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Research Framework

• According to the U.S. Bureau of Labor Statistics, by the year 2020 twenty-five percent of the workforce will be over the age of 55. As large numbers of baby boomers retire, organizations are facing a difficult challenge of replacing senior talent with qualified incumbent employees. In addition, as the pace of change in our knowledge economy continues to increase and the global leadership learning curve becomes longer, there is an increasing need to accelerate the development of leaders.
• With quantitative and qualitative data, we address the following questions:
  • Has the length of time required for a high-potential to be leadership-ready decreased? If so, what is the cause for this urgent need? What are organizations doing to address this challenge?
  • What are the most popular and effective leadership development programs in today’s organizations? According to HR professionals, which programs accelerate the development of leaders? What programs do organizations plan to implement in the future?
  • What characteristics of high-potentials and the organization contribute to accelerated leadership development?
  • What skills and competencies are required for leaders today and for leaders 5 to 10 years from now? Are organizations taking steps to develop these skills and competencies in their employees and/or high-potentials?
  • Are budgets for leadership development programs increasing, decreasing or staying constant? Do organizations invest in the development of most employees or specifically high-potentials?
Methodology

• **Secondary Research**

• **Qualitative Interviews**
  • Joseph High Chief People Officer and Senior Vice President at W.W. Grainger, Inc. (scheduled for March 20)
  • Steve Jones Global Head, Talent Management Novartis Vaccines and Diagnostics
  • Louisa Stead Senior Director, Talent Management at Pfizer
  • Jennell Jones Senior Director, Colleague Capability Development at Pfizer
  • Joycelyn A. James, CLRL Senior Human Resources Manager - Manufacturing Sites GE Aviation

• **Quantitative Survey**
  • n= 378 completed surveys
  • Seniority
    • 55% are in Director or above positions
    • 28% are Managers
  • Function
    • 49% in the Human Resources function
    • 27% in Training and Development
    • 10% in Executive Management
  • Geographic Region
    • 85% North America

  67.56% are directly responsible for leadership development

  59.14% have budget responsibility for training and development
Secondary Research Highlights

• **Why Now?**
  • The sense of urgency to develop leaders in organizations stem from large proportions of their workforces expected to reach retirement within a few years (i4cp, 2012).
  • Only two-thirds of the necessary leaders will be ready to fill leadership positions in the next 3 to 5 years (Aberdeen, 2013).
  • Organizations spent an estimated $13.6 billion on leadership development in 2012, a 14 percent surge (Bersin, 2012).
  • HR leaders reported identifying and developing leadership talent needed for growth and expansion as their number one problem (Avolio et al., 2010).
  • About 20 percent of high performing managers are considered high potential leaders (Roi, 2012).

• **Models of Leadership Development**
  • “The most sophisticated companies follow a 70-20-10 development model for all leader levels” (Bersin & Associates, 2012).
  • 4E Approach (Roi, 2012)- Experience, on the job (50%), Exposure, relationships with others (25%), Education (25%), Effective (report on impact).
Secondary Research Highlights

- **Experience**
  - There should be a plan for selecting the important experiences needed for development as well as the lessons high-potential employees should take away from each experience (McCall, 2010).

- **Formal Learning**
  - Students learn how to take away from experience. Leadership coursework (such as tactical models, leadership theories, systems thinking) could be the catalyst for accelerating leadership development (Jackson & Lindsay, 2010).

- **People**
  - In addition to formal training and experience, employees learn and develop through others. Some examples include feedback, advice seeking, structured mentoring and coaching, networks, and action learning (CrossKnowledge, 2010).
  
  - Because of the constraints of senior managers, fewer are able to act as mentors for younger employees. Coaches may be important hires for accelerating the leadership development of high-potential employees (Parker et al., 2008).

- **Readiness/Motivation to Lead**
  - Research stresses the importance of determining readiness of employees for accelerated leadership development (Avolio et al., 2010; Grossman, 2012; Holt et al., 2007).
"We found that those that went through our program were being promoted at more than twice the rate of their high potential peers that didn’t go through the program. So we do feel that there is evidence to say that the programs do help accelerate them. “
- Louisa Stead Senior Director, Talent Planning and HiPo Development at Pfizer

“We give participants exposure to senior leaders they might not have in their day job so they can learn their language, get a sense of what’s important to them, what their agenda is, and understand the leadership behaviors that are important to Pfizer.”
-Jennell Jones Senior Director, Colleague Capability Development at Pfizer

“We know experience has the greatest impact. We do measure our bench strength and readiness; we have lots of data in areas where we feel people need more experience. In what we call a talking talent session, the leaders will discuss their people and calibrate their potential rating and agree the types of experiences that they should go through. It would also include if they need a coach or a mentor.”
- Steve Jones Global Head, Talent Management Novartis Vaccines and Diagnostics

“I see accelerated leadership development growing by leaps and bounds. As corporations like GE continue to merge and acquire new businesses, you can’t develop talent fast enough it seems. Many corporations who at one point solely focused on developing internal talent have now had to shift their focus externally to bring in external talent just to keep up with the growth. I really see accelerated leadership opportunities increasing as we begin to expand even more so globally, not only GE but other corporations as well. “
-Joycelyn A. James, CLRL Senior Human Resources Manager GE Aviation
THE BLEAK LANDSCAPE OF LEADERSHIP DEVELOPMENT
The Urgency

**Insight:** Organizations are feeling the urgent need to accelerate the development of their high-potentials. Senior leaders are not satisfied with the bench strength and are concerned that Hi-Pos can’t meet future business needs.

85.36% there is an urgent need to accelerate the development of leaders*

20.64% senior leaders are satisfied with our bench strength*

39.77% our high-potentials can meet our future business needs*

29.89% our organization has a strong leadership pipeline*

22.12% of bench are ready to fill critical positions**

24.57% high-potentials who are currently leadership ready**

* Percent Agree/Strongly Agree or **Average percentage reported

**Insight:** Almost two-thirds of respondents report that at least 20% of their senior leaders are eligible for retirement in the next five years.

What percentage of your senior leaders are eligible for retirement within the next 5 years?

- 22%
- 19%
- 16%
- 14%
- 13%
- 20%
- 14%

Less than 1%
1 to 5%
6 to 10%
11 to 20%
21 to 25%
26%+
The Process

**Insight:** There is a lack of formality and calculation in leadership development

- **47.55%** Have a formal process for developing high-potential employees
- **22.60%** High-potentials are clearly aware of their potential career path
- **48.75%** Customize leadership development activities for each high-potential
- **35.61%** Address the different learning styles of the multi-generational workforce
- **14.37%** Calculate the return on investment of leadership development programs
- **20.68%** Effectively use data and analytics for succession planning

**Insight:** Almost half of employees participate in development activities and 16% are identified as a high-potential

- Percentage of your workforce who participate in developmental activities: 45.73%
- Percentage of your workforce who is identified as high-potential: 15.72%
- Percentage of your organization's budget spent on learning and development: 8.84%
Finding Leaders

**Insight:** Most developmental activities occur at mid- and senior level.

At what levels does your organization track and develop potential leaders? (Select all that apply.) (n=334)
Finding Leaders

Where does your organization source its talent from? (n=364)

Insight: There is greater internal sourcing for mid-level and front-line leaders, but organizations tend to look outside for executives. Why can’t developmental activities produce senior leaders?
Challenges to Leadership Development

What are the challenges to leadership development at your organization? (Select no more than 5 challenges.) (n=378)

- Balancing long-term and short-term business requirements: 52%
- Encouraging managers to develop their team: 45%
- Size of budget: 42%
- Linking leadership development back to the business strategy: 37%
- Inconsistent buy-in across the organization: 35%
- Lack of accountability for the application of new skills and...: 33%
- Lack of formal structure: 30%
- Determining future workforce needs: 25%
- Retaining top talent: 25%
- Attracting top talent: 22%
- Identifying high-potentials: 21%
- Not enough stretch work assignments to provide...: 20%
- Lack of support from senior leaders: 17%
- Managing the needs of the multigenerational workforce: 11%
- Other: 4%
- There are no challenges: 1%

Insight: The top challenges to leadership development are time, money and lack of accountability.
## What Are Organizations Doing to Accelerate Development?

<table>
<thead>
<tr>
<th>Open-Ended (n=125)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stretch/Special Assignment</td>
<td>25%</td>
</tr>
<tr>
<td>Coaching/Mentoring/Counseling</td>
<td>21%</td>
</tr>
<tr>
<td>Formal learning/e-learning</td>
<td>15%</td>
</tr>
<tr>
<td>Nothing</td>
<td>15%</td>
</tr>
<tr>
<td>Cross-Function assignments/rotation</td>
<td>12%</td>
</tr>
<tr>
<td>Feedback/360</td>
<td>7%</td>
</tr>
<tr>
<td>Currently Developing a Program</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>17%</td>
</tr>
</tbody>
</table>
THE STATE OF LEADERSHIP DEVELOPMENT PROGRAMS
**Insights: Leadership Programs**

- The majority of organizations plan to offer more leadership development programs within the next five years
  - Formal classroom learning expected to grow 7.4%
- Programs with the biggest gaps between what is offered and what is planned within the next five years, **expanding**:  
  1. Formal mentoring  
  2. Knowledge sharing platforms  
  3. Peer round-table discussions  
  4. Executive coaching  
  5. Simulations  
  6. Learning management system (LMS)  
  7. 360, multi-rater assessment  
  8. Community service-learning endeavors  
  9. Action learning projects  
  10. Web-based training or e-learning
- The most effective programs at accelerating the development of leaders are experiential based
  - Stretch assignments, exposure to senior executives, cross-functional projects and action learning projects
  - The least effective is web-based training (i.e., e-learning)
Leadership Programs

**Education Offerings**

<table>
<thead>
<tr>
<th>Education Offerings</th>
<th>Offered</th>
<th>Plan on offering within 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading books, articles, and trade journals</td>
<td>84.97%</td>
<td>92.78%</td>
</tr>
<tr>
<td>Workshops</td>
<td>82.12%</td>
<td>88.03%</td>
</tr>
<tr>
<td>Formal classroom learning</td>
<td>81.42%</td>
<td>87.89%</td>
</tr>
<tr>
<td>Web-based training or e-learning</td>
<td>74.23%</td>
<td>93.18%</td>
</tr>
<tr>
<td>Tuition remission</td>
<td>68.97%</td>
<td>72.80%</td>
</tr>
<tr>
<td>Learning management system (LMS)</td>
<td>60.06%</td>
<td>82.03%</td>
</tr>
</tbody>
</table>
Leadership Programs

On-the-Job Offerings

- Cross-functional projects: Offered 79.39%, Plan on offering within 5 years 91.29%
- Stretch assignments: Offered 75.95%, Plan on offering within 5 years 89.41%
- Job transitions: Offered 63.58%, Plan on offering within 5 years 81.33%
- Action learning projects: Offered 59.82%, Plan on offering within 5 years 79.57%
- Community service-learning endeavors: Offered 37.35%, Plan on offering within 5 years 57.80%
- Global assignments: Offered 34.86%, Plan on offering within 5 years 43.85%
- Simulations: Offered 28.28%, Plan on offering within 5 years 50.70%
Leadership Programs

Peer Offerings

<table>
<thead>
<tr>
<th>Peer Offering</th>
<th>Offered</th>
<th>Plan on offering within 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposure to senior executives (meetings, face time)</td>
<td>84.81%</td>
<td>92.37%</td>
</tr>
<tr>
<td>Informal mentoring</td>
<td>83.75%</td>
<td>94.14%</td>
</tr>
<tr>
<td>Attending industry conference or trade shows</td>
<td>82.37%</td>
<td>90.59%</td>
</tr>
<tr>
<td>Professional organizations memberships</td>
<td>75.64%</td>
<td>90.53%</td>
</tr>
<tr>
<td>Guest speakers/seminars</td>
<td>69.27%</td>
<td>82.66%</td>
</tr>
<tr>
<td>Client feedback</td>
<td>62.76%</td>
<td>76.76%</td>
</tr>
<tr>
<td>Executive coaching</td>
<td>61.78%</td>
<td>85.36%</td>
</tr>
<tr>
<td>Off-site leadership retreats</td>
<td>59.60%</td>
<td>75.21%</td>
</tr>
<tr>
<td>Peer round-table discussions</td>
<td>53.30%</td>
<td>79.24%</td>
</tr>
<tr>
<td>Exposure to board of directors (meetings, face time)</td>
<td>52.08%</td>
<td>69.33%</td>
</tr>
<tr>
<td>Knowledge sharing platforms</td>
<td>50.74%</td>
<td>81.14%</td>
</tr>
<tr>
<td>Formal mentoring</td>
<td>48.44%</td>
<td>80.93%</td>
</tr>
</tbody>
</table>
Leadership Programs

Self-learning Offerings

<table>
<thead>
<tr>
<th>Offering</th>
<th>Offered</th>
<th>Plan on offering within 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>72.47%</td>
<td>87.11%</td>
</tr>
<tr>
<td>360, multi-rater assessment</td>
<td>63.66%</td>
<td>84.73%</td>
</tr>
<tr>
<td>Opportunity for reflection on experiences</td>
<td>59.23%</td>
<td>76.92%</td>
</tr>
<tr>
<td>Journaling</td>
<td>15.48%</td>
<td>30.98%</td>
</tr>
<tr>
<td>Mindfulness meditation training</td>
<td>7.60%</td>
<td>16.75%</td>
</tr>
</tbody>
</table>
Of the activities offered and promoted at your organization, please rate how effective each program is at accelerating the development of your high-potential employees. Percentage who responded "Very Effective"
Budgets for L&D

Insights:
- Development dollars are allocated to all employees not just high-potentials
- Most budgets stayed the same compared to last year, but plan on increasing next year
- 22.87% agreed that the size of their L&D budget meets their needs
- 42% say size of L&D budget is challenge for effective leadership development

How has your budget for learning and development activities, including leadership development, changed from last year? (n=317)
- Budget increased: 44%
- Budget decreased: 32%
- Budget stayed the same: 24%

How has your budget for learning and development activities, including leadership development, change next year? (n=245)
- Budget increase: 43%
- Budget decrease: 42%
- Budget stayed the same: 16%

Does your organization's budget for learning and development activities allocate just to high-potentials (versus all employees)? (n=338)
- Yes, high-potentials only: 9%
- No, all employees: 91%
LEADERSHIP
COMPETENCIES TO DRIVE
BUSINESS OUTCOMES
Insights: Leadership Competencies

The five most important rated competencies for leadership are:
1. Ethics and integrity
2. Drive for results (motivated)
3. Communicates effectively
4. Strategic thinking/insight
5. Maintaining relationships

Respondents indicated how they develop the competency at their organization.

<table>
<thead>
<tr>
<th></th>
<th>Learn from others</th>
<th>Work experience</th>
<th>Education courses</th>
<th>Self-work, self-mastery by our future leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics and integrity</td>
<td>44.08%</td>
<td>41.78%</td>
<td>49.01%</td>
<td>50.33%</td>
</tr>
<tr>
<td>Drive for results (motivated)</td>
<td>39.03%</td>
<td>59.35%</td>
<td>27.10%</td>
<td>58.06%</td>
</tr>
<tr>
<td>Communicates effectively</td>
<td>44.41%</td>
<td>54.68%</td>
<td>61.93%</td>
<td>48.64%</td>
</tr>
<tr>
<td>Strategic thinking/insight</td>
<td>48.09%</td>
<td>58.92%</td>
<td>46.82%</td>
<td>47.13%</td>
</tr>
<tr>
<td>Maintaining relationships</td>
<td>42.09%</td>
<td>61.08%</td>
<td>42.41%</td>
<td>53.16%</td>
</tr>
</tbody>
</table>
Insights: Leadership Competencies

• We offer opportunities to learn from others (most frequent)
  1. Strategic thinking/insight
  2. Collaborative leadership
  3. Developing others
  4. Technical expertise
  5. Communicates effectively

• We rely on work experience (most frequent)
  1. Technical expertise
  2. Risk taking
  3. Leads through ambiguity
  4. Maintaining relationships
  5. Business acumen

• We offer opportunities to learn from education courses (most frequent)
  1. Technical expertise
  2. Developing others
  3. Communicates effectively
  4. Financial literacy
  5. Builds effective teams

• We rely on self-work, self-mastery by our future leaders (most frequent)
  1. Aspiration/ambition
  2. Optimism
  3. Tenacity/resilience
  4. Confidence
  5. Discipline
<table>
<thead>
<tr>
<th>Technical</th>
<th>Interpersonal</th>
<th>Intrapersonal</th>
<th>Capacity to Lead</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning agility</td>
<td>Optimism</td>
<td>Political savvy</td>
<td>Leads through ambiguity</td>
</tr>
<tr>
<td>27.79%</td>
<td>31.78%</td>
<td>28.94%</td>
<td>24.07%</td>
</tr>
<tr>
<td>Financial literacy</td>
<td>Aspiration/ambition</td>
<td>Emotional intelligence</td>
<td>Change leadership</td>
</tr>
<tr>
<td>38.19%</td>
<td>31.67%</td>
<td>21.20%</td>
<td>14.33%</td>
</tr>
<tr>
<td>Business acumen</td>
<td>Risk taking</td>
<td>Multicultural sensitivity/awareness</td>
<td>Inspires/motivates others</td>
</tr>
<tr>
<td>55.10%</td>
<td>29.23%</td>
<td>18.91%</td>
<td>11.46%</td>
</tr>
<tr>
<td>Strategic thinking/insight</td>
<td>Confidence</td>
<td>Negotiation skills</td>
<td>Collaborative leadership</td>
</tr>
<tr>
<td>64.85%</td>
<td>27.79%</td>
<td>15.19%</td>
<td>10.32%</td>
</tr>
<tr>
<td>Technical expertise</td>
<td>Tenacity/resilience</td>
<td>Maintaining relationships</td>
<td>Developing others</td>
</tr>
<tr>
<td>36.68%</td>
<td>26.93%</td>
<td>9.46%</td>
<td>7.45%</td>
</tr>
<tr>
<td></td>
<td>Discipline</td>
<td>Communicates effectively</td>
<td>Builds effective teams</td>
</tr>
<tr>
<td></td>
<td>Self-awareness</td>
<td></td>
<td>6.02%</td>
</tr>
<tr>
<td></td>
<td>Big-picture perspective</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Flexibility/adaptability</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethics and integrity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Drive for results</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **We don't develop this competency.**
- **Rated Very Important**
How does your organization develop or encourage the development of these competencies in your future leaders?

Interpersonal

Communicates effectively
Political savvy
Emotional intelligence
Negotiation skills
Maintaining relationships
Multi-cultural sensitivity/awareness

Peers
Job
Education
Self-work
How does your organization develop or encourage the development of these competencies in your future leaders?

Intrapersonal
How does your organization develop or encourage the development of these competencies in your future leaders?

Interpersonal

- Communicates effectively
- Political savvy
- Emotional intelligence
- Negotiation skills
- Maintaining relationships
- Multi-cultural sensitivity/awareness

- Peers
- Job
- Education
- Self-work
How does your organization develop or encourage the development of these competencies in your future leaders?
HOW TO ACCELERATE THE DEVELOPMENT OF YOUR LEADERS
Readiness to Lead

Portfolio Approach to Leadership Development

Peers

Self

Job/Experience

Education

Accelerated Leadership Development

- Percent of bench who are ready to fill critical positions
- Average number of months to get HiPo mid-level manager ready
- Average number of months to get HiPo executive-level ready
- Manager satisfaction with bench

Contribution of Organizational Factors: Support, Formal Structure, Accountability
Outcomes

• What is the average number of months it takes to get a high-potential employee ready to assume a **mid-level leadership** position?
  • Mean: 20.23 months Standard Deviation: 15.99

• What is the average number of months it takes to get a high-potential employee ready to assume a **senior leadership** position?
  • Mean: 38.11 months Standard Deviation: 30.24
Assessing Readiness

What methods do you use to measure developmental readiness? (Select all that apply.)

- Managers' subjective recommendations: 77%
- Performance reviews: 75%
- Observations by trained mentors or managers: 39%
- Psychological assessments: 25%
- Other: 15%
- No methods used: 7%
- Simulations: 7%

**Insights:**

- 29.41% of organizations surveyed have standardized criteria to determine leadership readiness.
- Respondents that use managers subjective recommendations report that it takes longer to develop mid-level managers:
  - 15.77 months without subjective criteria
  - **21.58 months with subjective criteria**
- Respondents that use observations by trained mentors or managers report that mid-level manager development occurs faster:
  - 22.80 months without training mgt.
  - **17.35 months with training mgt.**
- Nothing significant for senior-level
Organizational Factors: Support, Formal Structure, Accountability

**Percent Agree/Strongly Agree (n=368)**

Our learning management system is effective at holding employees accountable for their development.
- **25.46%**

Leadership development is an integrated process across our entire organization.
- **28.88%**

Development activities are fully integrated with business strategies.
- **40.72%**

Our organization fosters a learning culture in which learning is continuous and can happen every day.
- **55.65%**

Leadership development is a business imperative at our organization.
- **64.32%**

Senior leaders hold employees accountable for the application of new skills and knowledge to the job.
- **41.03%**

Senior leaders are highly involved with the design of our leadership development programs.
- **45.53%**

Senior leaders actively support the development of high-potentials.
- **62.60%**

**Insight:** Organizations where senior leaders support development, have formal LD structure and culture and hold learners accountable accelerate the development of their leaders. They report greater percentage of bench who are ready and less time in months to develop mid-level and senior leaders.

Senior leaders hold employees accountable for the application of new skills and knowledge to the job.
- **DISAGREE:** 27.08 months to develop mid-level leader
- **AGREE:** 18.86 months to develop mid-level leader

Development activities are fully integrated with business strategies.
- **DISAGREE:** 24.26 months to develop mid-level leader
- **AGREE:** 18.12 months to develop mid-level leader
Organizational Factors: Support, Formal Structure, Accountability

### Percentage of bench who are ready to fill critical positions

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Disagree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal Structure</strong></td>
<td>Leadership development is an integrated process across our entire organization.</td>
<td>15.70</td>
<td>26.18</td>
</tr>
<tr>
<td></td>
<td>Development activities are fully integrated with business strategies.</td>
<td>16.37</td>
<td>28.00</td>
</tr>
<tr>
<td></td>
<td>Leadership development is a business imperative at our organization.</td>
<td>17.64</td>
<td>23.46</td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td>Our learning management system is effective at holding employees accountable for their development.</td>
<td>18.45</td>
<td>29.12</td>
</tr>
<tr>
<td></td>
<td>Senior leaders hold employees accountable for the application of new skills and knowledge to the job.</td>
<td>16.00</td>
<td>25.88</td>
</tr>
<tr>
<td><strong>Support</strong></td>
<td>Senior leaders are highly involved with the design of our leadership development programs.</td>
<td>17.15</td>
<td>25.80</td>
</tr>
<tr>
<td></td>
<td>Senior leaders actively support the development of high-potentials.</td>
<td>14.15</td>
<td>24.71</td>
</tr>
<tr>
<td><strong>Learning Culture</strong></td>
<td>Our organization fosters a learning culture in which learning is continuous and can happen every day.</td>
<td>17.98</td>
<td>24.08</td>
</tr>
</tbody>
</table>
Diverse ways to develop leads to better outcomes

**Insight:** For most of the leadership development competencies, developing them through multiple channels increases the percentage of bench who are ready to fill critical positions.
Conclusions
Conclusions

• **The bleak landscape of leadership development**
  • Organizations are feeling the urgent need to accelerate the development of their high-potentials.
  • Senior leaders are not satisfied with the bench strength and are concerned that Hi-Pos can’t meet future business needs.
  • Almost two-thirds of respondents report that at least 20% of their senior leaders are eligible for retirement in the next five years.
  • Almost half of employees participate in development activities and 16% are identified as high-potentials. Most developmental activities occur at mid- and senior level. There is greater internal sourcing for mid-level and front-line leaders, but organizations tend to look outside for executives.
  • The top challenges to leadership development are time, money and lack of accountability.
Conclusions

• The state of leadership development programs
  • Formal mentoring is the program slated to grow the most in the next five years.
  • Development dollars are allocated to all employees not just high-potentials.
  • 22.87% agreed that the size of their L&D budget meets their needs.

• Leadership competencies to drive business outcomes
  • The five most important rated competencies for leadership are Ethics and integrity, Drive for results, Communicates effectively, Strategic thinking/insight and Maintaining relationships.
Conclusions

• **How to accelerate the development of your leaders**
  • Respondents that use managers subjective recommendations report that it takes longer to develop mid-level managers
  • Respondents that use observations by trained mentors or managers report that mid-level manager development occurs faster.
  • Organizations where senior leaders support development, have formal LD structure and culture and hold learners accountable accelerate the development of their leaders. They report greater percentage of bench who are ready and less time (in months) to develop mid-level and senior leaders.
  • Offering varied methods for development (the Portfolio approach) accelerated the development of leaders.
Appendix

Demographics
Qualitative Interviews
### Geographic Region (n=375)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>85%</td>
</tr>
<tr>
<td>Central / South America</td>
<td>2%</td>
</tr>
<tr>
<td>Africa</td>
<td>3%</td>
</tr>
<tr>
<td>Middle East</td>
<td>2%</td>
</tr>
<tr>
<td>Asia / Pacific</td>
<td>6%</td>
</tr>
<tr>
<td>Europe</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Functional Responsibility (n=375)

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>49%</td>
</tr>
<tr>
<td>Training and Development</td>
<td>27%</td>
</tr>
<tr>
<td>Executive Management</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
<tr>
<td>Recruiting</td>
<td>3%</td>
</tr>
<tr>
<td>Operations</td>
<td>2%</td>
</tr>
<tr>
<td>Marketing</td>
<td>1%</td>
</tr>
<tr>
<td>Customer Service</td>
<td>1%</td>
</tr>
<tr>
<td>Research and Development</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Level of Seniority (n=376)

<table>
<thead>
<tr>
<th>Seniority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-level</td>
<td>9%</td>
</tr>
<tr>
<td>Executive Vice President/Senior</td>
<td>5%</td>
</tr>
<tr>
<td>Vice President</td>
<td>9%</td>
</tr>
<tr>
<td>Director</td>
<td>32%</td>
</tr>
<tr>
<td>Manager/Team Leader</td>
<td>28%</td>
</tr>
<tr>
<td>Analyst</td>
<td>5%</td>
</tr>
<tr>
<td>Team Member</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Industry (n=375)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business/Professional Services</td>
<td>12%</td>
</tr>
<tr>
<td>Financial Services/Real Estate/Insurance</td>
<td>12%</td>
</tr>
<tr>
<td>Health care</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
<tr>
<td>Auto/Industrial/Manufacturing</td>
<td>8%</td>
</tr>
<tr>
<td>Government</td>
<td>7%</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>6%</td>
</tr>
<tr>
<td>Chemicals/Energy/Utilities</td>
<td>5%</td>
</tr>
<tr>
<td>IT Hardware/Software</td>
<td>5%</td>
</tr>
<tr>
<td>Bio/Pharmaceuticals/Life Sciences</td>
<td>4%</td>
</tr>
<tr>
<td>Aerospace &amp; Defense</td>
<td>3%</td>
</tr>
<tr>
<td>Construction</td>
<td>3%</td>
</tr>
<tr>
<td>Education</td>
<td>3%</td>
</tr>
<tr>
<td>Food &amp; Beverage/Consumer Goods</td>
<td>3%</td>
</tr>
<tr>
<td>Transportation/Warehousing</td>
<td>3%</td>
</tr>
<tr>
<td>Higher-Education</td>
<td>2%</td>
</tr>
<tr>
<td>Retail</td>
<td>2%</td>
</tr>
<tr>
<td>Media &amp; Entertainment/Travel/Leisure</td>
<td>1%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Number of Employees (n=373)

<table>
<thead>
<tr>
<th>Employee Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100</td>
<td>14%</td>
</tr>
<tr>
<td>101 - 499</td>
<td>16%</td>
</tr>
<tr>
<td>500 - 999</td>
<td>8%</td>
</tr>
<tr>
<td>1,000 - 2,499</td>
<td>11%</td>
</tr>
<tr>
<td>2,500 - 4,999</td>
<td>10%</td>
</tr>
<tr>
<td>5,000 - 7,499</td>
<td>7%</td>
</tr>
<tr>
<td>7,500 - 9,999</td>
<td>4%</td>
</tr>
<tr>
<td>10,000 - 19,999</td>
<td>10%</td>
</tr>
<tr>
<td>More than 20,000</td>
<td>20%</td>
</tr>
</tbody>
</table>

### Revenue in 2013 (n=303)

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than $10 million</td>
<td>15%</td>
</tr>
<tr>
<td>$10 - 50 million</td>
<td>14%</td>
</tr>
<tr>
<td>$50 - 100 million</td>
<td>8%</td>
</tr>
<tr>
<td>$100 - 500 million</td>
<td>13%</td>
</tr>
<tr>
<td>$500 - 750 million</td>
<td>5%</td>
</tr>
<tr>
<td>$750 - 1 billion</td>
<td>6%</td>
</tr>
<tr>
<td>$1 - 10 billion</td>
<td>25%</td>
</tr>
<tr>
<td>$10 - 50 billion</td>
<td>10%</td>
</tr>
<tr>
<td>$50 - 100 billion</td>
<td>2%</td>
</tr>
<tr>
<td>More than $100 billion</td>
<td>3%</td>
</tr>
</tbody>
</table>
Jennell Jones Senior Director, Colleague Capability Development at Pfizer

Programs offered
We give participants exposure to senior leaders they might not have in their day job so they can learn their language, get a sense of what’s important to them, what their agenda is, and understand the leadership behaviors that are important to Pfizer.
We have a simulated experience in addition to some pretty rigorous assessment and feedback sessions using the senior leader competency model. We typically involve executive coaches, mentors, and in some cases executive sponsors.

Determining Readiness
We do rely heavily on the talent planning data. We look for people who are assessed as either a high potential colleague or a colleague that makes significant contributions at a much higher level to the organization. We typically look for someone who has a great performance track record over a number of years.
The way we kicked off the LIFT program was to basically say ‘we’re looking to accelerate the development of colleagues for opportunities that we’re not even aware of, to solve problems that haven’t surfaced yet.’ We want them to strike a balance between bringing focus to their career plan and keeping their career options open. There could be some things that emerge in the industry and with that comes a need for a certain type of talent and it may not necessarily be a skill set but talent that knows how to think about these things in the most beneficial way.
Louisa Stead Senior Director, Talent Planning and HiPo Development at Pfizer

On Challenges of balancing development with on-the-job work

There are certainly barriers when work gets in the way and we try and address them by getting the managers involved up front. We include them in an orientation session on the program; we talk to them up front about the time commitment and give them an overview of the program. We inform them in each of the briefing calls as well after each of the face-to-face session. We talk to the participants as well so they know their leaders are aware about the time commitment that they need and make sure they are getting the needed support. Despite all those things, I think you still run into the inevitable clashes with the day-to-day job. I think we try to do the best we can to mitigate it, but there’s always that difficulty.

Programs offered

We have a senior leader mentoring program . . . we have an executive coaching practice. We also do simulations in a lot of the programs. We incorporate reflective learning and give the participants journals as well as an opportunity to review them and to consider what they’ve been accomplishing. Action learning from projects is also a big part of what we try and build into the high-potential programs.

One of the things we try and build in is building self-awareness. If people are more aware of where they are strong, what motivates them, what their values are, what kind of a climate they can create, they will be open to learning opportunities come with the development program. By creating that foundation, we find that people are more open to what they are learning along the way, and they also appreciate that this is a program that they are on because this is a significant investment in them. That’s why we try and build that in the beginning of the program.

Outcomes

We found that those that went through our program were being promoted at more than twice the rate of their high potential peers that didn’t go through the program. So we do feel that there is evidence to say that the programs do help accelerate them.
Steve Jones
Director, Global Talent Management at Novartis Vaccines and Diagnostics

Leading one’s self, leading one’s team, leading the business is a critical framework that we use to help our managers and leaders understand what they need to do to inspire and engage and develop their teams.

We have a number of mentoring programs, some of which are deliberately set up to encourage more of a global view. For example, in the Latin-American region, some of the leaders from that region have mentors who are outside of Latin-America, so maybe Europe or US. That’s to give them more of a global perspective and to get visibility as well for them.

As everybody knows, engagement with the organization’s values and aims sort of drift away the deeper you go into the organization. So this first line leader population is critical to maintain engagement and motivation for the masses of our population in our industry. So we are very keen to make sure that those people receive the right leadership development, they understand themselves and their capabilities and can have tailored development plans around that and that they understand the business and what we’re trying to do and have patience. So we have programs in place that bring them together and we have a call module and we can develop additional materials as needed by each specific cohort group. That’s one of our key strategic priorities is to work with that group.

We know experience has the greatest impact. We do measure our bench strength and readiness; we have lots of data in areas where we feel people need more experience. In what we call a talking talent session, the leaders will discuss their people and calibrate their potential rating and agree the types of experiences that they should go through. It would also include if they need a coach or a mentor.
Joycelyn A. James, CLRL
Senior Human Resources Manager - Manufacturing Sites, GE Aviation

• During our talent review process, we continue to identify our top talent across our businesses. We seek opportunities to develop talent through leadership courses, coaching, mentoring, and sponsorship. It is definitely a core focus within our organization.
• The talent review process gives us an opportunity to formally review our talent on an annual basis. We have numerous meetings at the site, business, and corporate levels. We look for our top performers who demonstrate our Global Growth Values within our business.
• Once we identify our top talent, we seek opportunities to develop them based on where they are within their respective career. This process is driven by our leadership team. We obtain input from each manager, including dotted line managers, and internal/external customers. We solicit feedback, review it, and vet it with our senior leadership team.
• Internally, we have a Global Learning Center. Within our Learning organization, we have a CLO that works with our senior leadership team to develop core leadership courses across all GE businesses. These are leadership courses based on a nomination process at all levels from foundational to executive training. These courses can be anywhere from one week to several weeks long.
• We have a Global Learning Management System which houses a plethora of courses on numerous topics. An employee can take courses online, request to attend courses in different locations within GE, and build a learning plan to build core competencies. Every completed course becomes part of his/her GE transcript, regardless of which GE business s/he works or how many times s/he changes roles within GE, this transcript follows him/her. This aids us in determining where we can continue to help individuals develop as leaders.
• I envision accelerated leadership development growing by leaps and bounds. As corporations like GE continue to merge and acquire new businesses, we cannot seem to develop talent fast enough. Many corporations who at one point solely focused on developing internal talent, have now had to shift their focus externally to recruit top talent just to keep pace with future growth. I believe accelerated leadership opportunities will increase as we begin to expand globally, not only within GE, but also within other major organizations.
Corinne Mason Leadership and Executive Assessment and Development (LEAD) at Ingersoll Rand University

• We intentionally pushed beyond the just high potential leaders and did some very core things with all levels of people leaders in the organization. We focused mostly on helping leaders to have better performance management and development conversations with their direct reports. We included methods to help identify the key things that would engage individuals. We put 1,500 of our people leaders through the engagement specific training program in one year. It helped to raise our engagement scores by eight percent overall in just 12 months. In fact, those that participated in the training elevated their scores over 12%. Prior to this, we had remained mostly flat in our scores. Focusing on leadership skills, in particular on how to be better performance managers, really helped us improve our engagement.

• Helping managers to be better development coaches is the key. We are helping our managers understand how to work with employees to pick one or two behaviors to focus on for development. Then they follow a process to provide coaching and feedback over an expanded time on those targeted topics. A one-and-done intervention is never going to change anybody for any length of time, so we knew we had to find a way to sustain this development process.

• We are intentionally moving away from just online training and towards blended learning. We are leaning towards video-based training, book summaries, and short soft-skills training of about 15-20 minutes in length when we do anything online. We’re finding employees in general have zero patience for anything that goes beyond 20 or 30 minutes in one seating for an online course.

• One of the unique aspects of our organization structure is that we intentionally combined assessment with leadership development. Those two expert areas should go hand-in-hand, but a lot of times you’ll see they sit in different places. Assessment COE’s are often under the Talent Acquisition team. The combination of the assessment team with our leadership development team allows us to do better learning needs analysis and provide targeted solutions, as well as to better track behavior change over time. For example, we have standard work around senior level leadership development assessments that include aspects of EQ, IQ, Learning Agility and our leadership competencies. We will do these deep dive assessments and then tailor development to the outcomes. We also leverage executive coaches to help the leader to stay accountable and talk through the learning over time. We will then come back at various points in time and run additional assessments, like another 360 survey (or a 180 survey- short version). This allows us to see what and how behaviors are changing over time based on individual results and to aggregate that data across the organization. This feeds back into our talent management planning and learning priorities.