

Global Leadership Forecast

Financial Impact of Leadership Quality

February 2019



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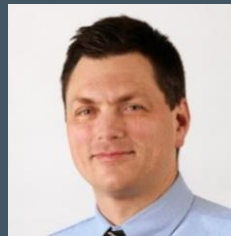
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Financial Impact of Leadership Quality

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Global Leadership Forecast 2018

25 Research Insights to Fuel Your People Strategy



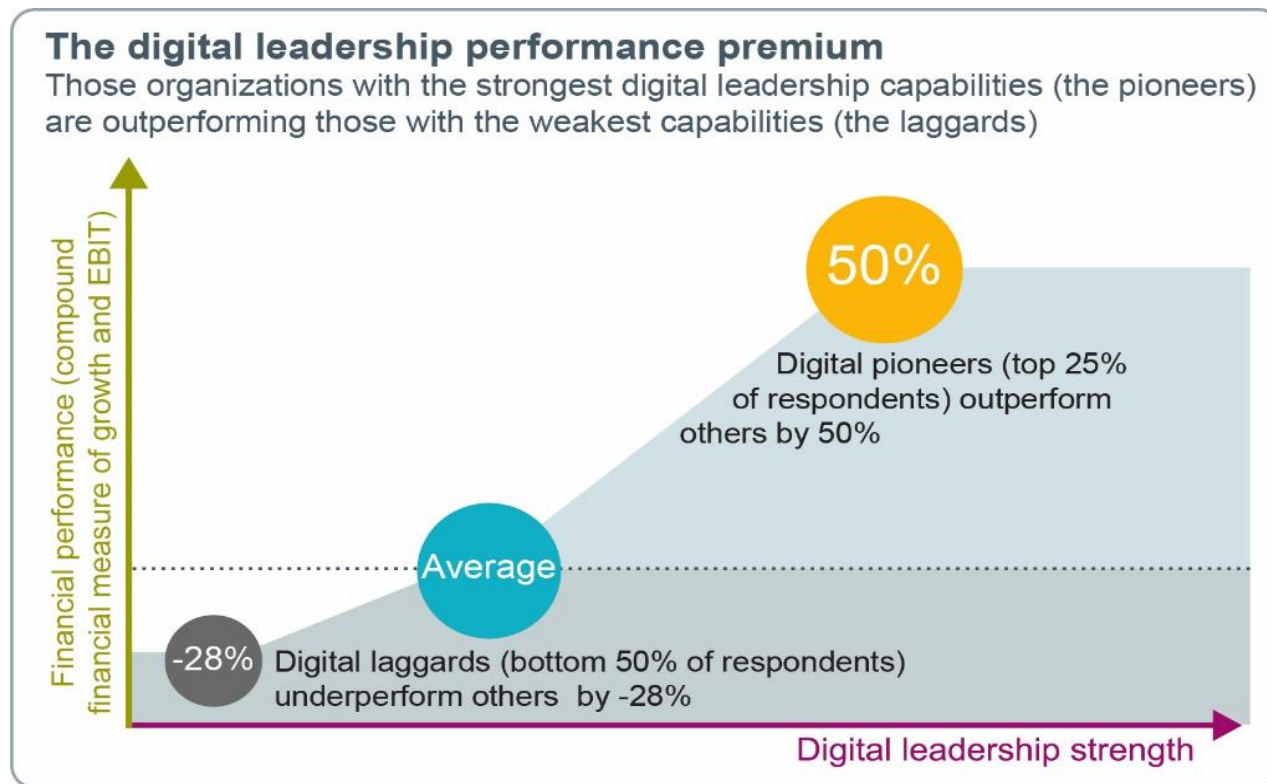
Global + Diverse Research

Leader Demographics



> Digital-Era Leadership

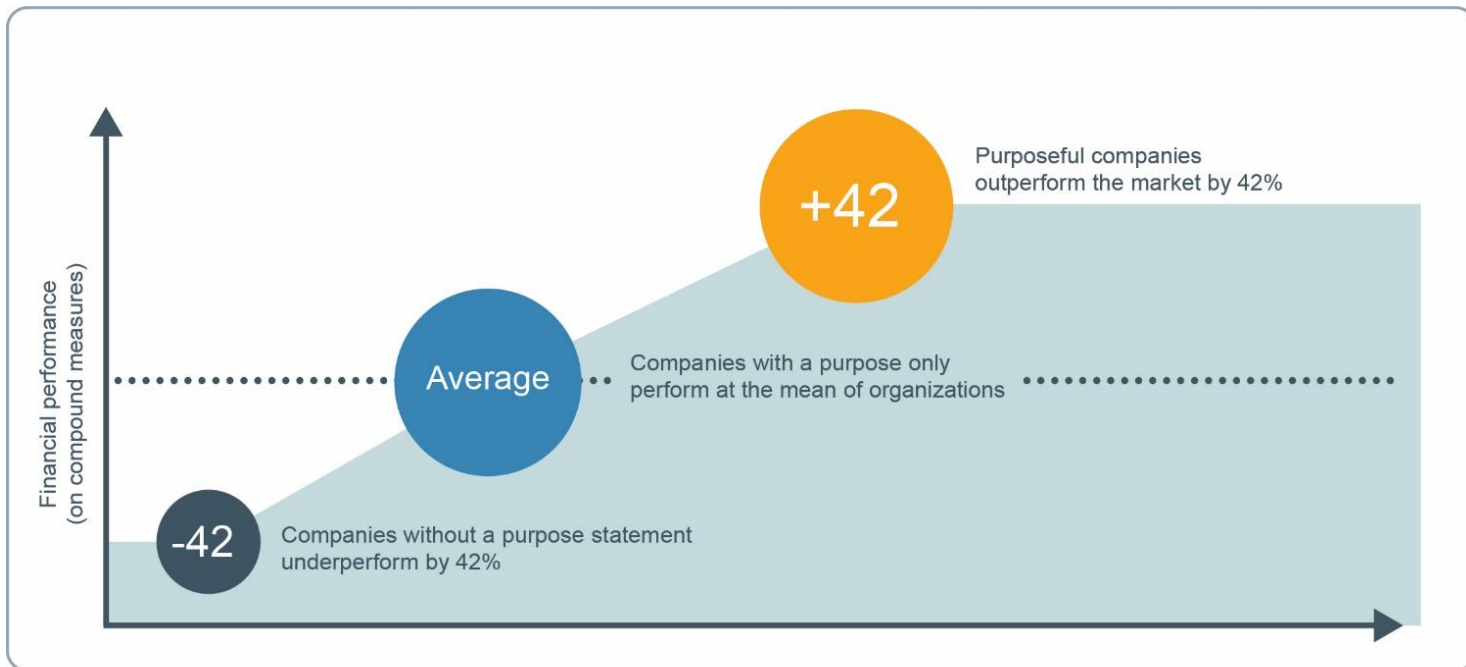
Digital competence is already differentiating winners from losers



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> Purpose-Driven Leadership

Inspiring and Leading in a Complex Environment

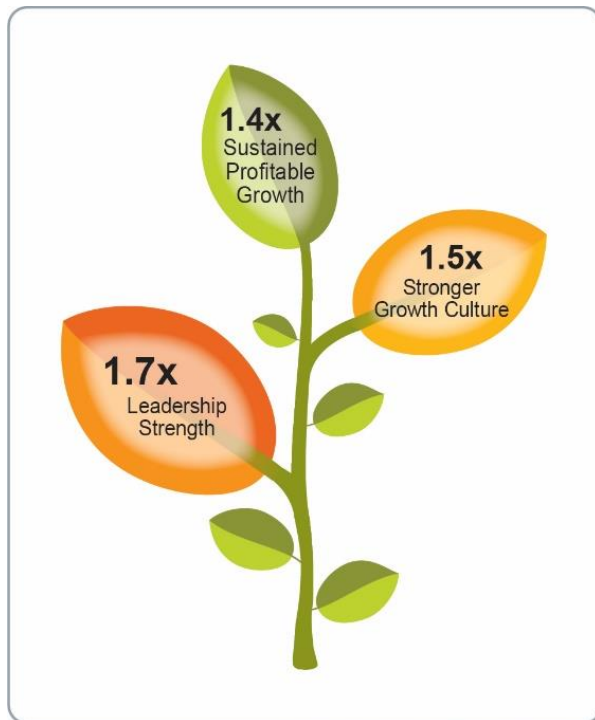


> Impact of Purpose on Financial Performance

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> Diversity Leaders

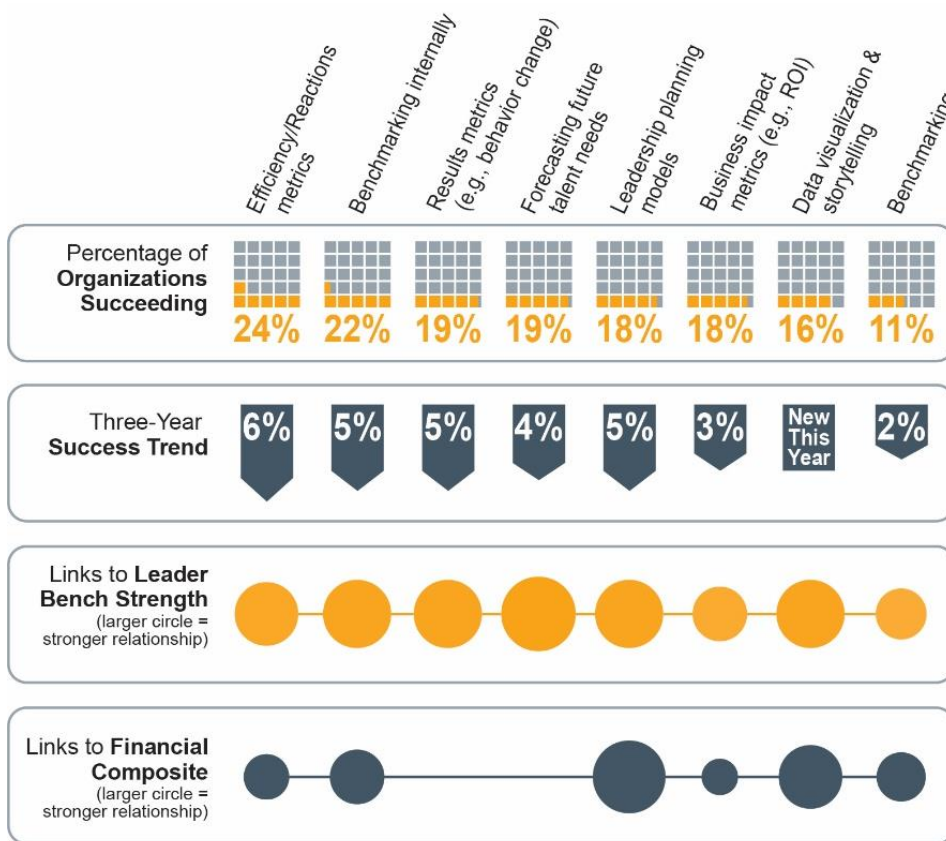
How top organizations are growing strong with women in leadership



> Impact of Greater Gender Diversity

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> People Analytics: Reversal of Fortunes



Companies that

- create leadership planning models
- gather results metrics
- are adept at data visualization and storytelling

see a higher financial return on their talent investments

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Overall Model of Financial Impact



But Only If...

Effective **Practices**
Are in Place

But Only If...

Effective **Analytics**
Are in Place

Leadership Practices Scoreboard

Talent Management Practices



Program Quality



Bench Strength



Financial Performance



Percentage Using

	Program Quality	Bench Strength	Financial Performance	Percentage Using
Leadership development programs begin with a diagnosis of leader strengths/weaknesses.	●	●		62%
Leadership competencies serve as the foundation for multiple leadership talent management systems.	●	●		61%
Talent review processes have a reputation for being fair and objective.		●	●	61%
Competencies required for success in key leadership positions are clearly defined.		●	○	58%
Information from assessments and simulations is used to guide leader development plans.		●	○	53%
Information from assessments and simulations is used to make leadership hiring and promotion decisions.		●		50%
Individual leadership initiatives, programs, and processes are well integrated and aligned to key business priorities.	●	●		50%
Systematic processes (e.g., strategic talent planning) are used to identify the quantity and quality of leadership required to drive future business success.		●	○	50%
We know the up-to-date status of our leadership talent capability across the organization.		●	●	48%
We use a formal process for identifying employees who could become global/multinational leaders.		●	○	36%
We use formal programs to ensure smooth leadership transitions at all levels.	●	●	○	36%
Formal mentoring programs are available for leaders.		●	●	35%

Talent Management

Leadership Practices Scoreboard

Performance Management Practices



Program Quality



Bench Strength



Financial Performance



Percentage Using

Performance Management

We have a fair and transparent performance management system at all levels.



70%

Performance management discussions occur ongoing rather than just once a year.



64%

Performance management discussions include a heavy focus on personal development planning.



50%

Ratings have been eliminated from our performance management process.



19%

Talent & Performance Management Success Factors

- Fairness, objectivity, and transparency – **explainable** decisions about leaders
- **Clear, current, and competency-based** definitions of effectiveness
- **Diagnostics-driven** leadership development
- Formalized, not-left-to-chance **mentoring, transition planning, and global mobility planning**
- **Performance discussions** over performance ratings

Leadership Practices Scoreboard

Development Practices



Program Quality



Bench Strength



Financial Performance



Percentage Using

	Program Quality	Bench Strength	Financial Performance	Percentage Using
Development	Leaders practice and receive feedback on key skills with their managers.	○	●	61%
	Leaders are offered a library or learning system from which they can choose on-demand courses.		●	48%
	Leaders receive development personalized specifically for them rather than as part of a cohort.	●	●	48%
	Leaders regularly review their development plan with their managers.		●	47%
	Leadership development modules are positioned with leaders as a planned sequence rather than as independent events.		●	45%
	We have a dedicated learning experience manager (someone who designs and sequences personalized, engaging learning for leaders).	●	●	37%
	Our leaders have high-quality, effective development plans.	●	●	35%
	Managers who fail to develop their leaders receive negative consequences as a result.	○	●	27%

Leadership Practices Scoreboard

High-Potential Practices



Program Quality



Bench Strength



Financial Performance



Percentage Using

	Program Quality	Bench Strength	Financial Performance	Percentage Using
High Potential				

Development & High-Potential Success Factors

- Purposeful companies, those with active leadership support, outperform the market by 42% (page 10)
- There is a digital leadership performance premium. Those organizations with the strongest digital leadership capacities (the pioneers = the top 25% of respondents) outperform (financial composite of revenue growth, operating margin and EBITDA) others by 50% (page 13)

Development & High-Potential Success Factors

- Organizations that extend their development of high-potentials below senior levels are 4.2 times more likely to outperform those that don't on a financial composite of revenue growth, operating margin and EBITDA. (page 21)
- The average success rate of 61% for high-potential leaders (on whom companies spend an average of \$4k person/year, the 39% failure rate represents \$1.6 million dollars. (page 21)

Our Next Global Leadership Forecast webcast: How Top Organizations are Growing Strong with Women in Leadership

March 12, 2019, 10AM EST

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