

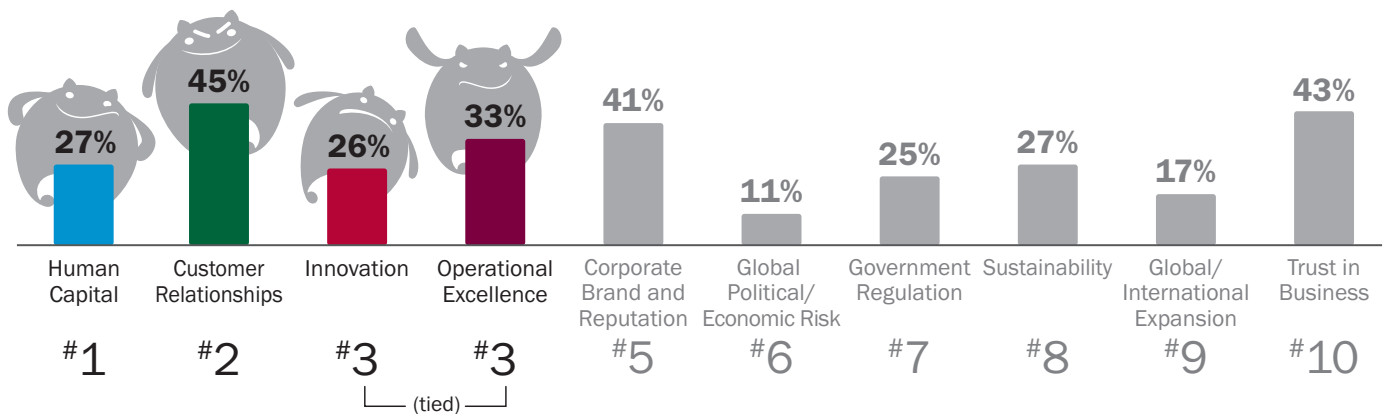
# CEOs' Top Challenges

## Leaders Aren't Ready

The Conference Board CEO Challenges—Percent of Leaders Considering Themselves Very Prepared



### Top Four CEO Challenges



# Human Capital Is Important; Leadership Is Critical

In *The Conference Board CEO Challenge*<sup>®</sup>, more than 1,000 respondents indicated that human capital remains their top challenge, with customer relationships rising in importance in the past two years. Also, operational excellence and innovation remain vitally important for driving business growth and ensuring a sustainable future. These challenges, albeit in varying order, were the top challenges in all four regions included in the survey: the United States, Latin America, Europe, and Asia.\*

When asked about the strategies to address the human capital challenge, 4 of the top 10 strategies CEOs selected (the full top 10 are presented in the chart at right) are focused on leadership: *improve leadership development programs, enhance the effectiveness of senior management teams, improve the effectiveness of frontline supervisors and managers, and improve succession planning*. CEOs know their organizations cannot retain highly engaged, high-performing employees without effective leaders who can manage, coach, develop, and inspire their multigenerational, globally dispersed, and tech-savvy teams.

CEOs also were asked to identify the leadership attributes and behaviors most critical to success as a leader. The top five prominent in every region globally were:

- Retaining and developing talent.
- Managing complexity.
- Leading change.
- Leading with integrity.
- Having an entrepreneurial mind-set.

The *CEO Challenge* looked at what *must* be done. For the first time, the *Global Leadership Forecast* asked leaders to assess their own readiness to execute these tasks. Their self-assessments are sobering. For instance, never were more than 50 percent “very prepared” to address any of the challenges (see illustration at left). In fact, in the human capital challenge, only 27 percent of leaders reported they were “very prepared” to be the kind of leader that creates an optimal workplace where employees deliver their very best. HR leaders’ appraisal was even more harsh: Only 9 percent indicated their leaders were “very ready” to address the human capital challenge.

\* Mitchell, C., Ray, R.L., & van Ark, B. (January 2014), *The Conference Board CEO Challenge*<sup>®</sup> 2014: *People and Performance*, New York, The Conference Board, [www.conference-board.org](http://www.conference-board.org).

## Now What



**.01** Better leadership can have a positive impact on CEOs’ top challenges; this study shows how **better development** can positively affect leadership. All leaders can learn to bring the customer voice into their organization, become talent scouts and advocates, and create an environment where innovation flourishes.

**.02** *Improve performance management processes and accountability* (the third human capital strategy below) is often the most neglected talent management system. To address this gap, ask these questions about your **performance management** system:

- Is it used as a business system to help execute top-down strategy?
- Do employees understand their goals, and are they held accountable for achieving them?
- Do employees get feedback about strengths and development opportunities so they can grow?

### CEOs’ Human Capital Strategies

Global  
N=738 Human Capital Strategies 2014

1	Provide employee training and development
2	Raise employee engagement
3	Improve performance management processes and accountability
4	Increase efforts to retain critical talent
5	Improve leadership development programs
6	Focus on internally developed talent to fill key roles
7	Enhance effectiveness of the senior management team
8	Improve effectiveness of frontline supervisors and managers
9	Improve corporate brand and employee value propositions to attract talent
10	Improve succession planning for current and future needs

Source: The Conference Board, 2014