



EXECUTIVE SUMMARY

Global Leadership Forecast 2011

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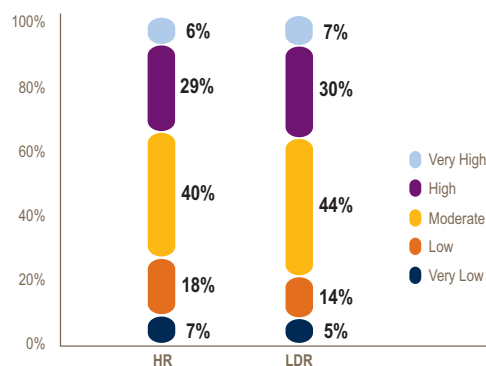
DDI's *Global Leadership Forecast 2011* is the biggest study of its kind, involving over 2,600 organizations in 74 countries. Nearly 1,900 HR professionals and 12,500 leaders participated. It is the sixth forecast we have conducted biannually since 1999. This summary highlights only a handful of key findings. For copies of the full report or other Leadership Forecast reports go to www.ddiworld.com/glf2011.

Key Findings

1. Low satisfaction with the effectiveness of leadership development.

Only 35 percent of HR professionals reported that the quality of leadership development they were delivering to their leaders was high. (See Figure 1). And, in spite of spending an estimated 14 billion dollars on leadership development worldwide, the quality has not changed since 2006. Worse, only 1 in 3 leaders feel they are getting value from the development they are receiving!

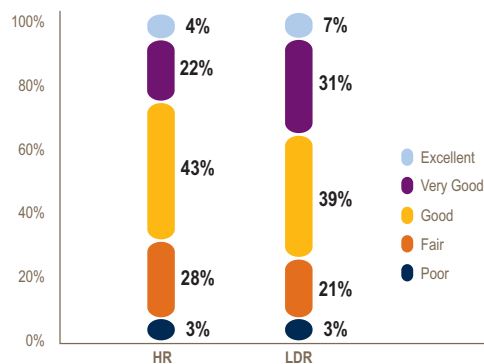
▼ **Figure 1:** Effectiveness of Leadership Development



2. Ineffective development impacts current leadership quality and future bench strength.

With only 1 in 3 leaders satisfied with their development, it's not surprising they are also concerned about the overall quality of leadership in their companies. As shown in figure 2, a little more than one in three rated the quality of leadership in their organizations as very good or excellent, with no change since 2009. HR is even more critical with only 1 in 4 satisfied with quality of leadership in their companies. Even more concerning, only 18% of HR respondents feel their companies have the quantity and quality of leaders they will need to run their companies 3 to 5 years out.

▼ **Figure 2:** Overall Quality of Leadership



3. Leadership skills for the future are not the same as the past, and leaders aren't effective in those skills.

Two of the top 5 most critical skills for leaders in the future differ from past skills. (Skills are listed in order of future criticality in Figure 3.) Managing Change, Coaching and Strategy Execution stayed at the top of the list. The two new ones are: Identifying and Developing Future Talent and Fostering Innovation. The “war for talent” is back on with leaders realizing they will need to spend more time as “talent managers.” And innovation, in every country, is being viewed as the fuel to stay competitive. And how well are leaders using these five skills? No good news here either. (See Figure 3). About half of leaders rated themselves as ineffective in the 5 most critical skills.

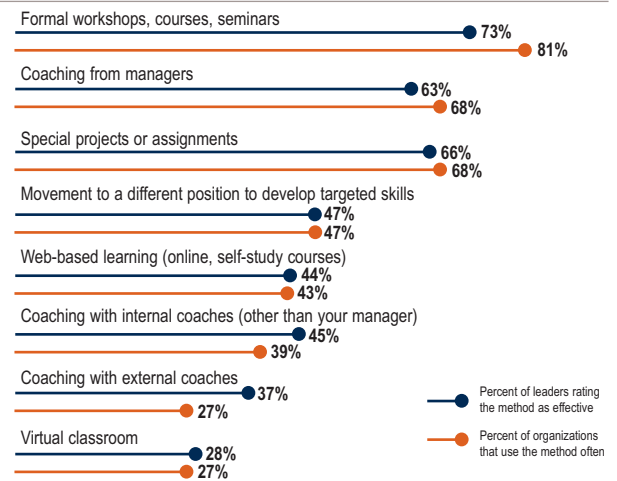
▼ Figure 3: Leader Effectiveness in Critical Skills



4. Development approaches: Classroom still at the top.

Figure 4 shows the frequency with which various development methods are used (according to HR professionals) and their perceived effectiveness (according to leaders). Formal training (e.g. classroom learning) topped the list, followed by coaching from managers and special projects. We are sometimes too quick to criticize formal learning with the numerous learning 2.0 and e-learning options that are more in vogue. The good news is that in the eyes of leaders, we are doing a good job of delivering effective formal learning (73% of leaders rated their formal learning experiences as effective/very effective). Of course, no one method is sufficient. Our research showed that it is a combination of the right activities that lead to the highest payoff.

▼ Figure 4: Frequency and Effectiveness of Various Development Methods



5. Development is only part of the equation for high-quality leadership.

Developing leaders is a critical component to building current and future bench strength. But, it is only one of a number of components of an effective talent management system. As figure 5 shows, selecting the “right leaders,” ongoing performance management and succession management are actually considered to be slightly more important to future organizational success than development programs. However, once again, the news is not good here. HR respondents to the survey overwhelmingly feel their organizations are not effective in any of these crucial systems. Only performance management made it over the 40% effectiveness mark. All of the development in the world will not compensate for poor hiring and promotion decisions. And unless organizations place more emphasis on a multiple-level approach to succession, the poor ratings of future leadership bench strength are unlikely to change.

▼ Figure 5: Importance/Effectiveness of Talent Management



6. The role of management is still in yesteryear mode.

Gary Hamel, noted author and professor is on a march to change the way we think of management. In his new book “*The Future of Management*”, he claims that “Right now, your company has 21st century, internet-enabled business processes, mid-20th century management processes, all built atop 19th century management principles.” In his book, he discusses some of the disablers of progressive management. We partnered with Gary Hamel and his Management Lab to see which of these disablers are most prominent. Figure 6 shows that the majority of critical decisions are still made at the top and the majority of leaders still feel that their organizational structures are siloed and inflexible. Given the speed of business and the growing access we all have to critical information on just about anything, we need nimble organizations with associates who are trusted to make key business decisions at the lowest level.

▼ **Figure 6:** Management Culture Killers



7. Higher Quality Leadership = Superior Business Performance.

Although it is evident we still have a long journey ahead of us, the benefits of driving better leadership are enormous. We divided our sample into thirds based on overall leadership quality. Figure 7 compares those organizations that were in the top third with those in the bottom third. The percentage in the table reflects the percentage of organizations that are outperforming others in each performance factor (with the exception of engagement, see note below). One new measure we put in place this year is passion. Passion simply means that those in leadership positions are committed to, and enjoy their roles as leaders for the right reasons: helping see their company, teams and each individual they manage succeed.

▼ **Figure 7:** Payoff of Higher Leadership Quality

PERFORMANCE FACTOR	LEADERSHIP QUALITY	
	Bottom 1/3	Top 1/3
Workforce Retention	24%	70%
Employee Engagement*	9%	50%
Organizational Performance (Financial performance, customer satisfaction, service quality, productivity)	13%	52%
Passion to Lead	7%	53%

Note*: Employee engagement reflects percent that are highly engaged.

An argument can be made that the disappointing progress over time regarding the way we are building our organizations' leadership capability is due, in part, to the recent financial crisis we are just now recovering from. It can be said that we simply paid less attention to developing our talent. On the other hand, over a decade of data shows a disturbing trend: *No progress!* In today's economy, we no longer can afford to take an evolutionary approach to building our future leadership bench strength. We need to radically rethink the way we develop leaders, the way we make promotion and selection decisions, and the very role of leadership itself. The payoff for organizations that revolutionize their leadership practices is enormous. Organizations with ineffective development, talent management systems, and culture reported financial performance in the 24th percentile in our study. However, when organizations revolutionized not only their leadership development and talent systems but their management culture, organizations were in the 68th percentile in terms of their bottom-line financial performance. The time has come to revolutionize leadership practices in order to make the progress that is long overdue.

For more information on DDI's Global Leadership Forecast 2011 go to www.ddiworld.com/glf2011.

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For over 40 years, DDI has helped the most successful companies around the world close the gap between where their businesses need to go and the talent required to take them there.

Our areas of expertise span every level, from individual contributors to the executive suite:

- Success Profile Management
- Selection & Assessment
- Leadership & Workforce Development
- Succession Management
- Performance Management

DDI's comprehensive, yet practical approach to talent management starts by ensuring a close connection of our solutions to your business strategies, and ends only when we produce the results you require.

You'll find that DDI is an essential partner wherever you are on your journey to building extraordinary talent.



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