



Global Leadership Forecast 2018

13 Research Insights to Fuel Your People Strategy

Europe





Global Leadership Forecast 2018

*The eighth instalment in a continuing series of
trend research on the state of leadership
in business*



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 summarises 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 organisations from all over 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.




Figure 1. Global: Leader Demographic



GLF Insights for Europe

As part of the larger *Global Leadership Forecast 2018* study, this report highlights findings on the current state of leadership and leadership practices in Europe. Based on survey responses from 1638 leaders and 93 HR professionals, these results provide actionable insights specifically for European leadership context and business market.

Throughout this report, findings are presented for both Europe 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 be assumed to be specific to Europe. Responses from both HR professionals and leaders have been sampled to more accurately represent the relative ratio of leaders in each country to the region.

Not all findings from the *Global Leadership Forecast 2018* are specific to Europe 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 Europe-specific findings presented in this report. We are confident these results will provide new insights for Europe's leadership practices and hope the report will stimulate your own ideas about how to enhance your organisation's leadership capabilities.

Figure 2. Europe: Leader Demographics



A Research-Driven Road Map for Leadership Acceleration

Europe insights from the *Global Leadership Forecast 2018* centre on 13 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 13 findings shares a common format: We describe the context for the business issue, visualise 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 organisations 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—organisations 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 organisations that are prototypes for rapid advancement towards 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 organisations 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 13 findings, which are designed to be modular and self-contained so that they can be used individually, we close the *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 Europe and the links from each to three critical outcomes: Leadership Programme Quality (in the eyes of the leaders/learners who are the “customers” for these programmes), 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

Rebecca L. Ray and Bruce Watt

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. In Europe, these two challenges were identified as key by 57 percent and 51 percent, respectively. Leaders clearly indicated that top talent and effective leaders will be needed to address the myriad current challenges and to position their organisations for future success. The global Top 10 Challenges are shown in Figure 3 along with the percent of global and European executives that rated each challenge in their top five.

The two Europe CEO challenges that differed most from the global results were a heightened concern about Global Political Uncertainty (Europe 30 percent versus Global 18 percent) and lower concern that outdated/insufficient infrastructure would be a barrier to economic and business growth (Europe 3 percent versus Global 20 percent). As expected, given the proximity of Europe to many of the world's geopolitical tensions, managing business in the context of political uncertainty is a more common challenge in Europe. Further, Europe's many multinational organisations must factor in political uncertainty as a key variable in their global business plans. Fifty-six percent of the European organisations that participated in the survey were from Germany, United Kingdom and France. Hence, the relatively greater historical investment in sophisticated infrastructure in western Europe explains the lower CEO concerns about outdated/insufficient national infrastructure being a barrier to business.

Figure 3. Top 10 Challenges Identified by Global Executives and Their Representation in Europe



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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, the top 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 European leaders surveyed in the *Global Leadership Forecast 2018*, only 38 percent believe their organisation's leadership development programme to be of high or very high quality, with 31 percent rating "leadership assessment" and 28 percent rating "leadership performance management programmes" to be of high or very high quality. Average programme 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, 59 percent of respondents rated themselves highly effective or very highly effective, which leaves 41 percent of leaders (those who are only moderately effective, or even less skilled) to shape the next generation. And with 66 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 Europe, identifying and developing future talent was ranked as the number 2 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 34 percent of HR professionals in Europe rated their organisation'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 56 percent of positions could be filled by an internal candidate immediately. Twenty-six 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 organisation's leadership development programme were lower than the leaders'. Responses do not signal a bright future:

- Twenty-eight percent have a weak or non-existent relationship between annual strategic plans and their own plans to grow leadership talent.
- Forty-six percent do not have well-integrated and strategically aligned leadership development programmes or processes.
- Eighty percent see their leadership career planning/pathing systems as only moderately effective or worse.
- Seventy-eight percent do not believe their leaders have high-quality, effective development plans.
- Thirty-five percent do not use information from assessments and simulations to make leadership hiring and promotion decisions.
- Twenty-one percent do not have a programme to develop high potentials, and half of those that do don't measure the effectiveness of the programmes.
- Eighty-one percent do not exercise negative consequences when leaders fail to develop leaders on their team.
- Forty-seven percent do not know the up-to-date status of leadership talent capability across the organisation.

* Mitchell, C., Ray, R.L., & van Ark, B. (2017, January), *The Conference Board CEO Challenge® 2017: Leading Through Risk, Disruption and Transformation*, New York, The Conference Board, <https://www.conference-board.org>

WHERE TO START

- **With all stakeholders, begin with a candid assessment** of all leadership development programmes 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 organisation will need.
- **Create or update a leadership capability model** that is embraced by senior leadership and aligned with the organisation'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 organisation's strategic goals.
- **Articulate the impact** in terms of the organisation'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

Adam Canwell, Richard Wellins, Joe Dettmann, Liz Collins and Bill Hester

Only 13 Percent of Europe CEOs Have the Leadership Talent to Execute Their Strategy

The data in the *Global Leadership Forecast 2018* shows that organisations with effective leadership talent outperform their peers. Yet very few organisations manage this critical asset in an integrated, cohesive way. Even after spending more than \$50 billion annually* on developing their leaders, many companies wonder why they 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 return. Leadership models and development programmes abound; few tie to business goals. Worse yet, there's scant evidence that they even work. What's needed is a coherent, integrated leadership strategy. A well-crafted blueprint—consistently applied—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 26 percent of HR professionals in Europe feel their organisations 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.



Figure 4. Global Preparedness to Meet Key Business Challenges with an Effective and Ineffective Leadership Strategy



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What Differentiates Organisations with Effective Leadership Strategies?

The advantages of having a leadership strategy in place are enormous, beginning with leader preparedness to meet business challenges. Figure 4 shows the leader-readiness advantages of an effective leadership strategy.

So, What is 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 organisations 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 businesses 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.** Organisations 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 working more effectively in organisations with stronger leadership strategies. For example, when there is a leadership strategy in place, 70 percent of organisations report having effective development programmes versus 27 percent in those organisations with no strategy. The same magnitude of difference applies to succession management practices (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**. Organisations with a leadership strategy are 2 times more likely to rate their HR teams as strategic advisors.
- Of organisations with effective leadership strategies, 56 percent have overall **high leadership quality** versus 20 percent of organisations with less-effective strategies.
- **Future bench strength**, a critical lead outcome measure, is much stronger with an effective strategy in place (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 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 organisation’s strategic plans, yet only 18 percent of HR professionals are actively involved in strategic planning from its inception. This diminishes the role they can and should be playing in connecting the business to required leadership capability.

* Kellerman, B. (2012), *The End of Leadership*, New York, HarperCollins.



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 organisational performance.
- For a straightforward yet comprehensive guide to the **six key components of a world-class leadership strategy**, refer to the book “*Leaders Ready Now: Accelerating Growth in a Faster World*” by Paese, Smith & Byham (2016)

Digital-Era Leadership

Ready or Not, Digital Competence Is Already Differentiating Winners from Losers

Joe Dettmann, Adam Canwell, Richard Wellins and Vykinta Kligyte

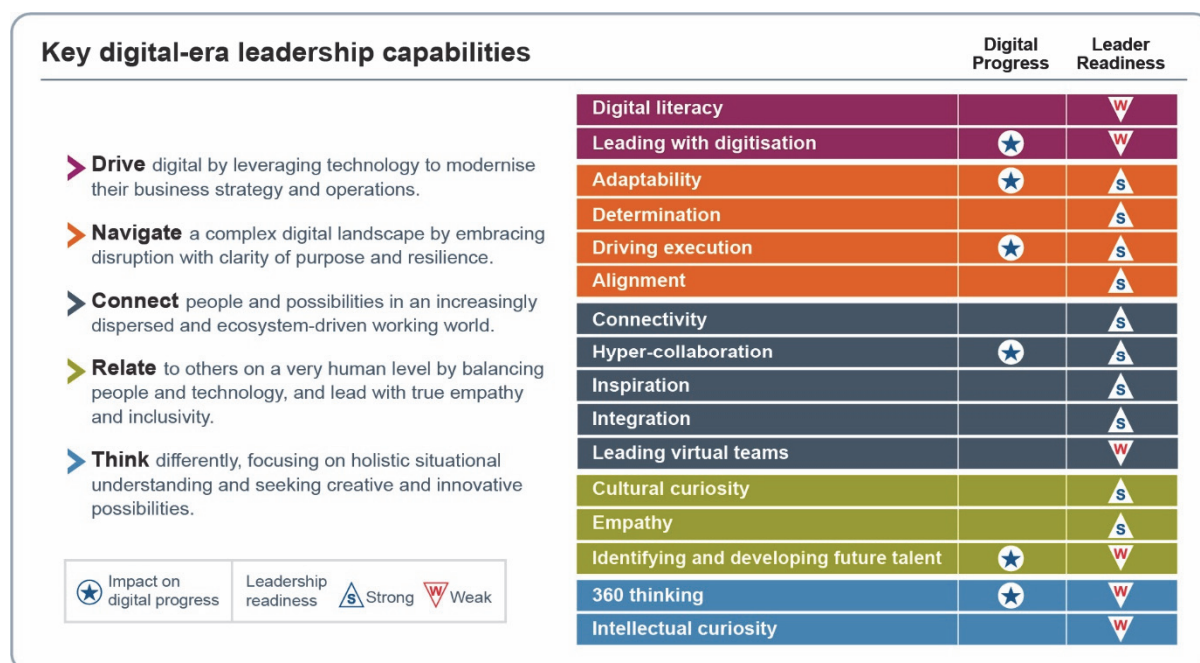
It is difficult to find a company that is not impacted by digitisation. According to the 2016 World Economic Forum, five million jobs will be replaced by technology by 2020, and 50 percent of job activities will be automated by 2055. According to McKinsey, only 8 percent of companies' current business models will remain economically viable if their industry continues digitising. This puts leaders under pressure to act with urgency and manage change in a fast-paced, ambiguous, complex, and highly uncertain environment. Organisations with digitally savvy leaders, the pioneers, are already outperforming the organisations with less digitally capable leaders, the laggards. As our work world becomes increasingly digital, that performance gap will only grow.

How Ready Are Leaders to Drive Digital Transformation?

The *Global Leadership Forecast 2018* shows digital-era leaders focus their attention across five clusters made up of 16 competencies (see Figure 5). Averaging across all competencies, only 11 percent of leaders in Europe (in comparison to 22 percent globally) consider themselves effective in all five areas.

The right column of Figure 5 shows leaders' ratings of their own effectiveness. They've reported relative strengths in traditional leadership skills, typically associated with familiar transformational leadership. However, gaps are observed in relation to the skills that serve as key differentiators in driving digital change. The European results are generally consistent with the global findings, with one exception—leaders in Europe show stronger cultural curiosity than their global counterparts. They demonstrate a better understanding of diverse factors needed to compete globally. They pursue knowledge and stay abreast of current cultural, technical and political trends throughout the world, which may be a result of European holistic education, deeply rooted in history and cultural diversity.

Figure 5. Traditional Leadership Competencies vs. a New Set of Critical Knowledge, Skills, and Abilities



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What Constitutes Digital Competencies?

Not every competency has the same impact on an organisation's digital performance and digital leadership is not only about being technically savvy. The middle column of Figure 5 shows the six competencies that were found to have the greatest impact on organisational performance. Of these six most critical skills, European leaders are relatively strong only in half of them:

- **Lead with digitisation.** Organisations need leaders who understand the impact digital technology can have on their businesses and workforce management. They can communicate the vision and operationalise digital strategies to influence stakeholders to allocate resources and standardise or automate the processes for speedy execution. They are sophisticated anticipators who understand what is and isn't possible and, more importantly, what *will be* possible. This is a real weakness for leaders in Europe—slightly more than a third rate themselves as highly effective in this area.
- **Adaptability** is encoded in digital leaders' DNA. Adapting means growing, changing, and learning. In the age of disruption, what once was considered "right" will be labelled as "wrong" to develop the "new right." To adapt means to stay relevant. It's a defining characteristic which determines success or failure, business or obsolescence. Fortunately, 75 percent of leaders in Europe are confident in their ability to adapt.
- **Execution.** It's one thing to anticipate change. But it takes another set of skills altogether to translate strategic priorities into operational plans and tangible results. This is a relative leadership strength.
- **Hyper-collaboration** focuses on working cooperatively with diverse groups of people to break down silos and encourage ongoing dialogue and idea exchange. To solve complex problems in an urgent manner and drive ongoing innovation to stay competitive is not feasible without taking multiple perspectives and varied points of view from internal and external stakeholders and, especially, customers. Encouragingly, 62 percent of leaders rate themselves high in this domain.
- **Identify and develop new talent.** Leaders need to spot potential and rapidly bring on board the necessary talent with the focus on their future capabilities, which is getting harder to predict. With the rise of AI, leaders' abilities to identify their team members' strengths and growth areas, and provide ongoing, timely, and targeted coaching and delegation are becoming a key imperative. While leaders globally do relatively well in this area, only 42 percent of European leaders rank themselves as high and 17 percent as very high.
- **A 360 view.** Leaders must be able to spot patterns and bring thinking together from multiple sources and perspectives. They use predictive analytics to assess the likely consequences of alternative actions and make decisions based on a comprehensive understanding of the situation. This is a relative weakness for European leaders of whom only 10 percent claim very high and 48 percent report high level capability.

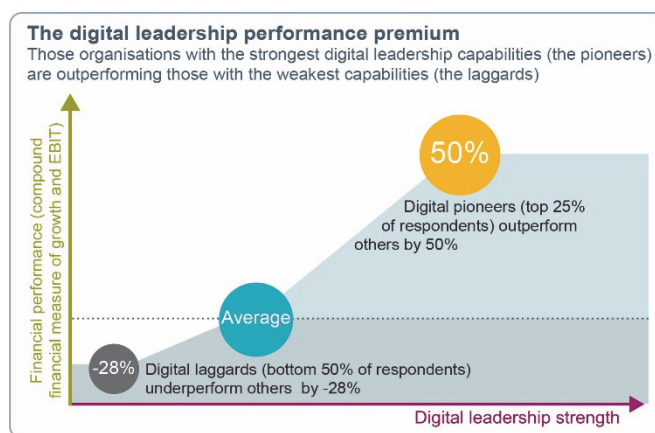
What Does This Mean for Performance and Potential?

Across the global sample, we found that the *pioneers*, digitally savvy leaders, were more prepared than the *laggards*, less digitally capable leaders, 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 Figure 6, we demonstrated a significant relationship between global leaders' digital readiness and their organisation's financial performance. Looking to the near future, every organisation will need to embrace new technologies, if their goal is not only to survive but thrive. 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 organisational and leadership digital capability.



Figure 6. The Digital Leadership Performance Premium



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 programmes.** 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 organisation.** 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 organisation'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

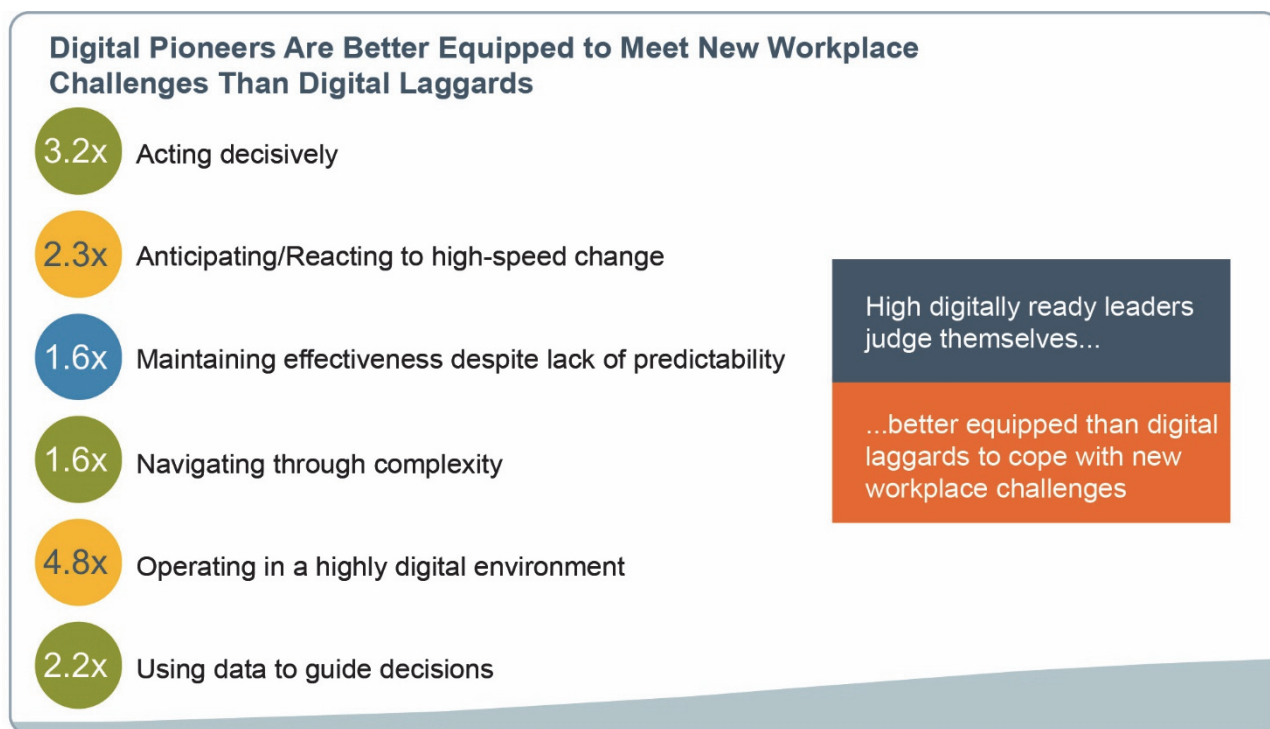
Changing Old Leadership Mindsets and Ways of Working

Joe Dettmann, Adam Canwell, Richard Wellins and Dave Mayer

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 organisation’s performance. We also showed that this new-era digital leadership requires a full and complex range of skills, including interpersonal, analytical, and technical. To thrive in this new era, most organisations 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 organisation will need to be learning every day.

Figure 7 shows the level of preparedness of digital pioneers (top 25 percent in digital leadership skills effectiveness) to meet the workplace challenges compared to digital laggards (bottom 50 percent in leadership skills effectiveness). Higher level of impact can be observed with all workplace challenges for digital pioneers in Europe. They particularly stand out as being more prepared compared to laggards to act decisively without always having clear direction and certainty (3.2 times more confident) and operating within a highly digital business environment (4.8 times better prepared). Interestingly, being a digital pioneer is a larger differentiator for the level of preparedness for leaders globally than for leaders in Europe.

Figure 7. Level of Preparedness to Meet New Workplace Challenges



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How Do Organisations Accelerate Their Digital Journey?

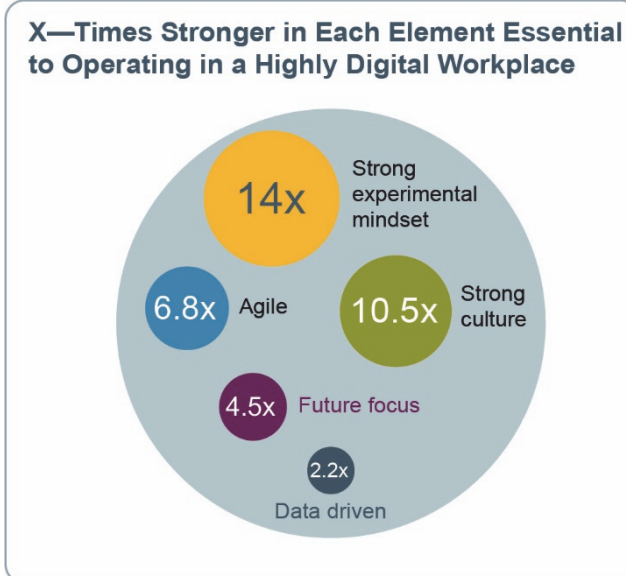
We explored dozens of organisational operating environments that elevate the bar from simply “doing digital” to truly “being digital.” Three emerge as critical:

- New learning cultures.** Building digital-era leadership capability requires a workplace where everyone learns every day. There’s a heavy emphasis on experiential development. As mentioned, within Europe, when we look at the differences between highly capable digital ready leaders, the pioneers, and their peers who aren’t as skilled, we find no major difference between the two. Digital pioneers in Europe are only slightly more likely to provide input to grow the business (56 versus 50 percent) than digital laggards and seek it from others to grow themselves (89 versus 81 percent). This would indicate that the impact of being a digital pioneer in Europe is less profound than in other regions globally.
However, getting the culture right delivers more able, confident leaders to face the challenges as outlined in Figure 7. Digitally adept leaders are more confident than the digital laggards in handling every challenge.
- 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 productivity and learning, but does it drive engagement within Europe? Digital-ready leaders are only slightly more likely to respond that they are “definitely engaged” at work (56 versus 47 percent), whereas globally it is clearly a differentiator between pioneers and laggards (75 versus 22 percent). Digital-ready leaders are though much more likely to see their organisation as embracing or even rewarding failure in pursuit of innovation (34 versus 19 percent). Additionally, 84 percent of digital-ready leaders have a strong sense of accountability for effectively leading their people, compared to only 70 percent for leaders who are not ready.
- New role of HR.** Building digital organisations 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.
Yet, HR is one of the least effective functions. In Europe, only 15 percent of HR professionals report being very prepared to operate in a digital environment. This is quite ironic: How can digitally challenged HR leaders take the point on modernising the way talent will need to be developed, engaged, and deployed in the future?

Analysis of the global data reveals a considerable payoff for accelerated digital transformation. Figure 8 examines five elements essential to operating in a highly digital workplace. Digitally mature organisations (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.



Figure 8. Impact for Organisations in a High State of Digital Maturity



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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 organisation'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 organisation's assets.

Rethinking Leadership Potential

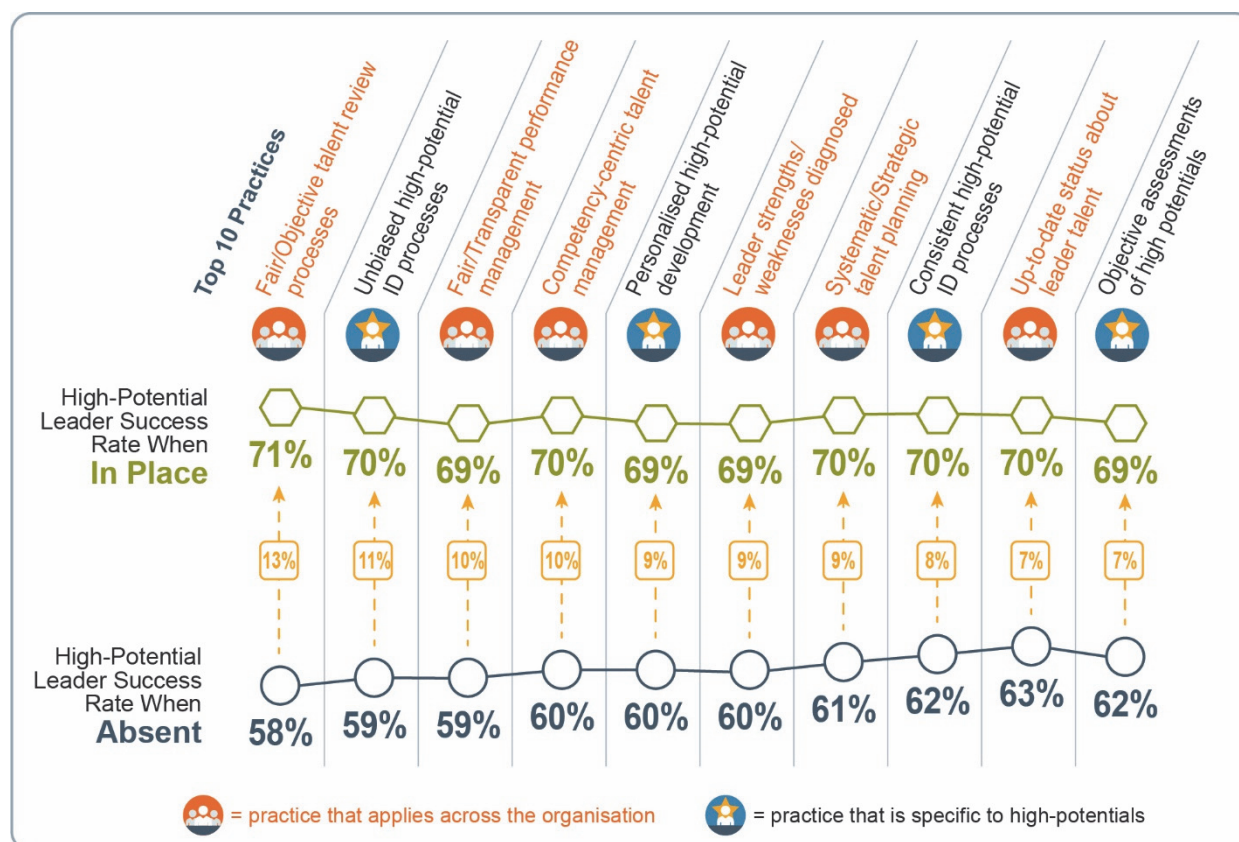
Why Broader Is Better

Evan Sinar and Vykinta Kligyte

Organisations that thrive in today's competitive global market succeed because they have the right people to innovate and execute the company's strategies. Developing "Next Gen" leaders and the failure to attract/retain top talent were identified as two primary business concerns by over 1,000 senior level leaders globally, which outranked such paramount challenges as slowing economic growth in emerging markets, labour relations, and global recession. Therefore, it is not surprising that long-term success focused companies invest significant time and financial resources into high-potential programmes to drive the people imperative. In Europe, companies spend an average of €3,300 and 36 hours per high-potential leader – translating into an annual investment of €3,300,000 and 4,500 person-days for every 1,000 high-potential leaders. Although this is an encouraging statistic, the investment is not always focused on delivering measurable business outcomes. Our research shows that only 50% of organisations in Europe measure the effectiveness of their high-potential programmes and only 26% collect objective data on high-potentials' capabilities, potential and readiness. This begs the question: "how do we know high-potential programmes work?"



Figure 9. Top 10 Practices for Boosting High-Potential Leader Success Rates



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Delivering on the Promise

On a positive note, high-potentials' success rates in Europe have increased from 65 to 74 percent since 2014. Furthermore, high-potential programmes have become more gender-diverse. An increase from 18 to 26 percent in female representation in high-potential programmes demonstrates a positive shift in the mindsets of European organisations. Interestingly, however, even if we observe an increase in the success rates of high potentials, the overall evaluation of high-potential programmes is disappointingly low. Despite 79 percent of organisations having high-potential programmes, 63 percent rate them as less than highly effective. It is an alarming finding, considering that the primary purpose of these programmes is to address the CEO's people agenda focused on building a strong pipeline of future-ready leaders. Currently only 13 percent of organisations in Europe feel they have a strong bench (a slight decrease from 15 percent in 2014), and only 56 percent of critical roles can be filled rapidly by internal candidates (a slight increase from 51 percent).

Top-Heavy Focus

To explore why so few organisations succeed in accelerating their talent we first looked at how the programmes were set up. 38 percent of European organisations limit their potential focus to senior levels. This percentage has not changed since 2014 and is concerning, because organisations do not become great by focusing solely on the select few to grow. In today's rapidly changing business environment it is critical to empower employees to practice leadership behaviours at every corner of the organisation despite their level or role. Globally, organisations 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.

Do Bigger Pools Provide Better Outcomes?

The conventional wisdom that high-potential efforts need to be restricted to an exclusive top 3-5 percent of employees isn't supported by the research. Recent findings show that larger pools tend to be more effective (surfacing about 40 percent of leaders). On a positive note, European companies designate 30 percent of their leaders as high potentials (a slight increase from 24 percent in 2014). However, just including more leaders into the pool doesn't guarantee success. Use of analytics, peer and mentor-driven coaching, long-term developmental assignments, and personalised learning propel organisations 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 towards potential is required.

Best Practices Aren't Just About the Pool

Turning to the practices themselves, Figure 9 shows the top 10 practices linked to higher success rates for high potentials around the world, Europe included. Most companies don't use them all; in fact, only 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. The key focus in Europe should be on driving managers' accountability for supporting high-potentials, as 37 percent of HR report low manager engagement. In addition, coaching and mentoring targeted at addressing specific high-potentials' needs is reported as lacking by 36% of HR professionals in Europe.

Driving Returns on Potential Investments

As noted earlier, high-potential programmes and individuals require outsized investments. When pairing these financial figures with an average success rate of 74 percent for high-potential leaders in Europe, it translates to wasted expense (for the 26 percent not successful) of about €860,000 and 1,170 person-days. By employing proven practices, organisations 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 organisation's top level (surface 40 percent).
- **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.
- **Prioritise immersive, personalised learning.** Formal learning that incorporates personalisation 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 visualisation in place.
- **Track return on the potential investment.** High-impact practices can yield high returns, but only when integrated, sustained, and monitored.

Making the Most of High-Potential Talent

Avoiding a Mismatch Between What They Want and Get

Amy Lui Abel, Amanda Popiela and Dave Mayer

Globally, organisations 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. In Europe, companies annually spend an average of €3,300 and 36 hours per high-potential leader. Given the money and time expended, how can organisations 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 10), 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 organisations.

Figure 10. Mismatch Between Leadership Development Offerings and What High-Potential Leaders Desire in Europe



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Identifying High Potentials

Many organisations 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 organisations maximise their contribution and keep them engaged?

Simply identifying high potentials within the organisation 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. In Europe, turnover is also lower among high potentials (9 percent per year) compared to the global leadership population (11 percent).

Many organisations are seeing this benefit. About 79 percent (21 percent higher than globally) of European companies we surveyed identify high potentials, and of those organisations, almost 61 percent inform them of their special status. While HR professionals mostly agree that their identification methods are unbiased (71 percent), their evaluation methods are sound (74 percent), and that their programme is targeted to specific needs of this group (82 percent), about 24 percent of respondents disagree with each of these statements (see Figure 11). Even more worrisome, 27 percent of respondents note that their organisation's process for identifying high potentials is inconsistent—although it's not all bad news, as European organisations are slightly less inconsistent than their global counterparts (33 percent).

Figure 11. How Organisations in Europe Approach Managing High-Potential Talent



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Are High Potentials Getting the Learning They Want Most?

In some cases, high potentials get the desired learning, but not often enough. In Europe long-term developmental assignments rank as the number 3 most-desired learning method, and 53 percent of high-potential leaders have completed at least one international assignment. About half (51 percent) have had a formal mentor. That said, 49 percent of leaders not identified as high potential also have had a formal mentor, and 47 percent of those individuals have completed an international assignment. There is much greater mobility for leaders within Europe, with 55 percent more high potentials having completed at least one international assignment than globally. Do European organisations value these development assignments more than other regions, or is this purely a geographical consequence of the size of European countries and the free trade available through the European Union? What impact will Brexit have in the future?

The data suggests that organisations are not putting a differential learning focus on high-potential leaders from those not identified with high potential within Europe. Additionally, though coaching from external mentors ranks number 1 on list of desired developmental experiences for high potentials, it ranks number 6 in terms of what companies provide. Organisations can provide more targeted learning opportunities for high potentials by increasing coaching and developmental assignments for them.

Among several key activities to identify and manage high potential, most HR professionals agree that their organisation evaluates high potentials' performance, but measuring effectiveness of programmes is a weakness (see Figure 11).



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 programmes 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 organisation, work with leaders to ensure that consistent, quantitative measures of leader success are applied across the organisation.



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 programmes. 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 programmes can have significant impact as well. Designing these experiences may require greater creativity and thoughtfulness than typical development programmes, but they can lead to greater returns.

Want to Be a Leader?

Get an Early Start

Richard Wellins and Nadine Keppler

For the past few decades, we've talked about the degree to which experiences shape leadership behaviour. In the *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.

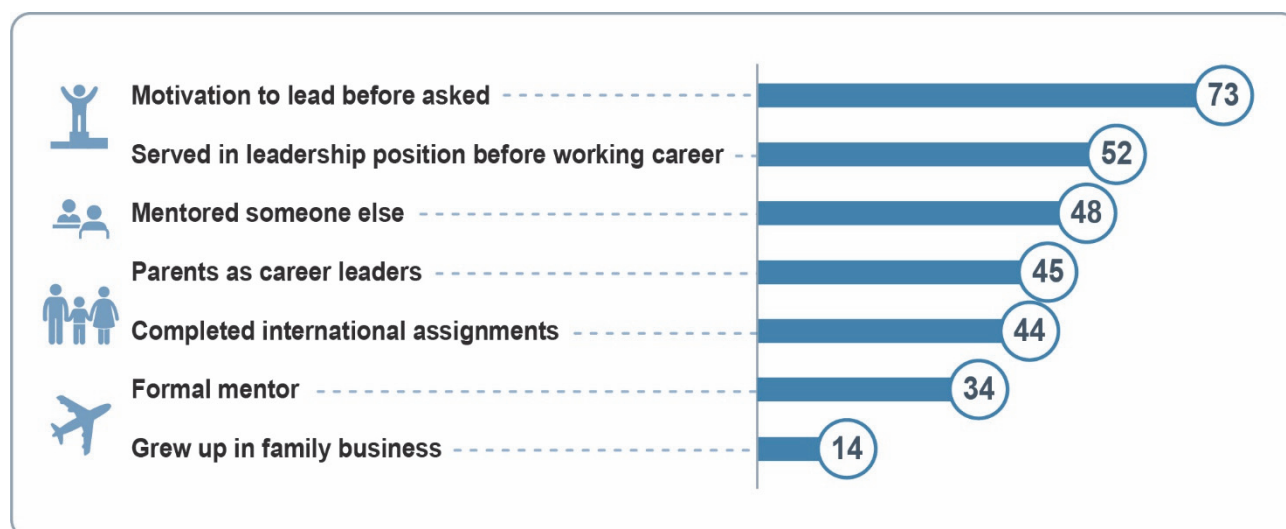
The Earlier, the Better

Figure 12 shows the frequency of seven experiences and motivations. Parents as working leader role models may have influenced 45 percent of leaders and 48 percent tried out their leadership skills in a formal mentor role before taking on a formal leadership role. The international mobility of leaders in Europe is remarkable compared with their peers globally—44 percent, compared to only 28 percent of global leaders, completed international assignments.

Early motivation to lead plays a significant role in a person's decision to pursue a leadership position. Slightly more than 73 percent of European leaders surveyed had leadership ambitions early in their life or working careers.

The recent study by DDI* supports this finding. The survey of over 300 parents around the world rating the frequency with which their children—aged 2 to 22 years old—demonstrate 10 leadership potential characteristics, showed that leadership potential can be identified earlier than one might imagine, and there are ways to catalyse this potential before would-be leaders graduate from school. The study also found that toddlers demonstrate higher motivation to lead (displaying an upward ambition to influence or pursuing formal/informal leadership opportunities) which drops during middle school period and restores unevenly for boys and girls en route to adulthood.

Figure 12. Percentage of European Leaders Who Had Experience and Motivation



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These findings are also 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 mould her character. Another respondent recalled a leadership position in school government.

"Tell me and I forget. Teach me and I remember. Involve me and I learn." This quote from Benjamin Franklin is again verified when looking at the involving experiences leaders pursued early in life, like having experienced previous leadership opportunities such as serving in leadership positions before (52 percent) and mentoring someone else (48 percent). Having had a mentor is only true for 34 percent of asked leaders. There is certainly an opportunity to grow leaders further as mentorship continues to provide considerable value on that journey. The lower percentage (14 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. Over 44 percent of European leaders completed at least one international assignment. This is positioning Europe's leaders as more savvy working in a global environment than the global benchmark of 28 percent.

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 modelling 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?

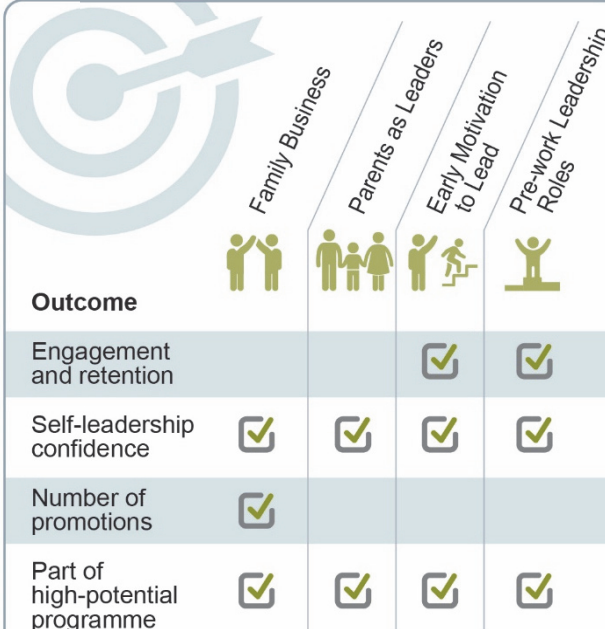
Figure 13 shows the global links between previous experiences, motivations, and outcome variables, with a check mark indicating a positive relationship. We looked at leadership engagement and retention, leadership self-confidence (a leader's perception of his or her own abilities versus those of peers), 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.

* Creedy, V. (2017, January), *From Classroom to Boardroom: Early Identification and Development of Leadership Potential*, DDI.
<https://www.ddiworld.com/classroom2boardroom>

* Ray, R.L., Sinar, E., Wellins, R., Wright, E., Popiela, A., Ye, A., & Paese, M. (2017, January), *Divergent Views/Common Ground: The Leadership Perspectives of C-Suite Executives and Millennial Leaders*, New York, The Conference Board.

 Figure 13. Early Experiences and Motivations with the Greatest Impact



	Family Business	Parents as Leaders	Early Motivation to Lead	Pre-work Leadership Roles
Outcome				
Engagement and retention			✓	✓
Self-leadership confidence	✓	✓	✓	✓
Number of promotions	✓			
Part of high-potential programme	✓	✓	✓	✓

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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 pre-work 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?

Amanda Popiela and Elizaveta Belfer

Millennials are digital natives and seem to embrace technology in all aspects of their lives. Although we often take for granted that this generation will lead us in digitisation, are Millennials in Europe up to the challenge? Perhaps not as much as we would hope. When comparing preparedness to meet nine critical business challenges, 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. Figure 14 shows the ranking of leader preparedness by generation to meet the business challenges of their organisations. Higher rank indicates that more leaders rate themselves as being prepared to meet the challenge.

Figure 14. Ranking of How Prepared Leaders in Europe Are to Meet Nine Business Challenges of Their Organisations

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

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Put Client Perspectives at the Heart of Digitisation

Millennial leaders in Europe stand out on the global arena in reporting higher preparedness to a whole cluster of challenges faced by organisations and their leaders during the period of rapid digital transformation—maintaining effectiveness, anticipating and reacting to change and surprises, navigating through complexity, chaos and confusion, and acting without certainty and clear direction. While this might be received as a reaction to the current environment in Europe, at which cost do these ratings prevail? Organisations succeeding in the world of digital put customers at the centre of what they do, anticipate and adapt their strategies to act on the data they gather and process. Millennial leaders globally reported being most prepared to understand and act on changing customer needs and perspectives; however,

their European counterparts appear to lack focus on this. They also report being less prepared to use data to guide business decisions. Combined, these challenges might become issues for Europe as digitisation unfolds.

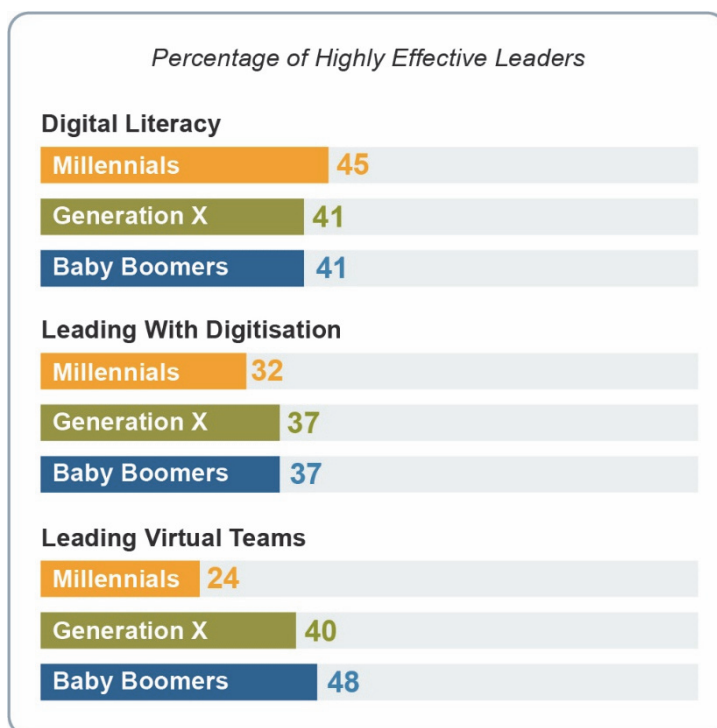
Are Millennials Ready to Lead with Digitisation?

Millennials feel more prepared to operate within a highly digital business environment than do Baby Boomers and Gen Xers. For Millennials in Europe, it ranks in the middle, also slightly higher than for their global counterparts (rank 5 in Europe versus rank 7 globally for Millennials).

Given that Millennials grew up with technology, we might think that the digital skills would be second nature. However, while this generation reports higher comfort levels in working in the digital environment, they do not stand out from other generations when considering their level of effectiveness at the skills associated with digital leadership. It seems that they need additional preparation and training to really excel at leading others in the digital space, as much as Generation X and Baby Boomers do. For Millennials in Europe it might be the overall lack of experience in managing individuals and especially teams that affects their lack of confidence in leading with digitisation and leading virtual teams (see Figure 15).

Since not even half of Millennial leaders and their older colleagues in Europe consider their digital leadership skills as strengths, organisations will need to step up to prepare leaders to keep pace with rapidly evolving technology advancements and upskill them to use data while maintaining focus on the changing customer needs and perspectives. They would be wise to arrange additional training or to revamp hiring and collaboration strategies to flow digital experts able to make data-driven business decisions into more functions.

Figure 15. Europe's Leader Assessment of Effectiveness at Three Digital-Leadership Skills.



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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 the *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 towards 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.

^{*} Ray, R.L., et al.(2017, January), *Divergent Views/Common Ground: The Leadership Perspectives of C-Suite Executives and Millennial Leaders*, New York, The Conference Board.



WHERE TO START

- **Build programmes that leverage Millennial strengths.** Millennial comfort with digitisation and strength in navigating the world of change can enhance digital skills across the organisation.
- **Take advantage of Millennials' digital ability.** One way to do this is through reverse mentoring programmes. Millennials can share digital literacy and social media savviness, while more experienced employees can share their organisational 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 organisation forward. Then, articulate your digital strategy to the organisation so that leaders can improve their own skills as needed.
- **Ensure that your leaders are equipped to lead with digitisation.** 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.

Mentoring for Impact

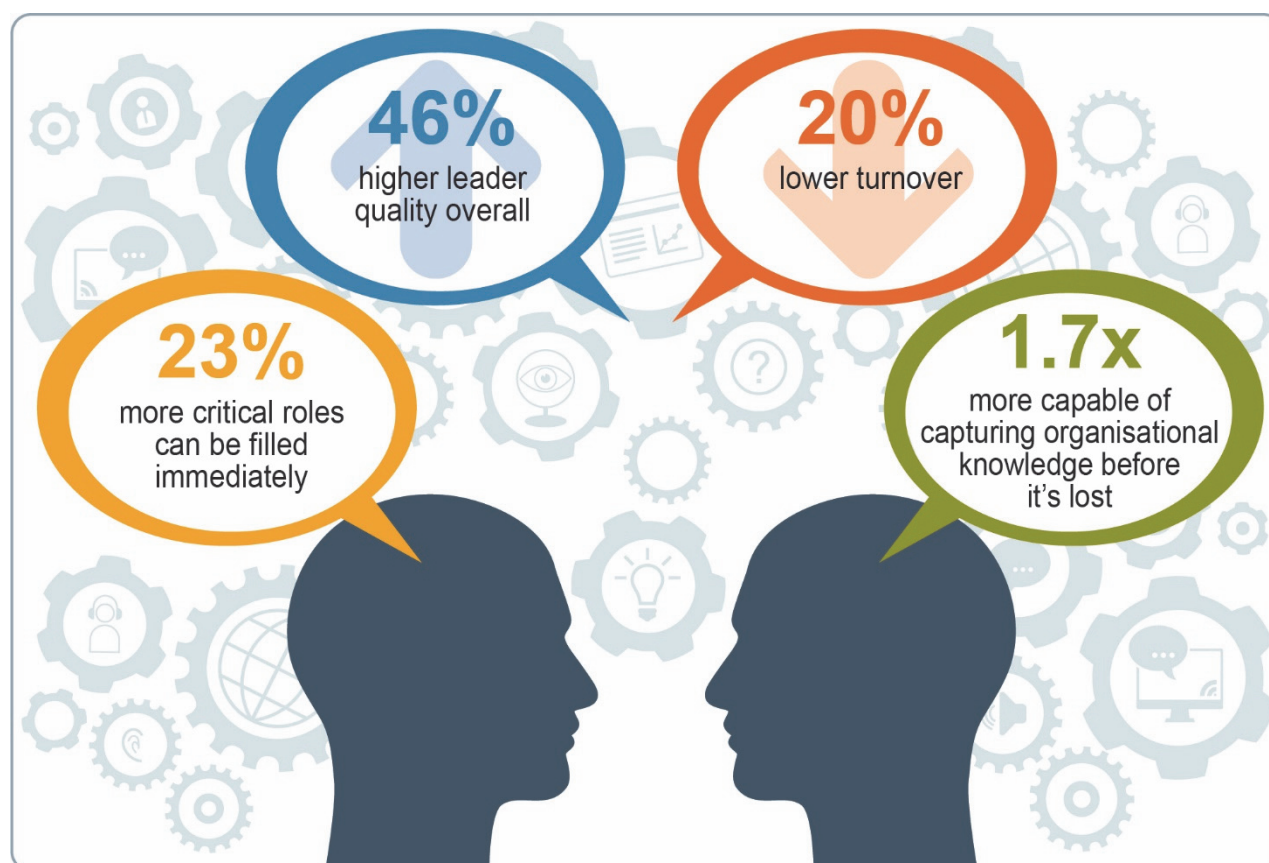
How to Maximise a Critical Leadership Experience

Stephanie Neal and Nadine Keppler

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, but it also allows leaders to network and connect with people outside their immediate functional groups. And its benefits extend beyond the individual being mentored. Organisations that operationalise 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, less than a half of organisations in Europe (45 percent) have a formal mentoring programme for their leaders. What distinguishes the successful organisations, and what is the impact of engaging more leaders in formal mentoring relationships? Figure 16 depicts some of the benefits and sheds light on why more organisations and leaders should engage in mentoring.



Figure 16. Organisational Benefits of Having a Formal Mentoring Culture



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Seven Findings on the State of Mentoring

We explored the state of mentoring across the full set of 2,488 organisations that participated in the *Global Leadership Forecast 2018*. We found that few factors differentiate the organisations that offer formal mentoring beyond the benefits they and their leaders are receiving (see Figure 16). Here are the top seven findings about mentoring from leaders and organisations from Europe:

1. **Two out of three leaders have had no mentor.** Only 34 percent of the leaders in Europe have had a formal mentor, slightly less than their peers globally.
2. **Fewer early leaders have access to mentors.** The majority (72 percent) of first-level leaders in Europe have not had a formal mentor. This represents a wasted opportunity, given the proven payoff.
3. **Less Millennials in Europe have had mentors.** Only a quarter (25 percent) of the European leaders from this generation already have had a formal mentor, as compared to 37 percent of Gen X and 30 percent of Baby Boomer leaders. Compared with the global benchmark of 49 percent of Millennials having already had a formal mentor, European organisations can easily benefit from all the positive payoffs of mentorship when adding this instrument more proactively and effectively to their HR toolbox. What competitive advantage could it bring only from closing the mentoring gap in Europe's organisations to the global group?
4. **Mentoring is gender neutral to a point.** About as many men and women have had mentors (35 percent and 31 percent, respectively) and have mentored others (50 percent and 42 percent, respectively). Among leaders in higher-level and senior-executive roles across the globe, more women have had mentors than men, indicating that this is a critical experience for women to advance their careers.
5. **Not all senior leaders are mentoring.** Although 45 percent of senior leaders have had mentors, a large portion are not passing on their experience or knowledge to junior members in their organisations. Slightly more than one-third (35 percent) of European senior leaders reported they have not formally mentored anyone.
6. **More financially successful organisations offer mentoring.** Globally, 54 percent of organisations in the top third for financial performance have formalised mentoring programmes, compared to only 33 percent of organisations in the bottom third.
7. **Nearly half of the European organisations offer formal mentoring for their leaders.** In Europe, 45 percent of the organisations provide formal mentoring and are better set up to benefit from mentorship payoffs than their global counterparts (only 36 percent). However why then have fewer leaders in Europe had a mentor? Some possible questions to raise in order to understand this more deeply would be: which level of leaders is being targeted with those mentoring programmes? Is mentoring offered to all leaders or only to a selected few? Is mentoring and being mentored mandatory? Are organisations putting enough focus on creating the mentoring framework for first-level leaders and for Millennial leaders? It's not enough to formalise the mentorship programme, you need to engage more leaders in formal mentoring relationships.

Broader Knowledge Networks

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



WHERE TO START

- **Encourage formal and informal mentoring.** Although formal mentoring programmes should establish and foster guided connections and interactions between junior and senior leaders in your organisation, 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 mentees 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.** Organisations 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 organisation.
- **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.

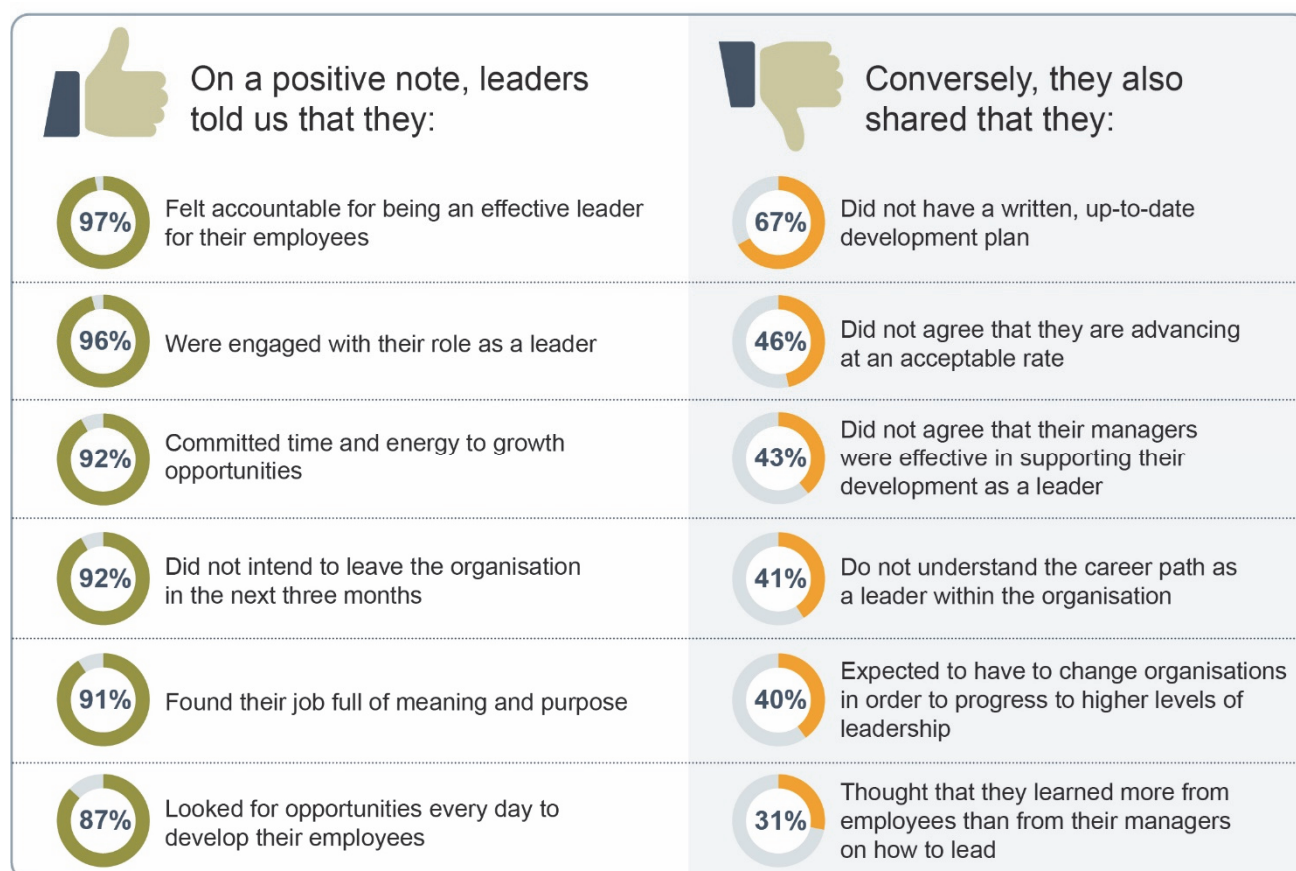
No Engaged Workforce Without Engaged Leaders

To Raise Engagement, We Need to Develop Leaders

Rebecca L. Ray and Jo Lane

The good news is leaders in Europe understand the direct link between engagement and bottom-line results. This is borne out by 76 percent of respondents in Europe citing engaging employees as a focus to drive better business performance. Given the leader is the biggest driver of engagement it's encouraging to see 96 percent of leaders in Europe telling us they feel engaged with their roles as a leader and that 92 percent want to stay on with their organisation to make an impact. However, there are challenges identified in the table below (see Figure 17) which reveal important areas where some organisations and leaders are falling short in delivering on the execution of several cornerstones of employee engagement. Two thirds of leaders do not have an up-to-date development plan and 43 percent feel that their managers lack the skills to support their development. It therefore comes as no surprise that 40 percent feel they need to change organisations to advance their career. The data provides us with a clear set of messages but as we know "you can't fatten a pig by weighing it" and survey results alone will not solve this challenge. It is time for discipline and focus.

Figure 17. Organisational Practices that Drive Organisational Agility



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Responses from HR professionals in Europe corroborate the evidence supplied by the leaders. Fewer than one quarter of HR leaders report that their leaders have high-quality, effective development plans (much lower than the global average), and less than half of these plans are reviewed on a regular basis. No wonder many are unclear about their leadership path and feel they must leave the organisation if they are to advance! In addition, as Millennial leaders grow in number in the work place, it is important to recognise that this group is slightly more inclined to leave than leaders in other generations and thus ways to engage the talent of the future will become increasingly critical. Whilst the adage that “people don’t quit their jobs they quit bosses” stays true, the opposite is also true in that inspiring leaders create more team engagement.

Forewarned is Forearmed and HR Needs to Step Up

To succeed in this most critical of business challenges, leaders at all levels need support and HR has a key role to play in this. Engagement—and in turn, retention—doesn’t happen by accident. It takes concerted organisational effort, a motivated leader, and employees who take responsibility for their own engagement. To provide the right environment for everyone to engage, there needs to be frequent open communication, and clear links between individual goals and organisational direction. On another somewhat alarming note, HR respondents also called out that only 54 percent of the leadership development programmes they supervised were connected to business priorities and two thirds of leaders in Europe have never had a mentor (though 48 percent mentor others).

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), 95 percent of leaders said they were at least moderately effective in using each skill which together are hallmarks of an engaging leader. Surprisingly, however, only 60 percent of companies surveyed in Europe have articulated vision, mission, and purpose statements and only just over half report they have an employee value proposition. Here, with appropriate development focus, leaders can play a much stronger role in making the connection between the job an employee does and the organisation’s vision, mission, and purpose—a significant engagement driver.

In summary, the direct link between engagement and results is clear to leaders and most view as common sense. In fact, there is a science to highly engaged employees yet the research highlights that many of the ingredients in this formula are still not getting the focus that is required for maximum impact, demonstrating that a paradigm shift is required before becoming common practice. Here is where HR clearly has a crucial role in equipping leaders with the framework, tools and behaviours with which to succeed.

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.

* Ray, R.L., Hyland, P., Pressman, A., Dye, D.A., & Kaplan, J. (2016, February), *DNA of Engagement: How Organizations Build and Sustain Highly Engaging Leaders*, New York, The Conference Board, <https://www.conference-board.org>



WHERE TO START

- **Build engaging leaders.** Forge a robust leadership development programme 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 programmes, 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 programme 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.

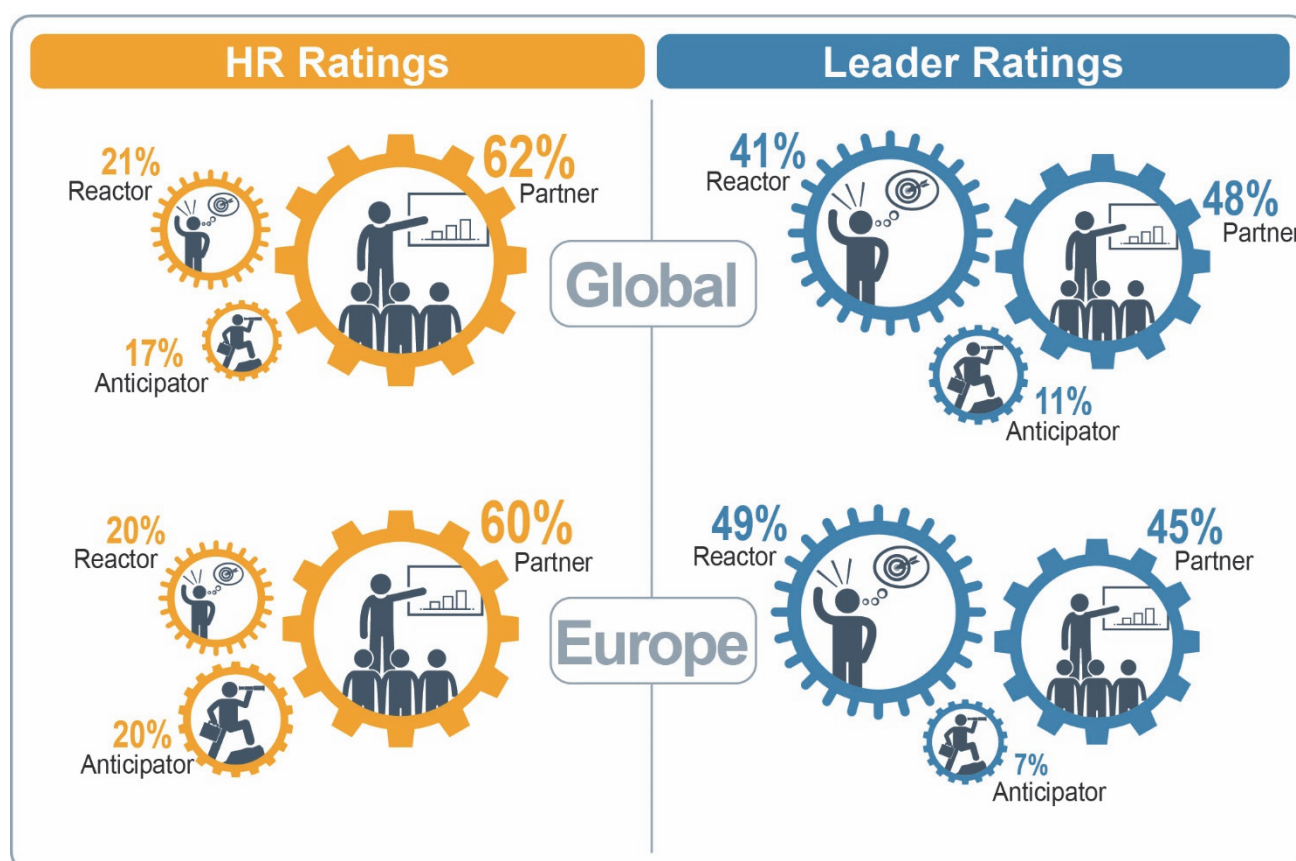
HR's New Role

Are They Up to the Challenge?

Richard Wellins and Verity Creedy

In the *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 summarises 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.

Figure 18. Perceptions of HR's Role in Europe and Around the World



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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 towards 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, our global research indicates that the HR function has regressed from the vantage of business leaders—from 20 percent being considered as Anticipators in 2014 to just 11 percent considered Anticipators in 2017.

When it comes to this role, the European HR community is lagging even further behind the global average. The results are depicted in Figure 18. Leveraging the perspective of business leaders to whom HR are supporting, the percentage of Reactors is higher in Europe (49 percent) than globally (41 percent) and Europe enjoys even fewer Anticipators with only 7 out of 100 HR associates being considered able to use analytics to forecast talent needs, provide insights, align talent planning with business plans.

Making a Difference

So how can HR professionals make progress?

Based on data from over 2,400 organisations 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 Figure 19.

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 the *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 maximising your investments towards improving leadership quality and supply.

* Capelli, P. (2015, July), Why We Love to Hate HR and What HR Can Do About It, *Harvard Business Review*, www.hbr.org/2015/07/why-we-love-to-hate-hr-and-what-hr-can-do-about-it



Figure 19. Eight Practices that Anticipators Do More Effectively Than Partners

Practices	Number of Times More Effective
 Link talent planning to strategic planning	2.0x
 Invest more development dollars per leader	1.5x
 Use an array of data and predictive analytics	1.7x
 Take a multi-level pipeline approach	1.4x
 High-potential programmes	1.5x
 Use robust assessment data to make hiring/promotion decisions	1.5x
 Global mobility	2.0x
 External mentorship	1.8x

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WHERE TO START

- **Take a step back and gauge.** Which of the three roles best reflects HR in your organisation? Don't forget to seek input from line managers.
- **Move towards 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.

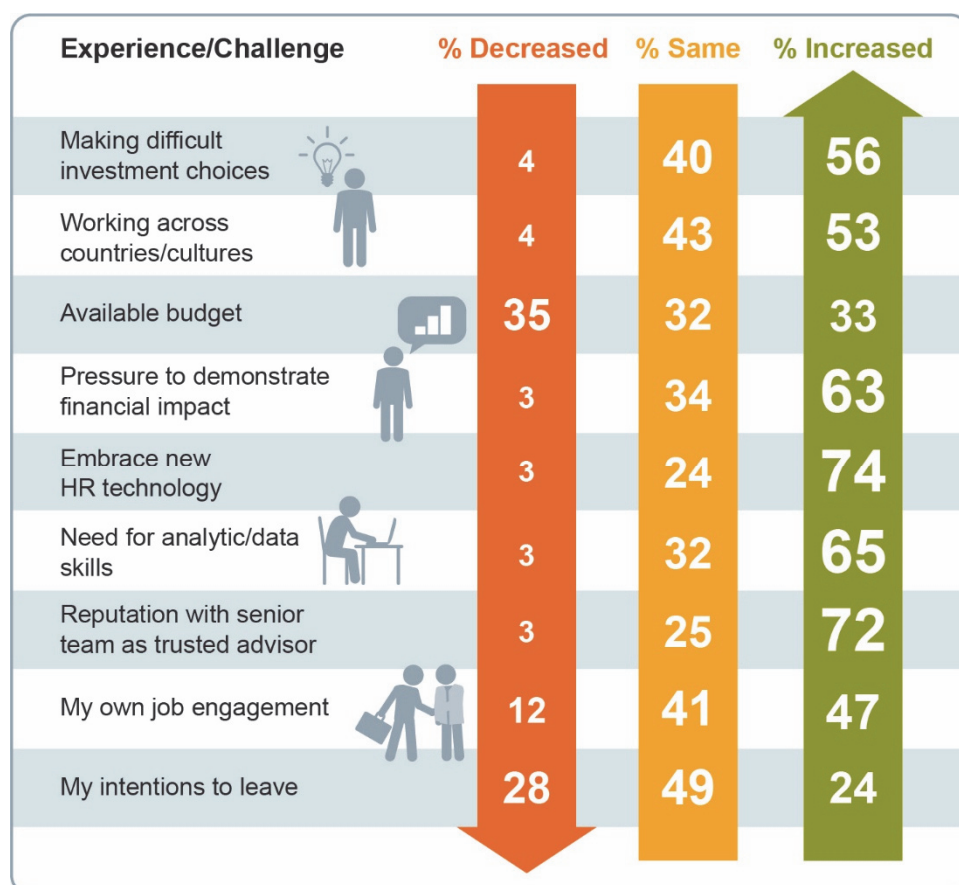
HR Under Pressure

Falling Behind in the Race to Transform

Richard Wellins, Sayed Sadjady and Verity Creedy

The future of work is not tomorrow. It is now, and the implications for our workforces are profound. New career paths, evolving organisational 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 organisations 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.

Figure 20. How European HR Leaders’ Jobs and Attitudes Have Changed over the Past Three Years



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HR in the Pressure Cooker

For Europe, 93 HR professionals completed the HR-specific version of the *Global Leadership Forecast 2018*, along with 1638 leaders who responded to the leader version. Additionally, seven 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 20).

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 available budget. 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 (74 percent) and analytic skills (65 percent). Pressure to demonstrate financial impact, also requiring keen analytic skills, was on the rise at 63 percent. Near the top of increases was the need to become a trusted senior advisor with 72 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, 24 percent are thinking more about leaving their organisation. However, on a more positive note, 47 percent felt more engaged which is encouraging, although not as high as the 64 percent increase in job engagement identified globally.

Data visualised in Figure 21 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 characterising 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.

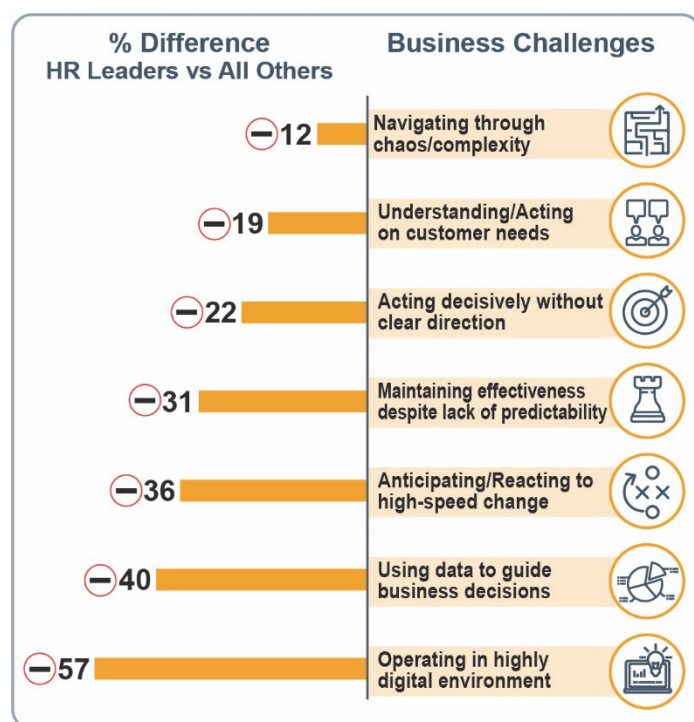
Worse yet, the biggest differences are in their perceived effectiveness to operate in a digital environment and use analytics, despite the increased pressure they’re feeling to do so. For example, more than 37 percent of leaders worldwide felt very prepared for a digital workplace. Not an impressive 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.

* Bafars, F., Ellsworth, D., & Gandhi, N. (2017, July), *The CEO’s Guide to Competing Through HR*, *McKinsey Quarterly*.



Figure 21. HR Leaders Versus Other Leaders on Key Challenges



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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 organisations have the talent in place to meet current and future business challenges.**

People Analytics

It's Time to Show Business Impact

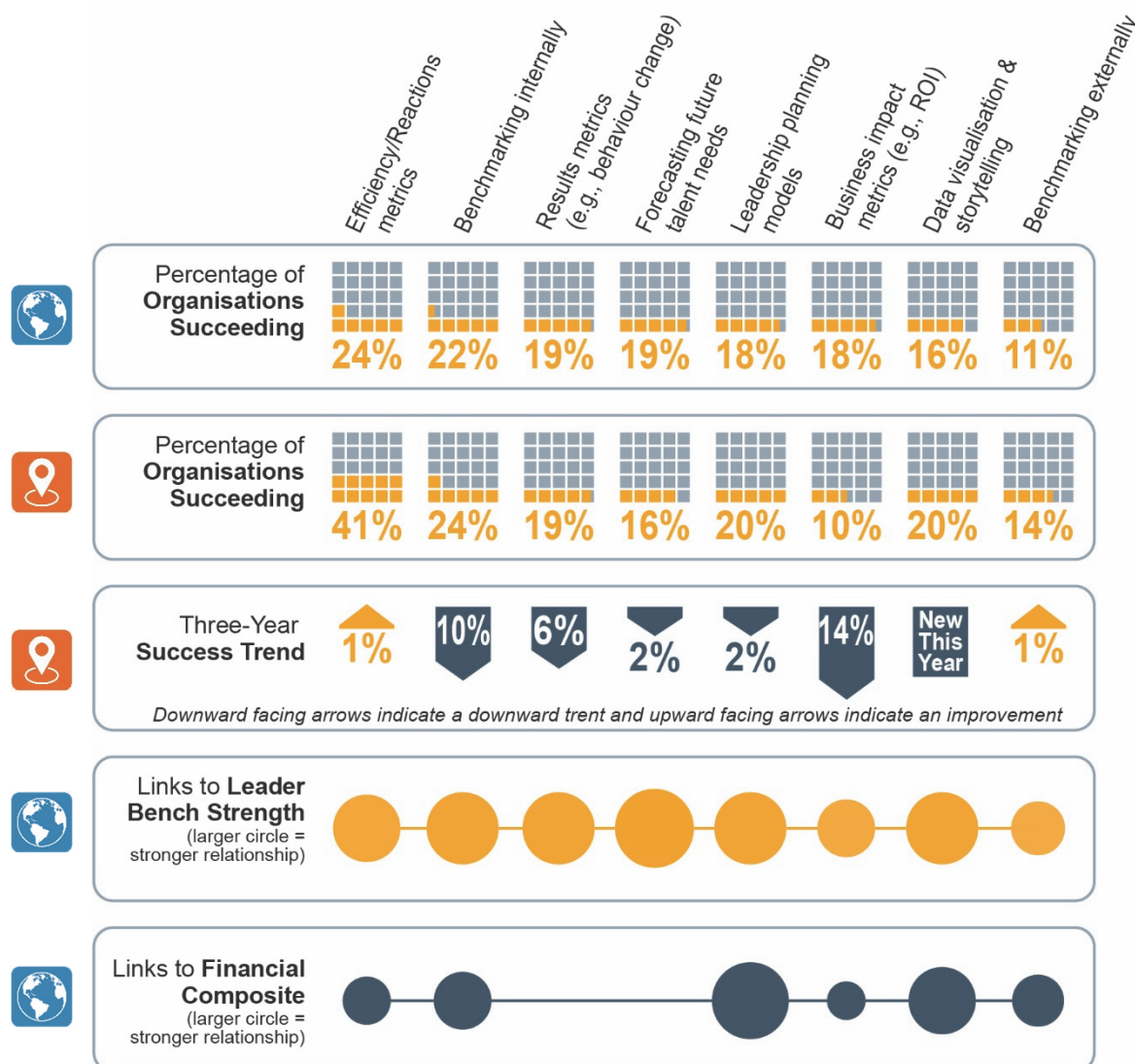
Evan Sinar and Shannon Lawrence

Pressure on European HR functions 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 increasingly viewed as being critical to greater strategic influence and a ‘seat at the table’, the thirst for deeper analytics understanding continues to grow.

With the increased focus on HR analytics, it would seem reasonable to anticipate that HR has grown its proficiency since the *Global Leadership Forecast 2014|2015*? Unfortunately, that is not the reality. This current Forecast took a detailed view of analytics progress and practices across nearly 2,500 global organisations to ask: What’s the status? What’s emerging? and What works to drive HR—and the enterprise—forward?

Figure 22 presents the state of people analytics practices in Europe as compared to the global data [🌐]. The two rows marked with the [📍] sign present the percent of European organisations succeeding in each analytics practice along with the associated three-year success trend. The bottom two rows [🌐] show the impact of each analytics practice in terms of an organisation’s leader bench strength and financial performance based on the global data set of over 2,400 companies.

Figure 22. People Analytics Practices: Success, Trends, and Impact



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Time to Shift From Hindsight to Foresight

Organisations in Europe outstrip their global counterparts on the use of efficiency/reactions metrics by almost double. But this is not something to celebrate. While it is interesting to know whether people are satisfied with leadership programmes, this data will unlikely secure ongoing investment in leadership initiatives, unless it can be supported by ROI data. Here, Europe is only **half** as successful as the rest of the world, and the global success rate is only 18 percent—not an aspirational benchmark. There is a decline in success in Europe on using business impact metrics—and this needs to be addressed by European HR teams wanting to add value to their businesses. Europe also slightly lags behind the global data in its success in forecasting future talent needs.

The Global Leadership Forecast data for Europe shows that there is a big opportunity for HR teams to shift the focus of their analytics efforts from data which looks in the rear-view mirror, to those which can provide foresight to business leaders and drive stronger organisational performance.

To put these declines 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, 65 percent of HR professionals in Europe reported an increase in their analytics skills and data-driven decision making (a lower rate than reported globally). Yet, this clearly isn't enough to keep pace. This may explain why we have anecdotally noticed an increase in the number of requests from clients to help them to build the capability of their HR functions globally, with analytics as a core part of the learning objectives.

Highest-Impact Analytics Practices: Opportunity for Europe

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 visualisation/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.

There is some good news for Europe around the use of data visualisation and story-telling, where 20 percent of organisations are succeeding with these methods versus 16 percent globally. Focus on improving success in this area will have high pay-off.

Bottomline: Analytics Build HR Reputation

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 visualisation and storytelling see a higher return on their talent investments than those that neglect or struggle with these practices.



WHERE TO START

- **Confirm business questions.** Analytics that fail to start with business (not just HR) questions will be challenging to execute and, often, wholly unpersuasive to stakeholders.
- **Align effort towards highest-impact methods.** Internal benchmarking, leadership planning, and visualisation/storytelling had the strongest outcome links in our research.
- **Staff for data savvy.** Analytics is a team sport; develop and hire not just for abilities in data science, but also business acumen, visualisation, and ethics.
- **Adopt proven methods** such as key driver analysis, text analytics, survival analysis, decision trees, and scenario planning.









HOW TO EXCEL + DIFFERENTIATE

- **Build skills in visualisation and storytelling.** These are powerful ways to communicate data; such messages are more memorable and persuasive than numbers or text.
- **Recognise analytics as change management.** Numbers mean nothing if they don't drive action; pair analytics with interactive data views to build engagement about a practical path forward.
- **Predict future talent needs.** Sophisticated, high-impact workforce planning matches talent needs to growth projections, ensuring that talent is where it's needed and when.
- **Build internal and external networks.** Seek partnerships with data-minded individuals across functions, local interest groups, and internal analytics centres of excellence.

Leadership Megatrends and Payoffs

The research summarised in this report shows the powerful and pervasive—yet rarely fulfilled—impact of leadership practices on organisations striving to meet their business challenges, now and in the future. In our global report 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 maximising 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 the *Global Leadership Forecast 2018*

-  **Digital Reshapes the Workforce:** Across nearly every facet of the research, we saw the influence of digital readiness. Digitally advanced organisations 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:** Organisations 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+ organisations, 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 organisations using the practice is indicated along with the impact that each practice had on three outcomes from the research: **Programme Quality** (aggregate leader-rated quality of assessment, development, and performance management programmes); **Bench Strength** (supply of capable leaders for critical leadership roles within the next three years); and the organisation's **Financial Performance** (composite of operating margin, EBITDA, revenue growth, and return on equity).

Key

No circle = nominal impact  = moderate impact  = strong impact

Leadership Practices Scoreboard

-  *Links to Outcomes Based on Global Data Set*
-  *Percentage of Organisations in Europe Using Each Practice*
-  *10% ≥ global rating*
-  *-10% ≤ global rating*



Leadership Practice

Talent Management

Leadership development programmes begin with a diagnosis of leader strengths/weaknesses.	●			76%	●
Leadership competencies serve as the foundation for multiple leadership talent management systems.	●	●		63%	
Talent review processes have a reputation for being fair and objective.		●	●	65%	
Competencies required for success in key leadership positions are clearly defined.		●	○	62%	
Information from assessments and simulations is used to guide leader development plans.		●	○	66%	●
Information from assessments and simulations is used to make leadership hiring and promotion decisions.		●		65%	●
Individual leadership initiatives, programmes, and processes are well-integrated and aligned to key business priorities.	●	●		54%	
Systematic processes (e.g., strategic talent planning) are used to identify the quantity and quality of leadership required to drive future business success.		●	○	58%	●
We know the up-to-date status of our leadership talent capability across the organisation.		●	●	53%	●
We use a formal process for identifying employees who could become global/multinational leaders.		●	○	51%	
We use formal programmes to ensure smooth leadership transitions at all levels.	●	●	○	31%	
Formal mentoring programmes are available for leaders.		●	●	45%	●

Performance Management

We have a fair and transparent performance management system at all levels.		●		75%	
Performance management discussions occur ongoing rather than just once a year.	○	●		46%	●
Performance management discussions include a heavy focus on personal development planning.	○	●		49%	
Ratings have been eliminated from our performance management process.			●	19%	

Development

Leaders practice and receive feedback on key skills with their managers.	○	●	●	63%	
Leaders are offered a library or learning system from which they can choose on-demand courses.		●		38%	●
Leaders receive development personalised specifically for them rather than as part of a cohort.	●	●		61%	●
Leaders regularly review their development plan with their managers.		●	○	40%	●
Leadership development modules are positioned with leaders as a planned sequence rather than as independent events.		●	○	61%	●
We have a dedicated learning experience manager (someone who designs and sequences personalised, engaging learning for leaders).	●	●	●	31%	●
Our leaders have high-quality, effective development plans.	●	●		22%	●
Managers who fail to develop their leaders receive negative consequences as a result.	○	●		19%	●

High Potential

High-potential leaders' performance in developmental assignments is carefully evaluated.		●		73%	
Developmental activity for high-potential leaders is targeted towards their specific development needs.	●	○		82%	
Our process for identifying high potentials is unbiased and non-political.	●	●		71%	
We collect objective assessment data on high potentials' capabilities, potential, and readiness.		●		74%	
Managers are held accountable for supporting high-potential leaders.	○	●		64%	
The process for identifying high potentials is consistent across the organisation.		●		73%	●
We have a mentoring/coaching programme specifically for high-potential leaders.		●		64%	
High-potential leaders are told and aware of their special status.		○	●	61%	
We measure the effectiveness of programmes for developing high-potential leaders.		●		50%	
The identities of leaders labelled as high-potential are well-known within the organisation.	○	○		33%	●

Appendix: Demographics

Organisation Characteristics

Industry	
Automotive & Transport	12%
Energy & Resources	11%
Finance & Insurance	9%
Health Care	0%
Manufacturing	20%
Pharmaceuticals	6%
Professional Services	8%
Retail	3%
Technology	12%
Other	19%

Business Classification	
Public	41%
Private	53%
Not-for-Profit	1%
Government	5%

Number of Employees	
1-100	4%
101-500	12%
501-1,000	4%
1,001-5,000	12%
5,001-10,000	12%
10,001-20,000	16%
20,001-50,000	16%
50,001 or more	24%

Presence in Global Market	
National (operations located within one country)	23%
Multinational (operations distributed across multiple countries and global regions)	76%

Approximate Annual Revenue	
< \$5 million	8%
\$5 million to < \$25 million	6%
\$25 million to < \$100 million	6%
\$100 million to < \$500 million	8%
\$500 million to < \$1 billion	3%
\$1 billion to < \$5 billion	25%
\$5 billion or more	44%

Leader Characteristics

Leader Level

First-level leader	42%
Mid-level leader	25%
Higher-level leader	27%
Senior-level leader	6%

Age

25 or younger	1%
26-35	18%
36-45	38%
46-55	36%
56-60	5%
Over 60	2%

Gender

Male	69%
Female	31%

High-Potential Status

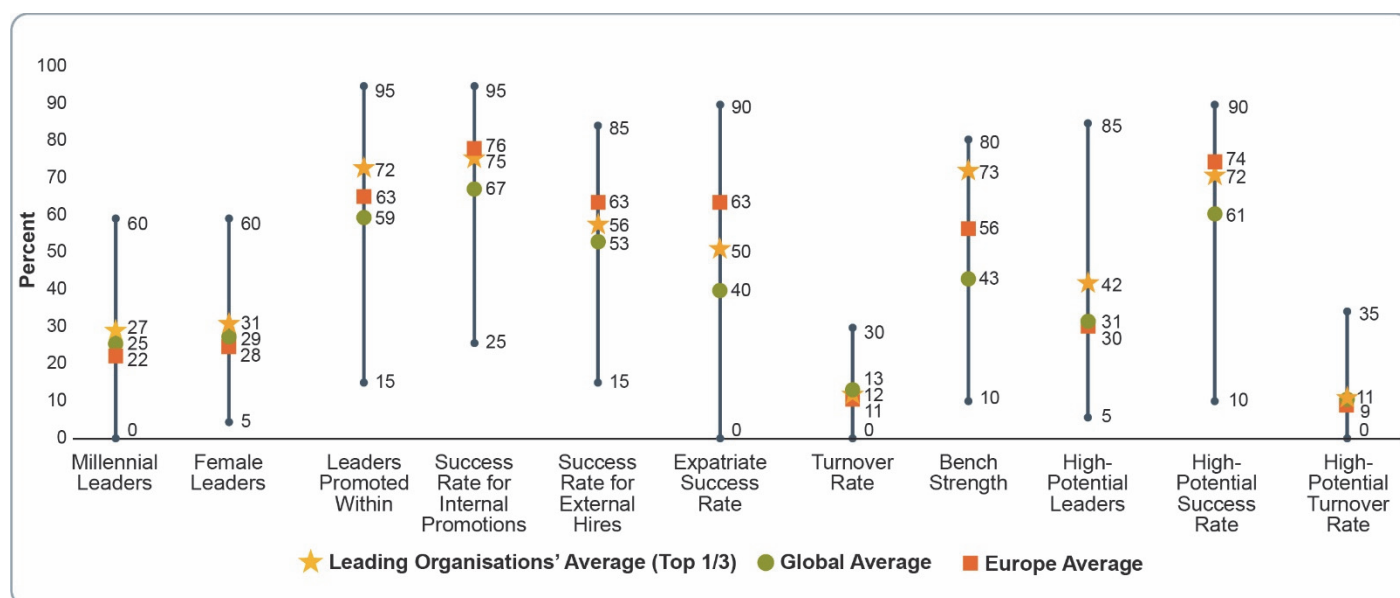
Yes	48%
No	52%

Generation

Millennial	15%
Generation X	66%
Baby Boomer	19%

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 organisations 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 organisations; and the yellow stars indicate how leading organisations (represented by those with the highest leader quality and bench strength) responded on average.



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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.

We've worked with clients to define and achieve great leadership at every level, from aspiring leaders all the way to the C-Suite. Our promise remains constant: Together, we can co-create a solution that is unique to your organisation and aimed squarely at meeting your business goals. To learn more about DDI, join us at www.ddiworld.com

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We work globally and collaborate to bring clients professional teams to address complex issues relating to organisation transformation, end-to-end employee life cycles, effective talent deployment and mobility, gaining value from evolving and virtual workforces, and the changing role of HR in support of business strategy. Our EY professionals ask better questions and work with clients to create holistic, innovative answers that deliver quality results.

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About the European Authors



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Jo Lane is a Leadership Consultant, based in DDI's London Office. With nearly 30 years' experience in leadership and consulting roles, she works internationally to assess and develop leaders against ever changing business priorities. She is passionate about supporting individuals in their growth, particularly at times of transition and in parallel working with executive teams to ensure they have the right talent in place to deliver on their strategy.



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We work side by side with people who are relentless about identifying and developing leaders who perform and will leave an enduring legacy. Because better leaders lead to a better future, we've been obsessed with the science and practice of leadership for nearly five decades. We help clients uniquely define and achieve great leadership at every level of their organisation, from aspiring leaders all the way to the C-Suite. Our promise remains: Together, we can co-create a solution that's aligned with your business context and aimed squarely at your business goals.

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