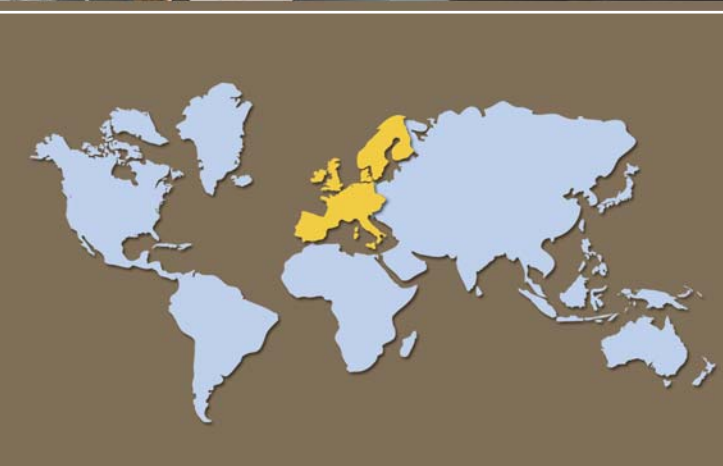




GLOBAL LEADERSHIP FORECAST 2008 | 2009

WESTERN EUROPE HIGHLIGHTS

> Ann Howard, Ph.D. > Richard S. Wellins, Ph.D.



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A Welcome from DDI

We are pleased to present this profile of the current status of leadership and leadership development within the Western European business community. This report grew out of a larger study, the *Global Leadership Forecast 2008|2009*, the fifth in DDI's research series on global leadership issues and practices. The results presented here compare and contrast the responses from HR professionals and organisational leaders in Europe with their counterparts on the world stage.

This research could not be more timely. As organisations extend their reach around the globe and the pace of work life quickens, leadership has become an increasingly complex and demanding responsibility. Worldwide, executives in the study identified improving and leveraging talent as their top business priority. Never before has the development of the highest quality leaders been more important to organisational success.

The current *Global Leadership Forecast* and this report address several issues in addition to the state of leadership today: What's working and what's not in developing tomorrow's leaders? How are organisations managing their leadership pipeline and planning for successions? How well are managers prepared to lead across national borders?

Although no single approach to leadership development is right for every organisation or every country, DDI believes that there are sound practices that work in most situations. We are confident that this report will offer you new ideas and insights into leadership development. Hopefully, it also will stimulate your own ideas about ways that you can significantly enhance the capabilities of leaders in your organisation.



Steve Newhall, Vice President, DDI Europe

ABOUT DDI



In today's grow-or-die marketplace, having the right talent strategy is crucial for an organisation's success.

Development Dimensions International will help you systematically and creatively close the gap between today's talent capability and the people you will need to execute tomorrow's business strategy.

We excel in two areas:

- Designing and implementing selection systems that enable you to hire better people faster.
- Identifying and developing exceptional leadership talent critical to creating a high-performance workforce.

DDI is all about giving you the kind of business impact you want over the long term—that's what we call realisation. The work we do together is tied to your organisation's strategies and becomes part of your business and your culture.

Additionally, if your business is multinational, DDI has the kind of global resources you need to implement your talent initiatives effectively and consistently worldwide.

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Every month *Harvard Businessmanager* publishes the best articles from the *Harvard Business Review* in German, key research results of renowned European business schools, and original texts from native German-speaking authors.



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stories on HR trends, objective analyses, and precise recommendations in three areas of professional HR management: management, law, and organization. *Personalmagazin* also offers its readers services and professional instructions to develop personal, social, and management-related skills.

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STUDY PARTICIPANTS

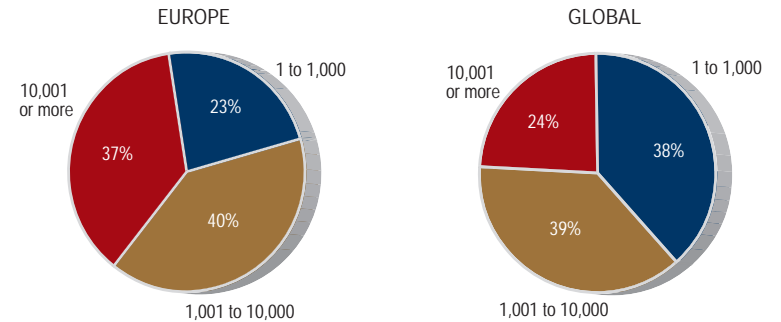
This report is based on survey responses from human resource professionals and leaders based in Western Europe.* An HR professional completed a survey for each organisation or major organisational business unit. The HR professionals then invited representative samples of their organisation’s leaders to complete leader surveys. The European respondents are compared in this report to the total group of HR professionals and leaders from 76 countries in the *Global Leadership Forecast* (see **Table 1**).

TABLE 1 Sample Size

	EUROPE	Global
HR Professionals	99	1,493
Leaders	555	12,208
TOTAL	654	13,701

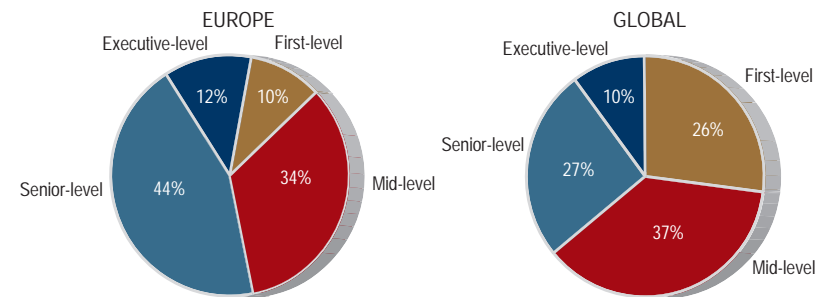
The European organisations were larger on average than those in the global sample; that is, more large European organizations (10,001 or more) and fewer small organizations (1,000 or less) participated in the survey (see **Figure 1**). Most organisations (76 percent) were multinationals (i.e., they owned, operated, or had affiliate offices in multiple countries); in the global sample, 61 percent were multinationals.

FIGURE 1 Organisation Size



The European leaders differed from the global sample with respect to their management level; there were fewer first-level leaders and more senior-level leaders (see **Figure 2**). Additional information about the European organisations and leaders is in the demographics section of this report.

FIGURE 2 Management Level of Leaders



* See page 15 for a list of countries included in this report.

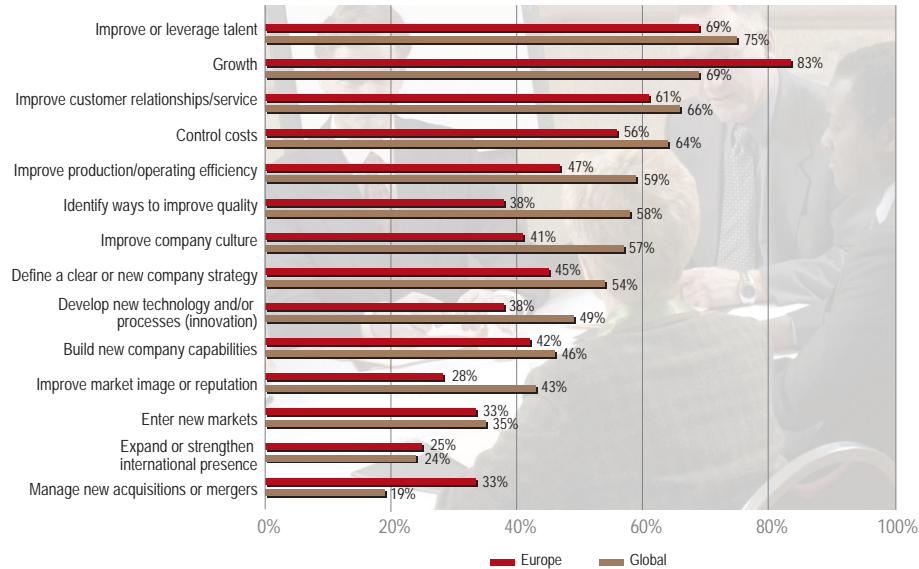
LEADERSHIP TODAY

Business Priorities

Leaders were asked to identify the most important business priorities for their particular organisation; they could select any of the items that applied. We focused on the perspectives of executives, whose thinking best represents where their organisations are headed. **Figure 3** lists the items from highest to lowest priority according to executives worldwide.

The top three priorities for European executives were the same as those for the global executives, although the European executives' first priority was growth. Many growing economies in Eastern Europe are managed from Western European countries, which might explain this emphasis on growth. Improving or leveraging talent was second in priority for Western Europe compared to first for the typical global company. Improving customer relationships and service came in third.

FIGURE 3 Executives' Business Priorities



The top three priorities for European executives were the same as those for the global executives, although the European executives' first priority was growth.

Evaluating Leaders

When European leaders were asked to rate the overall quality of leaders in their organisation, 4 percent rated them excellent and another 35 percent rated them very good. The sum of these two ratings was similar to the global sample (see **Figure 4**).

FIGURE 4 Evaluating Leaders



The bottom chart in Figure 4 shows the percentage of HR professionals indicating high confidence in their leaders' ability to assure the success of the organisation. The European leaders fared better than the global average in the eyes of HR professionals, although less than half had high confidence in their leaders.

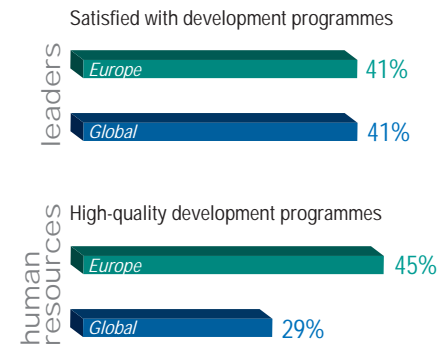
DEVELOPING LEADERS

This section looks at how organisations in Western Europe approach developing leadership skills and how well they execute leadership development programmes.

Evaluating Leadership Development Programmes

Forty-one percent of leaders in Europe were satisfied with what their organisations offered to develop their leadership capabilities (see **Figure 5**). This level of satisfaction was the same as the global norm, which had declined from DDI's *Leadership Forecast 2005|2006* (when 53 percent of leaders indicated they were satisfied with their organization's development offerings). These latest figures are not a strong endorsement for leadership development. However, significantly more European HR professionals (45 percent) gave high ratings to the quality of their leadership development programmes.

FIGURE 5 Evaluating Leadership Development Programmes



Development Methods

HR professionals were asked to review a list of development methods and indicate how often they used them on a four-point scale ranging from “not at all” to “extensively.” **Figure 6** shows the average ratings for each method for the European and global respondents. The methods are arranged on a continuum that ranges from passive, off-the-job activities (e.g., reading) to active methods integrated into the job (e.g., special projects within a job).

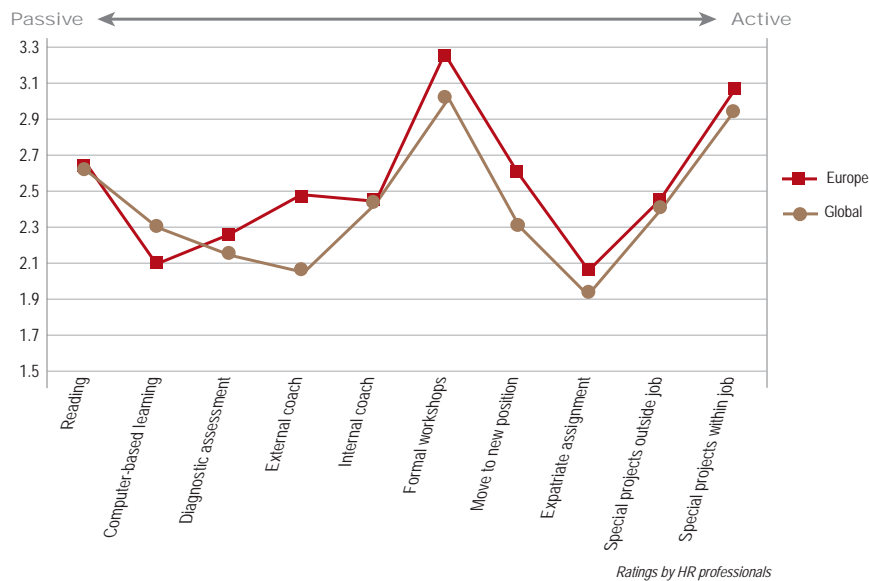
Leaders in the global sample generally found the on-the-job methods on the right side of the graph to be more effective than the passive ones on the left. This does not mean that the off-site activities are not helpful, only that they are unlikely to ensure development on their own.

The European organisations made more use of external coaching, formal workshops, and movement to a new position than did organisations elsewhere; at the same time, they were less likely than their global counterparts to use computer-

based learning. The European organisations’ use of a greater variety of development methods, particularly active methods, speaks well for the sustainability of learning.



FIGURE 6 Use of Leadership Development Methods



When European leaders were asked to rate the overall quality of leaders in their organisation, 4 percent rated them excellent and another 35 percent rated them very good.

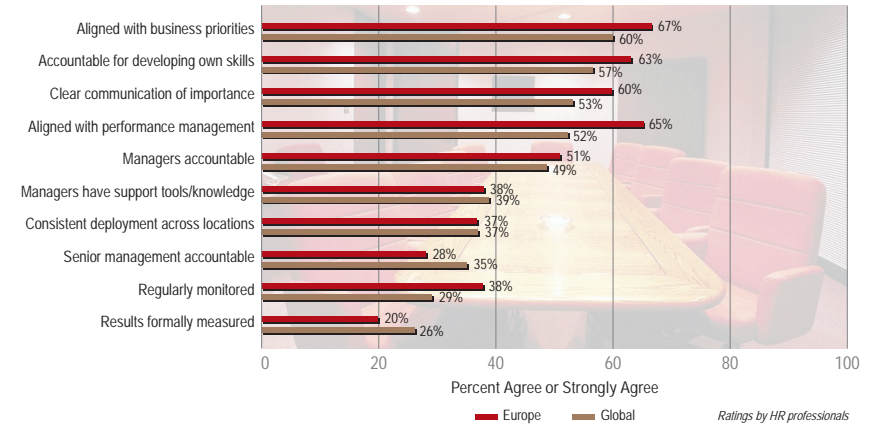
Executing Leadership Development Programmes

DDI advocates actions in five key areas to assure that a development programme is executed in a manner that will lead to desired business results. Items relating to each of these five areas—communication, accountability, skills, alignment, and measurement—were included in the *Global Leadership Forecast* surveys. Respondents were asked to indicate whether important steps to assure sound execution of development programmes were taken; they rated each item on a five-point scale ranging from “strongly disagree” to “strongly agree.”

Figure 7 shows the percentage of European HR professionals and those in the global sample who agreed or strongly agreed with key questions around execution. The items are listed in order from the highest to lowest endorsement by the global sample.

Although programme execution in Europe was generally better than that globally, across the items less than half of the European organisations were taking actions that would assure the sustainability of leadership development initiatives. On the positive side, European organisations were more likely than other organisations to align their leadership development with their performance management strategies (65 percent compared to the 52 percent globally); they also were more likely to align leadership development with their business priorities. Given that Western Europe is primarily a mature, slow-growing economy, the emphasis of these organisations on alignment might be seen as an effort to conserve investments by focusing on the most critical needs. More HR professionals from Europe also indicated that their organisation clearly communicated the business purpose and importance of leadership

FIGURE 7 Executing Leadership Development Programmes



development. These positive findings should be tempered, however, with the more pessimistic view of execution by European leaders. Only half of them agreed that the importance of their programmes was clearly communicated or that the competencies they were trying to develop were aligned with the performance management system.

Nearly three-fourths of the European organisations did not hold senior management accountable for leadership development, according to the HR professionals. Moreover, only 2 out of 10 organisations formally measured the results of their development programmes. Without concrete knowledge of the outcome of their efforts, organisations will not be able to determine how well they have achieved their objectives and whether any aspects of their programmes need to be redirected.

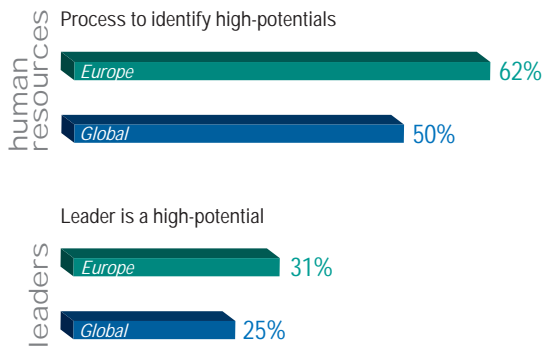
HIGH-POTENTIAL LEADERS

High-potential employees were defined as those designated by the organisation as having the potential to assume high-level leadership roles and who are put into a special pool. Typically, these employees are placed in accelerated development programmes to prepare them for their future roles.

Identifying High-Potential Leaders

Compared to the worldwide sample, a larger proportion of European organisations (62 percent) had a process for identifying high-potential leaders (see **Figure 8**). Also, nearly 1 out of 3 European leaders indicated that they were in a high-potential programme, a significantly higher proportion than in the global sample.

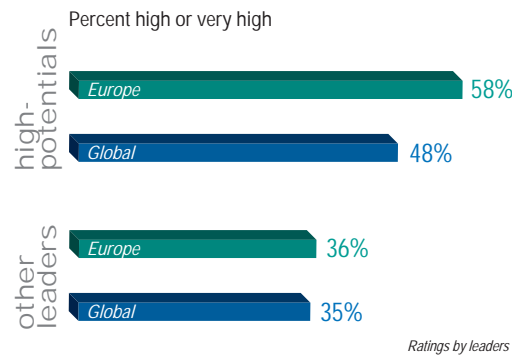
FIGURE 8 Identifying High-Potential Leaders



Evaluating High-Potential Development Programmes

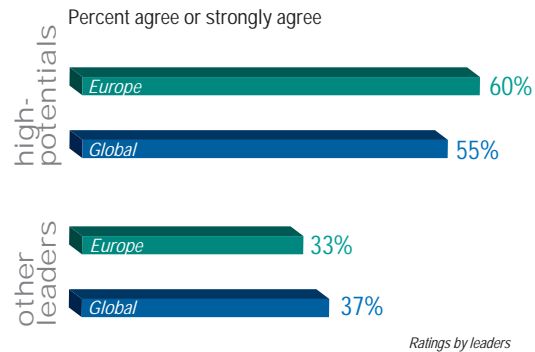
More organisations in Europe (45 percent) had a programme to accelerate the development of their high-potential leaders than did the typical organisation in the global sample (39 percent). Worldwide, those in high-potential programmes were more positive about their developmental experiences than leaders who were not in a select group. This finding held true in Europe as well, whether the leaders were evaluating the quality of development programmes or indicating their satisfaction with current offerings (see **Figure 9**). Moreover, the European high-potential leaders were more positive about their development programmes and opportunities than their global counterparts (see **Figure 10**).

FIGURE 9 Quality of High-Potential Development Programmes



Nearly three-fourths of the European organisations did not hold senior management accountable for leadership development.

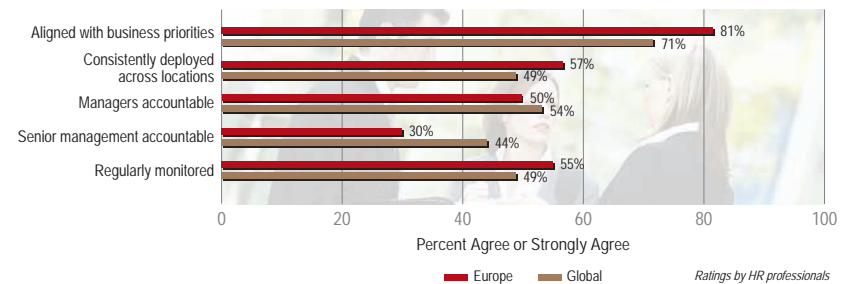
FIGURE 10 Satisfaction with Development Opportunities



Executing High-Potential Development Programmes

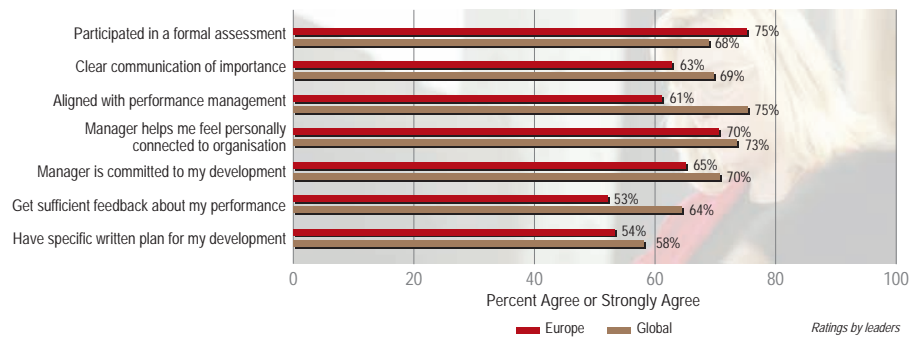
Perhaps one reason leaders generally are more satisfied with high-potential programmes is that they perceive them to be much better executed than programmes designed for typical leaders. A comparison of **Figure 11** with Figure 7 (Executing Leadership Development Programmes) shows that European organisations do a better job of aligning their high-potential programmes with business priorities, consistently deploying them across locations, and regularly monitoring them than they do with typical leadership development. Moreover, they exceed the worldwide average in these three areas (Figure 11). However, they fall significantly behind other organisations in holding senior managers accountable for high-potential development programmes.

FIGURE 11 Executing High-Potential Programmes



Unfortunately, high-potential leaders in Europe had less positive views of the execution of high-potential programmes (see **Figure 12**). Once again, the European HR professionals were more positive than their organisations' leaders when rating execution. European organisations were below the global average in execution, according to their high-potential leaders. About half criticised their immediate managers for providing insufficient feedback or failing to work with them on a specific written plan for development.

FIGURE 12 Executing High-Potential Development Programmes

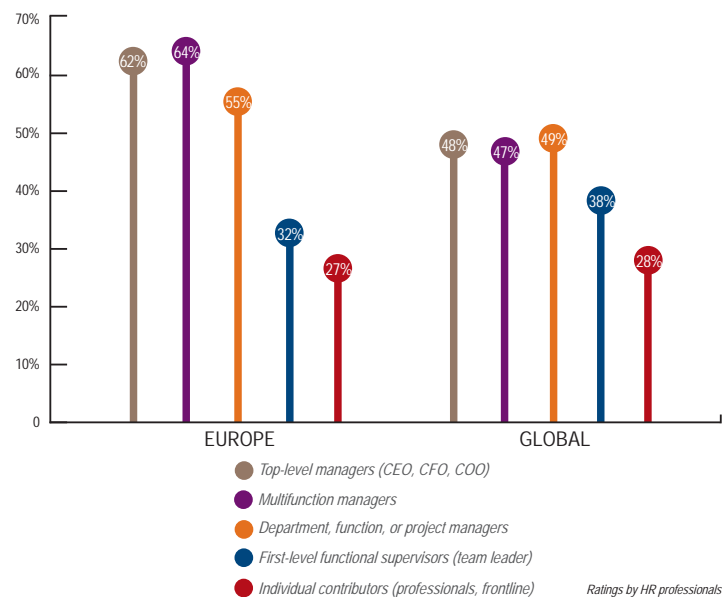


Succession Planning

A high-potential programme often is only one aspect of an organisation's succession-planning process. European organisations were more likely than those elsewhere to have succession plans at the higher levels of leadership (see **Figure 13**). However, less than one-third of European organisations—even less than the global average—have succession plans for individual contributors or first-level managers.

The best way for an organisation to ensure a qualified cadre of leaders in its pipeline is to develop potential leaders early in their careers. Failing to ensure that those with the greatest potential will rise into the lower levels of management could leave European organisations with a less than optimal pool of candidates for higher-level positions.

FIGURE 13 Prevalence of Defined Succession Plans



European organisations were more likely than those elsewhere to have succession plans at the higher levels of leadership. However, less than one-third of European organisations—even less than the global average—have succession plans for individual contributors or first-level managers.

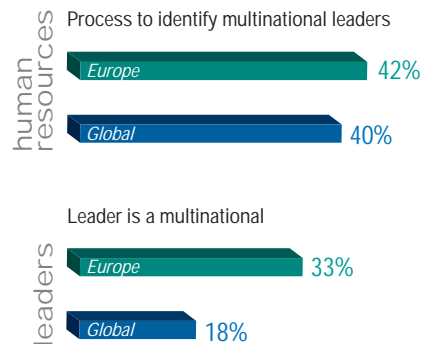
MULTINATIONAL LEADERS

Multinational leaders were defined as leaders who work on projects, assignments, or business units that require a great deal of collaboration with employees in multiple countries. Multinational leaders may be located outside the home office country (i.e., expatriates) or inside that country. Multinational leaders include regional, international, and global leaders. Although national organisations claimed to have a small proportion of multinational leaders, we focus here on the experiences of those in multinational organisations.

Identifying Multinational Leaders

Among multinational organisations around the world, only two in five had a formal process for identifying potential multinational leaders. This proportion was only slightly higher for Western European organisations (see **Figure 14**). Compared to the worldwide average, a much larger percentage of European leaders (33 percent) indicated that they had multinational responsibilities.

FIGURE 14 Identifying Multinational Leaders

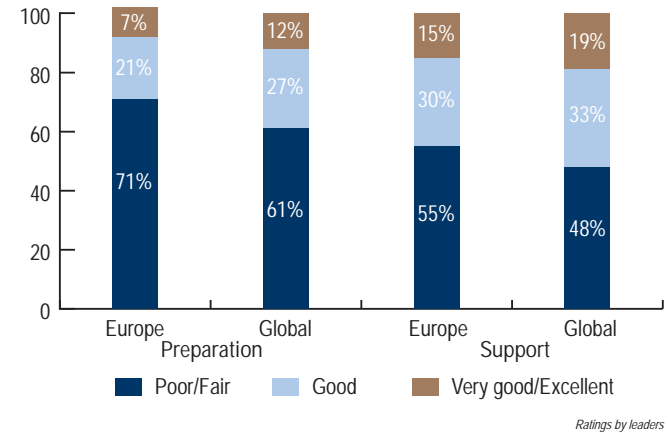


Treatment of Multinational Leaders

Although 42 percent of European multinational organisations had a process for identifying multinational leaders, only 31 percent had a process to develop them (compared to 29 percent worldwide).

Apparently, these programmes are not very effective; nearly three-fourths of the European multinational leaders described their preparation for their assignments as fair or poor. This was even worse than that reported by the worldwide sample of multinational leaders (see **Figure 15**).

FIGURE 15 Preparation and Support of Multinational Leaders



Support for Western European multinational leaders in their assignments also was much less than desired. More than half (55 percent) of the leaders described their level of support as poor or fair, again worse than the global average. Despite having more multinational leaders than other regions, European organisations appear to be doing the least to prepare and support them. As useful as international assignments might be, organisations seem to be taking a strong hands-off approach in the treatment of these leaders, which might make it extremely difficult for them to succeed.

CONCLUSIONS AND RECOMMENDATIONS

The top business priority for the European executives was growth. Like executives in other regions, their other top priorities were improving and leveraging talent and improving customer service and relationships. All three of these priorities will require high-quality leaders who are able to manage the challenges of growth from within a mature marketplace.

The quality of leaders and the programmes used to develop them varied, depending on the observer. HR professionals had higher confidence in Europe's leaders and were more positive about the quality of their development programmes than their global counterparts. However, the European leaders' ratings of the quality of their organisation's leaders or their satisfaction with their development offerings mirrored the global ratings. The European ratings were not very strong: About two in five considered leaders very good or excellent, and a similar small proportion were satisfied with their leadership development offerings. From the leaders' standpoint, much work still needs to be done to enhance the quality of leadership in Europe.

The European HR professionals also were more positive than the leaders about the execution of leadership programmes. The strongest areas of execution for European organisations included aligning leadership development with business priorities and the performance management system, making leaders accountable for developing their own skills, and clearly communicating the business importance of leadership

Despite having more multinational leaders than other regions, European organisations appear to be doing the least to prepare and support them.

development. In these areas 60 percent or more of HR professionals and about 50 percent of leaders indicated actions were taken to assure the sustainability of development programmes.

Other areas, however, showed greater deficiencies. Only one in four European organisations held senior managers accountable for leadership development, an oversight that not only gives the initiatives less importance, but also makes it more difficult for development programmes to work across organisational boundaries. Two other areas for improvement are monitoring of programmes and the formal measurement of results, activities that European organisations conducted infrequently. New initiatives to enhance senior management accountability, monitor development programmes, and measure programme results will enable European organisations to put muscle behind their leadership development efforts and assure that learning is enhanced and not lost.

There were more high-potential programmes and more high-potential leaders in European organisations than elsewhere. As in other organisations, high-potential development programmes in Europe were better executed than those for regular leaders and more satisfying to participants. However, senior management accountability—even for these special programmes—is mostly lacking and needs to be strengthened.

European organisations had more succession programmes at the department level and above than was typical in other regions, illustrating a healthy concern for building a leadership pipeline. However, they had a smaller percentage of lower-level (first-level leader and individual contributor) succession plans in place, meaning that they were probably failing to draw the highest potential candidates into their higher-level succession pools. Building succession plans for lower-level high-potential candidates would help to ensure that the European organisations are building their talent from the ground up and setting themselves up for future success.

The multinational organisations in Europe were just as likely to have processes to identify and develop multinational leaders as organisations worldwide, and a larger proportion of European leaders indicated that they had multinational responsibilities. Unfortunately, the majority of these leaders felt ill-prepared and unsupported in their multinational assignments. European organisations could improve their development offerings considerably by concentrating on the needs of their multinational leaders.

APPENDIX

Demographics

Organisations

99 Number in sample

Number of Employees	
2%	1–10
1%	11–50
1%	51–100
2%	101–200
7%	201–500
9%	501–1,000
23%	1,001–5,000
17%	5,001–10,000
11%	10,001–20,000
10%	20,001–50,000
16%	50,001 or more

Presence in the Global Market	
24%	National
76%	Multinational (own, operate, or have affiliate offices outside own country)

NOTE: Numbers may not add up to 100 percent because of rounding.

Leaders

555 Number in sample

Management Level	
10%	First-level (supervisor, team leader, foreman, etc.)
34%	Mid-level (leader of first-level leaders)
44%	Senior-level (leader/manager of mid-level leaders)
12%	Executive-level (leader in a policy-making position)

Organisational Tenure	
3%	Less than 6 months
5%	6–11 months
10%	1–2 years
23%	3–5 years
23%	6–10 years
13%	11–15 years
23%	More than 15 years

Age	
1%	Less than 25
17%	26–35
49%	36–45
25%	46–55
6%	56–65
3%	More than 65

Gender

80%	Male
20%	Female

Countries Represented

	HR	Leader
Austria	4%	4%
Belgium	1%	3%
Denmark	3%	<1%
Finland	2%	0%
France	15%	16%
Germany	21%	18%
Greece	0%	<1%
Ireland	1%	1%
Italy	0%	1%
Luxembourg	0%	<1%
Netherlands	1%	3%
Norway	1%	1%
Portugal	0%	1%
Spain	1%	2%
Sweden	1%	<1%
Switzerland	1%	<1%
United Kingdom	49%	47%
Other	1%	<1%

About the Authors



Ann Howard, Ph.D., is DDI's Chief Scientist. She leads the Center for Applied Behavioral Research (CABER), DDI's hub for research to support evidence-based management. Ann directs research that measures the impact of selection and development programmes on organisational performance and uncovers new knowledge and information about global workplace practices and issues. With special expertise in assessment centres and managerial careers, Ann is an internationally recognised author and thought leader. She is a past president of the Society for Industrial and Organizational Psychology.



Richard S. Wellins, Ph.D., is Senior Vice President at DDI. Rich is responsible for leading DDI's global research programmes, launching new solutions, building strategic alliances, and executing marketing strategies. During his tenure at DDI, Rich has authored five books on leadership and teams and written for more than 20 publications on global talent management. Rich designs leadership development programmes and provides executive coaching services to organisations including AXA, Texas Children's Hospital, and Nissan Motors.

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