



Trends in Executive Development **2014**

A Benchmark Report

Executive
Summary

A Subtle Shift

For today's executives, the ability to develop a successful business strategy is no longer enough. As we emerge from the recession into an ever more hyper-competitive business environment, the most successful organizations will be the ones with leaders who can create a compelling vision—and who can convey that vision to customers and employees.

This new reality was reflected in the key findings of **2014 Trends in Executive Development: A Benchmark Report**. A wide range of executives and human resource leaders, including presidents, senior vice presidents, chief learning officers, and heads of executive and leadership development, reported that the ability to create a vision— and convey it to others—is now the single most important capability needed in the emerging generation of leaders.

These skills have, for the first time in recent years, surpassed critical thinking in importance, according to the HR leaders from more than 130 large and medium-size organizations worldwide. Creating a vision and engaging others rose from third place in the **2009 Trends Report** to second place in 2011 and to first place this year.

But there is a problem. The HR leaders in the study reported that this same capability is the one most lacking in the next generation of leadership talent, followed by the lack of critical-thinking skills. Clearly, they are worried about the ability of the new generation to step up into top positions.

And there may be another disconnect. While the HR leaders in the study said their top priority in the next two to three years is developing capabilities needed to achieve vision and execute strategy, they still tend to focus developmental efforts in other areas. The two developmental activities their next generation of leaders are most likely to participate in, they said, are developmental job assignments and action learning. However, those types of activities alone are rarely enough to give emerging leaders the ability to create and carry out a larger vision.

As in past **Trend Reports**, the lack of bench strength continues to be the single most influential factor on executive development. With the end of the recession, many baby boomers who delayed retirement are now leaving, fulfilling long-standing predictions of an alarmingly limited flow in the executive pipeline. Many current executives acknowledge they have not yet prepared their successors, often because it is difficult to find candidates with expertise in the necessary specialties. The critical issue of bench strength will be discussed in more detail later in this report.

Vision, Strategy, Engagement

Creating a vision and thinking critically go hand in hand. While it is essential that leaders have a vision, they also need to know how to develop a strategy and to deal with the many complexities for achieving that vision. And that requires critical thinking—the ability to recognize assumptions, evaluate arguments and draw conclusions based on an objective, clear-eyed appraisal of the available evidence. No matter how exciting your vision is, it has to be realistic, achievable, and right for your organization.

Once leaders create a vision and have used their critical-thinking skills to develop the appropriate business strategy, they must bring others into the program. This requires the ability to convey the vision to others—to get employees and customers just as excited about the new direction and opportunities. And it requires the ability to engage employees at all levels in the underlying business strategy. Vision without strategy will not get far. And neither will move forward without engagement.

There are several reasons why creating a vision and conveying it to others has surpassed critical thinking as the capability most critical to success and yet most lacking in the next generation of leadership talent. During the recession, companies needed to focus on cutting costs and increasing revenue in an increasingly competitive global business environment. As the economy improves, companies are focusing less on cutting costs and more on expanding production and opening new markets, products and services, all of which require an inspired and engaged workforce.

However, many employees are, at least somewhat, beaten down by the years of relentless cost-cutting. They have watched as their co-workers have been laid off or have been through layoffs personally, and many are now required to do the jobs that two or more people did before. At the same time, they are subtly encouraged to work nights and weekends, thanks to today's 24-hour connectivity. All this has created reduced loyalty to employers. If these workers are to be engaged and motivated, they must be given more than a business strategy to duly follow. They must be inspired. They need to see and buy into a vision of the organization that gives their work meaning and value. This is not the vision of dry mission statements affixed to lobby walls. Rather, it comes from leaders throughout the organization who express that vision as much by what they do as by what they say.

**Vision without strategy will not get far.
And neither will move forward
without engagement.**

Another reason vision is so important is the entry into the workplace of Generation Y—those workers still in their 20s. They do not expect to work their entire careers at one company and, in fact, often take jobs with the intention of leaving in 2 to 3 years. At the same time, these younger workers want and even demand a vision they can engage around. They want to work for an organization they can be proud of and whose values they share. Organizations that wish to hire and retain the best of the younger workers must be able to meet this need.

Finally, creating a vision is required for a competitive stance in the marketplace today. A growing number of companies believe they must frequently change their products, business models and delivery systems just to stay relevant. But if those changes are haphazard and unfocused—if they do not reflect a larger vision—companies risk squandering their resources and falling behind.

There are a number of important reasons why much of the next generation of leaders lack this critical ability to inspire and engage. Throughout the recession, business leaders—including those being groomed for the top positions of the future—typically were rewarded and promoted for their ability to cut costs and increase revenue and stock prices. Because many have never been truly judged on their ability to lead and inspire, they may not have developed those capabilities. Now such skills are badly needed—but the leaders are not prepared.

What Can Be Done

As noted, the leaders who participated in the study reported that development activities for the next generation of leaders are most likely to feature developmental job assignments and action learning. While these types of development paths can be very valuable, they do not focus specifically on teaching leaders how to create a vision and engage others around it.

Developing such capabilities requires a thoughtful, purposeful approach—one that sets out agreed-upon goals and strategies. Several techniques have proved to be effective, particularly when used in combination. Among them:

Coaching and Mentoring

Every organization has current and retired leaders who over the course of their careers have articulated a strong vision—and seem to have an exceptional ability to convey it to others. Such leaders should be recruited to be coaches and mentors to both the current and the upcoming generation of leaders who need to develop in this area. These should not be typical coaching and mentoring programs, which tend to cover a wide range of subjects, but should be tightly focused. All those involved—executives, human resource leaders, mentors and coaches, and those in the development program—should agree on specific goals and meet regularly to discuss progress.

Imagine Steve Jobs as a mentor, conveying by his words and actions what it means to have a vision that can change how people see their world. Example is a powerful teacher.

Training

Executive training programs should be expanded to specifically include inspiring and engaging others. These capabilities can be built into business scenarios and simulations. Another proven approach is storytelling, followed by practice. Visionary leaders—including, perhaps, the organization's CEO—can be brought in to talk about how they developed their own visions and how they inspired others. Participants could then have breakout sessions, in which they are assigned to create a vision for a product or, for example, a division or department. Case studies of visionary leaders and organizations can supplement such training programs.

Tapping the Vision of Gen Y

Creating a vision means looking ahead to the ideas that will capture the imagination of new generations of employees and customers. Companies already have a powerful and available thought partner in their Generation Y employees. These workers can provide valuable insight into the kind of products they and their peers would like to buy as well as the kinds of organizations they want to work for. As you will see in the generational data in the report, companies who figure out how to get in front of this massive generation with desirable products and services are very likely to see increased revenue for many years.

Giving Generation Y employees input into executive development programs has another benefit. If they see how their leader's vision can be adapted to the organization and put into action, they will learn how it can be done. And so, when they are ready to move into leadership positions themselves, they will have already developed that capability.

Changing the Culture

The importance of developing vision and engaging others around it must be made part of the corporate culture. Chief learning officers, chief executive development officers, and others must make the business case for developing these capabilities. This means demonstrating to the board, the CEO and other members of the C-suite that true bench strength can only be created if the next generation of leaders knows how to engage and inspire.

As you read the **2014 Trends in Executive Development: A Benchmark Report**, you will see how these important trends have formulated over the years. In addition, we have provided multiple data points on which you can benchmark your organization as you see in the Table of Contents. We hope that you enjoy and find useful the latest trends in executive development.

The Authors

Bonnie Hagemann, C-Suite Coach and CEO of Executive Development Associates (EDA), a global leadership consulting firm that specializes in executive assessment, development, and coaching. In addition to leading the firm, Hagemann has a unique background and assessment expertise. She specializes in leadership development, executive assessment, and executive coaching. To date, Hagemann has conducted full coaching programs for over 80 leaders in medium and large organizations, including seven organizational presidents. She has delivered over 300 presentations and speeches on leadership, teambuilding, communication, conflict, and behavior. She has 25 published works and a published book *Decades of Differences: Making It Work*.



John Mattone is a Senior Talent Management Consultant and Master Executive Coach with Executive Development Associates. He appears on the 2013 Thinkers50 “Guru Radar” and is currently recognized by *Leadership Excellence* magazine as one of the world’s top independent leadership consultants, executive coaches, and speakers. He is known throughout the Fortune 500 as a cutting-edge thinker and expert in helping future leaders, leaders and organizations unlock their full potential. His work is featured in *The Wall Street Journal*, *Fast Company*, *The Huffington Post*, *CEO* magazine, *CLO* magazine, and *CIO* magazine. John is a prolific author having written seven books as well as over 100 professional articles and book chapters. John’s two new best-selling books are *Talent Leadership: A Proven Method for Identifying & Developing High-Potential Employees* and *Intelligent Leadership: What You Need to Know to Unlock Your Full Potential*.



John Maketa is Director of Strategic Partnerships for Pearson where he is responsible for evaluating, structuring, and negotiating innovative commercial partnerships, identifying and promoting new product strategies, and serving as Talent Assessment’s liaison for internal alliance development. Maketa is known throughout the learning and development industry as a leading business strategist and a major connector and collaborator who is able to strategically align initiatives for parties on both sides of the table with unparalleled financial and professional success. He is also a co-author of the book *Now You’re Thinking!* published by FTPress.



EDA and Pearson TalentLens

Executive Development Associates is a leader in creating custom-designed executive development strategies, systems, and programs that help organizations build the capabilities needed to achieve their strategic objectives. Our specialty areas include:

- Executive and High Potential Development
- Executive Coaching
- Executive Assessment

EDA leads the way in the use of executive development to help organizations successfully address their marketplace challenges and accelerate the execution of their business strategy. With our proven ability to achieve results, we create measurable improvements in both individual executive performance and business outcomes.

Executive Development Associates
4 NE 10th, #171
Oklahoma City, OK 73104
USA

toll-free 866.EXEC.DEV (393.2338)
phone 405.751.3300
fax 405.751.3313
info@executivedevelopment.com
executivedevelopment.com

Pearson TalentLens publishes scientific assessments that are used globally to hire and develop the 21st century workforce. Our instruments measure critical thinking, problem solving, and a range of job skills to deliver data-driven insights that inform and clarify an organization's human capital decisions. Learn more at **TalentLens.com**.

Pearson TalentLens
19500 Bulverde Road
San Antonio, TX 78259
USA

phone 888.298.6227
fax 800.232.1223
TalentLens.com

How to Obtain This Research

Additional copies of the full industry report are available for purchase at **www.ExecutiveDevelopment.com**. We will be presenting highlights of this research at webinars and other events throughout the coming year.

For more information, please contact Executive Development Associates at (866) EXEC DEV.

Proprietary Notice

Copyright © 2014 Executive Development Associates, Inc. and Pearson Education, Inc. or its affiliates. All rights reserved. No materials from this study can be duplicated, copied, republished, or re-used without written permission from Executive Development Associates. The information and forecasts contained in this report reflect the research and studied opinions of Executive Development Associates, Inc. and Pearson Assessments analysts. Rapid-Cycle Design is a registered trademark used for Business Consulting Services, namely providing business process solutions for executive development and owned by Executive Development Associates.