employees (98%)</td>
<td>Did not have a written, up-to-date development plan (65%)</td>
</tr>
<tr>
<td>Were engaged with their role as a leader (95%)</td>
<td>Expected to have to change organizations in order to progress to higher levels of leadership (40%)</td>
</tr>
<tr>
<td>Found their job full of meaning and purpose (93%)</td>
<td>Did not agree that they are advancing at an acceptable rate (39%)</td>
</tr>
<tr>
<td>Committed time and energy to growth opportunities (93%)</td>
<td>Did not agree that their managers were effective in supporting their development as a leader (31%)</td>
</tr>
<tr>
<td>Did not intend to leave the organization in the next three months (93%)</td>
<td>Thought that they learned more from employees than from their managers on how to lead (30%)</td>
</tr>
<tr>
<td>Looked for opportunities every day to develop their employees (91%)</td>
<td>Do not understand the career path as a leader within the organization (26%)</td>
</tr>
</tbody>
</table>
HR professionals in Canada indicated that only 39 percent of the leadership development programs they supervised were connected to business priorities. Only 26 percent of HR leaders report that their leaders have high-quality, effective development plans, while only 26 percent report that their leaders have regular reviews of that plan with their manager and only 52 percent deliver sequenced leadership development programs—versus independent events. No wonder many are unclear about their leadership path and feel they must leave the organization if they are to advance! In Canada, intent to leave has increased for 16 percent of respondents, but decreased for 26 percent, with 58 percent unchanged. Millennial leaders are slightly more inclined to leave than leaders in other generations (14 percent compared to 16 percent for Generation X and 14 percent for Baby Boomers). HR responses revealed that attrition for high potentials was lower (9 percent) than that for all leaders (17 percent).

To Raise Employee Engagement Levels, HR Needs to Step Up

HR needs to do a better job of supporting these leaders because disengagement is infectious. And a toxic culture can take years to rebuild. Engagement—and in turn, retention—doesn’t happen by accident. It takes concerted organizational effort, a motivated leader, and employees who take responsibility for their own engagement. Globally, there is a link between collaborative cultures and higher retention.

 Leaders at all levels need support. A full 62 percent of leaders in Canada have never had a mentor (though 40 percent mentor others) and, perhaps more disturbing in a global work world, 84 percent of Canadian leaders have never had an international assignment.

Here’s good news: When rating their effectiveness in using inspiration (motivating increased employee energy and effort) and empathy (deepening relationships with others by perceiving and acting on their emotions), most leaders said they were at least moderately effective in using both skills (96 percent and 93 percent, respectively), which are hallmarks of an engaging leader. Critically, they want to lead—72 percent see it as a leader’s role as custodian of the organization’s purpose to a great or very great extent. About three-quarters (72 percent) of these leaders support critical activities aligned with purpose. Well over half (64 percent) of the Canadian companies have articulated vision, mission, and purpose statements; conversely, only 48 percent have an employee value proposition. Here, leaders can play a crucial role in making the connection between the job an employee does and the organization’s vision, mission, and purpose—a significant engagement driver.

The findings in this study corroborate engagement-related research at The Conference Board*. The 12 behaviours mastered by highly engaging leaders include:

- **Provides a strong sense of meaning and direction by:**
  1. Developing a compelling vision of what people can accomplish.
  2. Communicating in a way that brings people along.
  3. Setting a clear strategic direction for direct reports.

- **Brings out collective brilliance by:**
  4. Building trust and acting with integrity.
  5. Challenging the status quo and inspiring creativity.
  6. Fostering a culture of collaboration.

- **Builds a high-performance environment by:**
  7. Setting high standards.
  8. Creating a sense of urgency.
  9. Empowering employees.

- **Unlocks employees’ full potential by:**
  10. Building relationships one person at a time.
  11. Providing clear and consistent rewards/recognition.
  12. Driving development and growth.


WHERE TO START

- **Build engaging leaders.** Forge a robust leadership development program that will develop, retain, and empower leaders at all levels.

- **Ensure that the basics are in place:** job descriptions, behavioural anchors, custom development plans, on-demand and formal training programs, experiential learning opportunities, and continuous feedback.

- **Align strategic projects with leadership development efforts** to ensure that leaders are exposed early on to real-world challenges.

- **Communicate the path for leaders as well as the skills to master along the way.** Set up a mentoring program and teach managers how to coach so that their now-enhanced engagement is contagious.

HOW TO EXCEL + DIFFERENTIATE

- **Build an engaging culture.** Start with the senior-most executive leaders becoming champions for change. Like everything else, the tone starts at the top.

- **Embed messages about the business case for engagement into all communications.** Monitor progress and celebrate successful milestones.

- **Leverage your engaged leaders by asking them to mentor other leaders, participate in development initiatives, and coach their peers.**

- **Reward and celebrate your highly engaging leaders; they are the factory for your leadership cadre.**


Global Leadership Forecast 2018

www.ddiworld.com/glf2018
HR’s New Role
Are They Up to the Challenge?

In *Global Leadership Forecast 2014|2015*, we put forth the concept of a new role for HR, moving from the overused term of “partner” to “anticipator.” Only a small number of HR professionals, worldwide, considered themselves Anticipators. Even fewer leaders thought their HR colleagues fell into this category. Not more than six months after the release of the Forecast, *Harvard Business Review* devoted an entire issue to the role of HR. The provocative title of the lead article? “Why We Love to Hate HR and What HR Can Do About It.”* The opening salvo of this piece summarizes the state of HR: Recent complaints about the HR function have touched a nerve in a large, sympathetic audience. The most vocal critics say that HR managers focus too much on “administrivia” and lack vision and strategic insight. Let’s take a deeper dive into HR’s changing and evidence-based actions to build their competence and credibility.

> Shifting Perceptions of HR’s Role over the Past Three Years in Canada

![Graph showing HR Ratings]

<table>
<thead>
<tr>
<th>Year</th>
<th>Reactor</th>
<th>Anticipator</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>33%</td>
<td>13%</td>
</tr>
<tr>
<td>2017</td>
<td>13%</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>55%</td>
</tr>
<tr>
<td>2017</td>
<td>57%</td>
</tr>
</tbody>
</table>
HR Professionals: A New Role

We defined three categories for HR professionals:

- **Reactor**: Sets and ensures compliance with policies; responds to business needs; installs basic initiatives to manage talent.
- **Partner**: Works toward mutual goals with line managers; shares information with the business about talent issue gaps; provides HR solutions.
- **Anticipator**: Uses analytics to forecast talent needs; provides insights and solutions to ensure high-quality supply of talent; links talent planning to business planning.

Every HR professional must perform some tasks in each role. However, while over the past decade HR professionals have focused on their function’s operating models, policies, and systems, they now must refocus on how to manage talent strategically. HR must make the transition to the Anticipator’s role, and that hasn’t happened. In fact, as the graphic at left shows, the HR function has regressed since 2014 as viewed by business leaders.

Fewer than one in three Canadian HR professionals (30 percent) consider themselves Anticipators, more than twice the percentage that consider themselves to be Reactors (13 percent). And again, business leaders are less likely to place HR professionals in the Anticipator role. In both 2014 and 2018, Canada business leaders were 3.2 times as likely as HR professionals to use the Reactor label.

Making a Difference

So how can HR professionals make progress?

Based on data from over 2,400 organizations across the globe, we looked for talent practices that differentiate the three categories of HR professionals. While dozens of practices set Reactors apart from Anticipators and Partners combined, we wanted to focus on those practices that statistically separate Partners from Anticipators. These are shown in the figure above.

Too often there’s a weak link between strategic and HR planning. In fact, only 28 percent of global HR respondents feel that this connection is tight and starts early in the planning process. Throughout Global Leadership Forecast 2018, we’ve highlighted the importance of predictive analytics, which are the Anticipator’s lifeblood. And, for the first time, the technology is in place to better advance analytics. Analytics are essential to maximizing your investments toward improving leadership quality and supply.


WHERE TO START

- **Take a step back and gauge.** Which of the three roles best reflects HR in your organization? Don’t forget to seek input from line managers.
- **Move toward the Anticipator role** by improving HR capability in the eight evidence-based practices described in the figure.
- **Ensure that HR is well represented** in your company’s strategic planning process.
- **Step up to greater accountability** by providing business leaders with the support and tools they need to bolster engagement, employees’ sense of purpose, and growth.

HOW TO EXCEL + DIFFERENTIATE

- **Ensure that you’re building stronger predictive analytic team capability.**
- **Consider more rotation** of respected line leaders within and out of the HR function.
- **Step up to greater accountability.** HR’s role is to create business value through talent. They own this imperative.
- **Deploy smart HR technologies** to enable leadership effectiveness while freeing up HR professionals’ time to concentrate on the more value-added tasks their businesses require.
HR Under Pressure
Falling Behind in the Race to Transform

The future of work is not tomorrow. It is now, and the implications for our workforces are profound. New career paths, evolving organizational structures and business models, analytics, and digital disruption are trends every HR professional faces. Never has the role of HR leadership been more important in making this transformation happen. Business leaders no longer need to be convinced how important talent is. In a recent article, “The CEO’s Guide to Competing Through HR,” the authors conclude that HR needs to step out of its traditional silo and embrace a strategic role, using talent to drive value rather than just responding passively to the needs of the business. While HR leadership should be in an enviable position, in reality it’s losing the race. Their organizations are changing faster than they are, putting them even farther behind. We’ve devoted two findings to HR leadership. The section “HR’s New Role: Are They Up to the Challenge?” identifies the evidence-based practices that drive better HR performance. Here, we address the changes HR leaders are experiencing and how prepared they are to meet key workplace challenges relative to leaders in other roles.

> How Canada HR Leaders’ Jobs and Attitudes Have Changed over the Past Three Years

<table>
<thead>
<tr>
<th>Experience/Challenge</th>
<th>% Decreased</th>
<th>% Same</th>
<th>% Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making difficult investment choices</td>
<td>14</td>
<td>41</td>
<td>46</td>
</tr>
<tr>
<td>Working across countries/cultures</td>
<td>14</td>
<td>62</td>
<td>24</td>
</tr>
<tr>
<td>Available budget</td>
<td>46</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Pressure to demonstrate financial impact</td>
<td>5</td>
<td>14</td>
<td>82</td>
</tr>
<tr>
<td>Embrace new HR technology</td>
<td>5</td>
<td>27</td>
<td>68</td>
</tr>
<tr>
<td>Need for analytic/data skills</td>
<td>9</td>
<td>27</td>
<td>64</td>
</tr>
<tr>
<td>Reputation with senior team as trusted advisor</td>
<td>5</td>
<td>0</td>
<td>96</td>
</tr>
<tr>
<td>My own job engagement</td>
<td>14</td>
<td>27</td>
<td>59</td>
</tr>
<tr>
<td>My intentions to leave</td>
<td>23</td>
<td>50</td>
<td>27</td>
</tr>
</tbody>
</table>
HR in the Pressure Cooker

For Canada, 34 HR professionals completed the HR-specific version of Global Leadership Forecast 2018, along with 516 leaders who responded to the leader version. Additionally, eight percent of the leader population were in HR, giving us another rich source of data.

We started by asking HR professionals how their jobs and attitudes have changed over the past three years (see figure at left).

HR professionals reported a considerable increase for every experience or challenge. In fact, only two items rated relatively low: intention to leave current job and working across countries/culture. Most notable, by far, is the impact of digital disruption on the HR role in the form of an increased need to up their game in applying both HR technology (68 percent) and analytic skills (64 percent). Pressure to demonstrate financial impact, also requiring keen analytic skills, was on the rise at 82 percent. Near the top of increases was the need to become a trusted senior advisor with 96 percent reporting increased pressures. As we saw in the section “HR’s New Role,” perceiving a need to change is far different than making one. For HR professionals, 27 percent are thinking more about leaving their organization. However, on a more positive note, 59 percent felt more engaged.

The graphic above is based on the global sample of HR leaders’ responses to the leader survey. They were asked to rate how well prepared they felt for each of seven items characterizing the ever-changing work environment (volatility, uncertainty, complexity, and ambiguity). The number depicted in the graphic represents the difference between the “very effective” responses of leaders who are in an HR role versus all other leaders. In every case, HR leaders felt less prepared than their peers in other leadership roles. These responses are concerning. The work world is experiencing considerable upheaval, yet only one in five HR leaders, on average, felt very prepared to handle the challenges on the graphic.

Worse yet, the biggest differences are in their perceived effectiveness to operate in a digital environment and use analytics, despite the increased pressure they’re feeling to do so. For example, more than 37 percent of leaders worldwide felt very prepared for a digital workplace. Not an impressive number. By comparison, only 16 percent of HR leaders felt the same way. Consider this: The digital age will exert a more profound impact on our workforce in about one-tenth of the time of any other massive economic shift. Yet, those HR leaders who should be taking charge to prepare tomorrow’s leaders are farther behind than those they’ll need to support.


WHERE TO START

• Focus on building capability in business acumen, advanced analytics, and new HR technologies. Elsewhere in this report, you’ll see that the areas where HR leaders are feeling pressured correspond to areas where their performance is perceived to be lacking.

• We suspect that HR leaders may be under-investing in their own learning as they strive to meet the growing learning needs of leaders in other functions. In reality, HR should be first in line for increased resources and in a continual learning mode.

HOW TO EXCEL + DIFFERENTIATE

• As “owners” of leadership development, one of HR’s chief roles is to prepare leaders for digital transformation. Yet, HR leaders are less prepared than leaders in other functions. Building HR’s digital leadership skills is essential not only to develop others, but also to manage impending radical changes in HR technologies.

• HR professionals often label themselves as the enablers of talent development, while line managers are the real owners. HR leaders need to take primary ownership for ensuring that their organizations have the talent in place to meet current and future business challenges.
People Analytics
Reversal of Fortunes

Pressure on the HR function to adopt and excel in people analytics—defined as “the systematic identification and qualification of the people drivers of business outcomes, with the purpose of making better decisions”—has been intense for several years. Analytics are viewed as a prime route to greater strategic influence, and the thirst for deeper analytics know-how has spawned a five-fold spike in interest over the past five years. Hundreds of articles have been written in HR publications, dozens of conferences dedicated, and entire academic programs in HR analytics offered at universities such as Cornell, Texas A&M, and New York University. With this steady drumbeat of exhortation and energy, surely HR has grown its proficiency in analytics methods since Global Leadership Forecast 2014/2015, right? This current Forecast took a detailed view of analytics progress and practices across more than 2,500 global organizations to ask: What’s the status? What’s emerging? and What works to drive HR—and the enterprise—forward?

The figure below presents the state of people analytics practices. The top two rows [2] present the percent of Canadian organizations succeeding in each analytics practice along with the associated three-year success trend. The bottom two rows [3] show the impact of each analytics practice in terms of an organization’s leader bench strength and financial performance based on the global data set of over 2,400 companies.

> People Analytics Practices: Success, Trends, and Impact

[Diagram showing success rates and trends for various analytics practices, along with their impact on leader bench strength and financial performance.]
A Stunning Regression

Instead of an expected increase in analytics effectiveness, we found that success rates declined over the past three years for three types of analytics we compared (shown in the figure at left). Though companies attempted analytics more often than in 2014, some of these efforts were more likely to fail than succeed.

These struggles were common for more traditional types of analytics (internal benchmarking and gathering efficiency, reactions, or results metrics). On average, only 19 percent of Canadian companies were succeeding in these. The picture is even more bleak for emerging forms of analytics, such as creating growth-centric leadership planning models, using “what if” scenarios to forecast future talent needs, and data visualization and storytelling to compel the audience. On average, only 13 percent of Canadian organizations succeed here.

To put these results in context, it’s important to gauge whether this is a true backward step in effectiveness or a higher standard for success. Our data shows that it’s likely a case of the analytics bar rising faster than HR can leap over it. Despite low success rates, 64 percent of HR professionals in Canada reported an increase in their analytics skills and data-driven decision making. Yet, this clearly isn’t enough to keep pace.

Highest-Impact Analytics Practices

Though success rates are similar across analytics types, distinctions between them become clearer when linking to leadership and business outcomes. By doing so, we can show which forms of effective analytics outperform the others. The graphic at left shows the link between various types of analytics and two critical outcomes: bench strength (the ability to rapidly fill critical roles with qualified internal candidates) and a financial composite of revenue growth, operating margin, EBITDA, and return on equity.

Every type of analytics showed a notable link with one or both outcomes, led by benchmarking internally, creating leadership-planning models, and using data visualization/storytelling techniques. On average, companies excelling in these analytics were 6.5 times more likely to have high bench strength and 3.1 times more likely to outperform peers financially.

It’s Not Just About the Numbers

It’s easy to make the mistake that analytics are just about the numbers. But analytics also drive and exemplify objectivity and fairness. Companies strong in people analytics have more gender diversity in leadership (especially high-potential pools), a stronger culture of promotion from within, and higher leader success rates.

The bottom line: More analytical practices are more diverse practices, and they reinforce strong “grow your own” cultures. When analytics are in place, so are objective decision-making tools, systematic processes, and a bias-free, up-to-date status of talent.

Analytics as Accelerator

Analytics accelerate HR professionals deploying them: Across the globe, those succeeding with advanced analytics are 6.3 times more likely to have new advancement opportunities and are 3.6 times more likely to have a stronger reputation with senior business leaders.

And analytics accelerate talent practices, making good ones even better. Companies that create leadership planning models, gather results metrics, and are adept at data visualization and storytelling see a higher return on their talent investments than those that neglect or struggle with these practices.

Leadership Megatrends and Payoffs

The research summarized in this report shows the powerful and pervasive—yet rarely fulfilled—impact of leadership practices on organizations striving to meet their business challenges, now and in the future. We’ve delved into over two dozen findings focused on how these enterprise-level objectives are achieved. Each finding includes precise, practical recommendations for learning from top-performing companies and for listening to and maximizing the potential of leaders themselves. Now, it’s time to take a step back: first, to see the overarching trends emerging from the research as consistent guiding principles flowing broadly into all aspects of leader talent management; and second, for an integrated look at the links between practices and payoffs as fuel for assembling a comprehensive leadership strategy.

Six Leadership Megatrends from Global Leadership Forecast 2018

**Digital Reshapes the Workforce:** Across nearly every facet of the research, we saw the influence of digital readiness. Digitally advanced organizations and leaders are already outperforming their less technologically savvy peers, who risk being left behind, permanently.

**Data’s Power Extends Beyond the Numbers:** We expected to see data as an increasingly valuable commodity for people and business decisions. But we didn’t anticipate the heavy influence data and analytics have on business’ human side: inclusivity, agility, and fairness.

**Culture Looms Crucial:** Leadership strategies will fail without solid cultural cornerstones—clearly grasped and enlivened purpose, peer coaching, experimentation, psychological safety, and fully incorporated, diverse gender and generational views.

**DIY Is DOA:** Leaders who stand (and learn) alone—not given access to or eschewing coaching from peers and mentors, and failing to adopt a collective, shared, and team-centric view of leadership—may survive in the workplace, but they surely won’t thrive.

**The Potential Pool Swells to a Lake:** Organizations taking a broad view of potential—expanding their reach to activate and accelerate leadership talent—prove more financially successful, feature stronger top leaders, and employ more women at every leader level.

**HR Navigates a Challenging Road Ahead:** HR’s reputation as an Anticipator has taken a hit along with its declining rates of analytics success. Also, HR’s own digital readiness is lacking. If this isn’t addressed soon, HR’s ability to drive digital advancement will be crippled.

Leadership Practices Scoreboard

Across 2,400+ organizations, which practices have the strongest payoffs for leadership and financial performance? The table on the facing page shows 34 leadership practices across four categories. The percentage of organizations using the practice is indicated along with the impact that each practice had on three outcomes from the research: **Program Quality** (aggregate leader-rated quality of assessment, development, and performance management programs); **Bench Strength** (supply of capable leaders for critical leadership roles within the next three years); and the organization’s **Financial Performance** (composite of operating margin, EBITDA, revenue growth, and return on equity).

<table>
<thead>
<tr>
<th>Practice Description</th>
<th>Program Quality Impact</th>
<th>Bench Strength Impact</th>
<th>Financial Performance Impact</th>
</tr>
</thead>
</table>

**Key**

- No circle = nominal impact
- ○ = moderate impact
- ● = strong impact
# Leadership Practices Scoreboard

## Talent Management

- **Leadership development programs begin with a diagnosis of leader strengths/weaknesses.**
  - Quality: ●
  - Bench Strength: ○
  - Financial Performance: ○
  - Percentage Using: 58%

- **Leadership competencies serve as the foundation for multiple leadership talent management systems.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 83%

- **Talent review processes have a reputation for being fair and objective.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 71%

- **Competencies required for success in key leadership positions are clearly defined.**
  - Quality: ○
  - Bench Strength: ○
  - Financial Performance: ●
  - Percentage Using: 50%

- **Information from assessments and simulations is used to guide leader development plans.**
  - Quality: ○
  - Bench Strength: ○
  - Financial Performance: ●
  - Percentage Using: 54%

- **Information from assessments and simulations is used to make leadership hiring and promotion decisions.**
  - Quality: ○
  - Bench Strength: ○
  - Financial Performance: ○
  - Percentage Using: 38%

- **Individual leadership initiatives, programs, and processes are well integrated and aligned to key business priorities.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 39%

- **Systematic processes (e.g., strategic talent planning) are used to identify the quantity and quality of leadership required to drive future business success.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 40%

- **We know the up-to-date status of our leadership talent capability across the organization.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 38%

- **We use a formal process for identifying employees who could become global/multinational leaders.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 33%

- **We use formal programs to ensure smooth leadership transitions at all levels.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 17%

- **Formal mentoring programs are available for leaders.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 25%

## Performance Management

- **We have a fair and transparent performance management system at all levels.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 79%

- **Performance management discussions occur ongoing rather than just once a year.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 67%

- **Performance management discussions include a heavy focus on personal development planning.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 58%

- **Ratings have been eliminated from our performance management process.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 25%

## Development

- **Leaders practice and receive feedback on key skills with their managers.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 52%

- **Leaders are offered a library or learning system from which they can choose on-demand courses.**
  - Quality: ●
  - Bench Strength: ○
  - Financial Performance: ○
  - Percentage Using: 39%

- **Leaders receive development personalized specifically for them rather than as part of a cohort.**
  - Quality: ●
  - Bench Strength: ○
  - Financial Performance: ●
  - Percentage Using: 70%

- **Leaders regularly review their development plan with their managers.**
  - Quality: ●
  - Bench Strength: ○
  - Financial Performance: ○
  - Percentage Using: 26%

- **Leadership development modules are positioned with leaders as a planned sequence rather than as independent events.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 52%

- **We have a dedicated learning experience manager (someone who designs and sequences personalized, engaging learning for leaders).**
  - Quality: ●
  - Bench Strength: ○
  - Financial Performance: ○
  - Percentage Using: 39%

- **Our leaders have high-quality, effective development plans.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 26%

- **Managers who fail to develop their leaders receive negative consequences as a result.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 9%

## High Potential

- **High-potential leaders’ performance in developmental assignments is carefully evaluated.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 60%

- **Developmental activity for high-potential leaders is targeted toward their specific development needs.**
  - Quality: ●
  - Bench Strength: ○
  - Financial Performance: ●
  - Percentage Using: 75%

- **Our process for identifying high potentials is unbiased and non-political.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 60%

- **We collect objective assessment data on high potentials’ capabilities, potential, and readiness.**
  - Quality: ●
  - Bench Strength: ○
  - Financial Performance: ●
  - Percentage Using: 70%

- **Managers are held accountable for supporting high-potential leaders.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 50%

- **The process for identifying high potentials is consistent across the organization.**
  - Quality: ●
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 60%

- **We have a mentoring/coaching program specifically for high-potential leaders.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 55%

- **High-potential leaders are told and aware of their special status.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 40%

- **We measure the effectiveness of programs for developing high-potential leaders.**
  - Quality: ○
  - Bench Strength: ●
  - Financial Performance: ○
  - Percentage Using: 50%

- **The identities of leaders labeled as high-potential are well-known within the organization.**
  - Quality: ○
  - Bench Strength: ○
  - Financial Performance: ●
  - Percentage Using: 25%
## Appendix: Demographics

### Organization Characteristics

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive &amp; Transport</td>
<td>0%</td>
</tr>
<tr>
<td>Energy &amp; Resources</td>
<td>5%</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>14%</td>
</tr>
<tr>
<td>Health Care</td>
<td>0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>14%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>0%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>10%</td>
</tr>
<tr>
<td>Retail</td>
<td>28%</td>
</tr>
<tr>
<td>Technology</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Presence in Global Market

- National (operations located within one country): 73%
- Multinational (operations distributed across multiple countries and global regions): 27%

### Business Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>40%</td>
</tr>
<tr>
<td>Private</td>
<td>50%</td>
</tr>
<tr>
<td>Not-for-Profit</td>
<td>5%</td>
</tr>
<tr>
<td>Government</td>
<td>5%</td>
</tr>
</tbody>
</table>

### Number of Employees

<table>
<thead>
<tr>
<th>Number of Employees</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1-100</td>
<td>0%</td>
</tr>
<tr>
<td>101-500</td>
<td>14%</td>
</tr>
<tr>
<td>501-1,000</td>
<td>19%</td>
</tr>
<tr>
<td>1,001-5,000</td>
<td>33%</td>
</tr>
<tr>
<td>5,001-10,000</td>
<td>10%</td>
</tr>
<tr>
<td>10,001-20,000</td>
<td>5%</td>
</tr>
<tr>
<td>20,001-50,000</td>
<td>10%</td>
</tr>
<tr>
<td>50,001 or more</td>
<td>9%</td>
</tr>
</tbody>
</table>
Leader Characteristics

<table>
<thead>
<tr>
<th>Leader Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-level leader</td>
<td>38%</td>
</tr>
<tr>
<td>Mid-level leader</td>
<td>27%</td>
</tr>
<tr>
<td>Higher-level leader</td>
<td>28%</td>
</tr>
<tr>
<td>Senior-level leader</td>
<td>7%</td>
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</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>61%</td>
</tr>
<tr>
<td>Female</td>
<td>39%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>High-Potential Status</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>46%</td>
</tr>
<tr>
<td>No</td>
<td>54%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Generation</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Millennial</td>
<td>16%</td>
</tr>
<tr>
<td>Generation X</td>
<td>61%</td>
</tr>
<tr>
<td>Baby Boomer</td>
<td>23%</td>
</tr>
</tbody>
</table>

HR Benchmarks

We asked HR participants to provide general information about the makeup and turnover and success rates of their leaders. The figure below provides median benchmarks from organizations across the globe. The bars represent the general range of responses received from HR respondents (between the 10th and 90th percentiles); the green dots indicate the average of all organizations; and the yellow stars indicate how leading organizations (represented by those with the highest leader quality and bench strength) responded on average.
About DDI

With 1,100 associates strong worldwide, we work side by side with clients to build a sustainable pipeline of leaders to meet business needs—today and in the years ahead. Because, like you, we believe better leaders lead to a better future, we have dedicated ourselves to the science and practice of leadership for nearly five decades. Our solutions draw from our four areas of leadership expertise: Strategy | Selection | Development | Succession Management.

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Acknowledgments

This study was a true global effort between three partners. The authors would like to acknowledge the invaluable contributions of the following people:

**Executive Stakeholder Team**
Evan Sinar, Gina Dickson, Richard Wellins, Rebecca Ray, Amy Liu Abel, Sayed Sadjady, Adam Canwell

**Project Management Team**
Beth Gillen, Amanda Popiela, Liz Collins

**Research Advisors**
Mike Kemp, Sarah Mogan, Kirsten Jaeger, Frank Steemers, Ben Cheng

**Graphic Design**
Janet Wiard, Kelli Passalacqua

**Cover Design**
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**Editorial**
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**Project Contributors**
Ashley Heinrichs, Elizaveta Belfer, James Court, Daphne Luchtenberg

**Web**
Mark Hamilton, Stacy Infantozzi, Joe McBride, Keri Hritz

**Global Participant Recruitment**
Sinem Bahceli, Lucero Barbosa Martinez, Stella Chang, Elizabeth Chivers, Michelle Emanuele, Alex Fasken, Priscilla Giglio, Frisca Harmala, Chiqui Ho, Julie Hogan, Yumi Ikeda, Sirin Kont, Sofia López de Aréchaga, Christal Martin, Gayatri Patankar, Amy Reed, Charna van der Merwe, Sarah Zhu
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