



2009/2010 Trends in Executive Development: A Benchmark Report

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Trends in Executive Development

Every two years since 1983, Executive Development Associates, Inc. (EDA) has conducted a survey to help our clients and colleagues stay abreast of the trends, growth, and evolution of executive development in today's ever-changing corporate environment. This year, we have partnered with Pearson's TalentLens group, a team with deep research expertise, to bring you an analysis of trends in 2009.

We believe that one of the best learning resources for professionals in executive development is the knowledge and experience of peers. This in-depth analysis of the trends in the field of executive development is designed to uncover best practices, emerging needs, top priorities and new approaches and is based on some of the leading organizations in the world. By disseminating this information broadly, we hope to provide a resource for professionals to use when benchmarking their organization and to help those in the field advance together and stay abreast of critical trends in executive development.

As the industry has evolved over the years, we have endeavored to keep close tabs on the trends, innovations, struggles, and solutions in executive development and then to share both the important and the interesting with you, the executive development practitioner. With the 2009 research we expected some interesting changes in the field, and we were not disappointed.

The complexity within which executives must lead in today's environment is mind-bending. Let's face it, technology advancements alone are almost impossible to keep pace with, and that is just one of the critical issues today's leaders must tackle. Add to that, leading across the global marketplace, economic turbulence, political unrest, and the new industrial revolution currently being driven by the twenty-somethings, and we have quite a recipe. All of this change rolled together creates an interesting environment for those who must design development opportunities that are sophisticated enough to prepare leaders to meet today's challenges and yet simple enough to be delivered in a relatively short period of time with appropriate methods and mechanisms that reinforce learning.

The good news is that professionals in executive development, leadership development, organizational learning, and human resources are advancing as fast as their organizations will allow, and many have found their place as true business partners with CEOs and senior executives. They often work side-by-side to ensure that their organization's executive talent is a true competitive advantage and they create development that is directly aligned with the strategic goals and objectives of the organization. They have learned to measure the success of development offerings and are adept at finding and creating relevant learning opportunities for the executives and for themselves.

The bad news is that many organizations still lack adequate executive development opportunities, and once we dip down below the Fortune 500, many organizations have little more than standard human resource procedures and off-the-shelf training. However, progress is coming to the middle market, and as these companies mature, they too can learn from some of the more sophisticated organizations that are represented in this trends research.

John F. Kennedy once said **"Leadership and learning are indispensable to each other."** That has never been truer than it is today, so let's take a look at trends in learning and development from senior leaders in some of the world's most renowned organizations.

Major Findings

As an introduction to this report, we want to highlight six emerging trends that stand out as most significant in the 2009 Report.

1. Impact of the Economy. The turn of economic events in our country over the last 10 months has shifted the fortunes of industries, businesses, and an untold number of individuals. The impact of this recession is quite evident—for the first time in the history of the trends survey, “Economic conditions” was rated as the most highly influential factor impacting executive development over the next two to three years. In prior surveys the topic was not even mentioned as a major influence. The economic downturn means that there is more pressure now than before to prepare leaders who can weather the storm and navigate their companies successfully through the turbulence.

2. Bench Strength is #1. The most notable theme throughout the survey was the importance of building bench strength. “Lack of bench strength” was identified as the second most influential factor impacting executive development (after Economic conditions), and “Increasing bench strength” was the top key objective in executive development. This theme has been building for a number of years, but the eminent retirement of baby boomers has pushed this issue to the forefront. In his book *How The Mighty Fall: And Why Some Companies Never Give In*, Jim Collins clearly connects the dots between bench strength and maintaining a competitive position in business, “If I were to pick one marker above all others to use as a warning sign, it would be a declining proportion of key seats filled with the right people”.

3. Accelerate the Development of High Potentials. Preparing high potentials is a major part of the bench strength equation. Respondents placed much greater emphasis on the identification and development of high potentials in the 2009 survey than in any of the prior surveys. It is interesting to note that 70% of the organizations have a formal high potential program/process in place, and about 40% of those organizations view their high potential program as an area of excellence.

4. Strategic Thinkers and Those Who Can Inspire. Respondents noted areas where the next generation of executive leaders are lacking necessary competencies. They highlighted weaknesses in the ability to think strategically, lead change, create a vision, and rally others around that vision. These qualities call for specific areas of further development within emerging leader programs. One EDA Advisory Board member noted that, “In my experience (across many countries) the capacity to stand back from operations and see where value is being created, where lost and where destroyed is critical, especially in the face of complexity. Thirty years ago Shell identified the step from operational to strategic management is the key risk for management failure.”

5. Better Metrics. Kilpatrick’s model has become the standard for measuring participant outcome, and the majority of organizations now measure all four levels of outcome. This is a notable shift from just four years ago, when evaluation metrics was a much more fragmented practice.

6. Leader-as-Teacher Model. The use of leaders as teachers has become a best practice that is growing in popularity. Respondents noted that it is a particularly effective component in their executive leadership programs. While fairly self-explanatory, this practice of engaging the organization’s most senior leaders in the development of those in the leadership pipeline is both effective and exciting. It gives senior leaders an opportunity

to pass on their crucial experiences and organizational knowledge. The teaching exchange fosters organizational culture building, and it allows senior leaders to engage in and endorse the learning and development of the up-and-coming leadership group. There are logistical issues with accessing face time with executives; however, the organizations who buy-in to this model find or make the time for such programs.

Background on the Study

The 2009 Executive Development Trends Research Report is the product of a collaborative partnership between Executive Development Associates, Inc. (EDA) and Pearson's TalentLens group ("The Research Partners"). EDA has conducted executive development trends surveys in the United States, and more recently on a global basis, for the past 25 years. EDA's research is designed to heighten awareness of the critical trends in executive development and to contribute to ongoing efforts to advance the state of the industry.

Pearson's TalentLens group has sponsored research, as part of their assessment business, for over 85 years. Pearson is committed to supporting research that increases the field's knowledge of key talent assessment and management issues.

The information included in this report comes from a variety of sources, including our extensive biennial survey, interviews with leading organizations, and briefings with faculty and external providers of custom executive development solutions.

In addition to providing EDA's independent industry expertise, perspective, and insight for the 2009 survey, we also reached out to EDA's Advisory Board made up of the following experts:

- **Jim Bolt**, Founder, Executive Development Associates and Bolt Consulting
- **Sandy Ogg**, Chief Human Resource Officer at Unilever
- **Jim Kouzes**, Dean's Executive Professor of Leadership, Leavey School of Business, Santa Clara University, and coauthor of the bestselling and award-winning, *The Leadership Challenge*
- **Dr. Gillian Stamp**, Director Brunel Institute of Organisation and Social Studies (BIOSS) The Foundation; and former Director, BIOSS
- **George Consolver**, Former Director of Strategy Process, Texas Instruments, Consultant in Developing Strategy, Leadership, and Teamwork
- **Dr. Fariborz Ghadar**, W. Schreyer Professor of Management and the Founding Director of the Center for Global Business Studies at Smeal College of Business, Penn State University
- **Chuck Presbury**, Senior Director Leadership Development, McGraw-Hill
- **Dr. Yury Boshyk**, Founding Director, Global Executive Learning
- **Dr. Vijay Govindarajan**, Earl C. Daum 1924 Professor of International Business and the Founding Director of the Center for Global Leadership at the Tuck School of Business at Dartmouth
- **Dr. Ram Charan**, Educator, Author, Consultant to CEOs
- **Ted Hoff**, Vice President, Center for Learning and Development of the IBM Corporation
- **Dr. Mary Jane Knudson**, Vice President of Human Resources, Fidelity Investments
- **Valerie Norton**, Human Resources, Talent Management and Organizational Development Executive, Strategy and Change Consulting Partner
- **Dr. Jerry Davis**, Retired Director of the Defense Acquisition University Senior Service College Fellowship and CEO of Innovative Engineering Solutions

“EDA's trends research arguably represents some of the deepest and most comprehensive investigations and analyses of executive and leadership development practices and related trends conducted to date.”

*Christopher Bell, Ph.D., CEO,
The Leadership Consortium,
Australia*

Research Process

The research review process itself involved:

- Reviewing raw data to identify the most significant responses (by percentage) for each question.
- Analyzing and comparing the responses to inter-related questions (either within or across survey sections).
- Analyzing and comparing responses to the same or substantially similar questions across surveys (i.e., across time).
- Evaluating the findings in the context of today's business environment and international executive development research.

The Advisory Board assisted us by reviewing the previous version of the survey questionnaire to suggest changes and enhancements, reviewing and analyzing the survey results and lending their expertise and insight to determine the most important findings and implications.

Sample

Seventy-six organizations participated in the study with 72 completing the in-depth on-line survey and four participating through one-on-one interviews conducted by the Research Partners. Respondents worked in large national and multinational corporations with substantial business operations in the United States (87% had headquarters based in the United States). Survey respondents included:

- Chief Learning Officers
- Senior Vice Presidents of Human Resources
- Heads of Executive and Leadership Development

The majority of the organizations were public (61%), followed by private (32%), and non-profit (7%). To paint a picture of the organizations participating in the study, the distribution of industries, number of employees within an organization, and annual corporate revenue are graphically presented in Figures 1.1–1.3.

Figure 1.1. Respondent Organizations: Industry

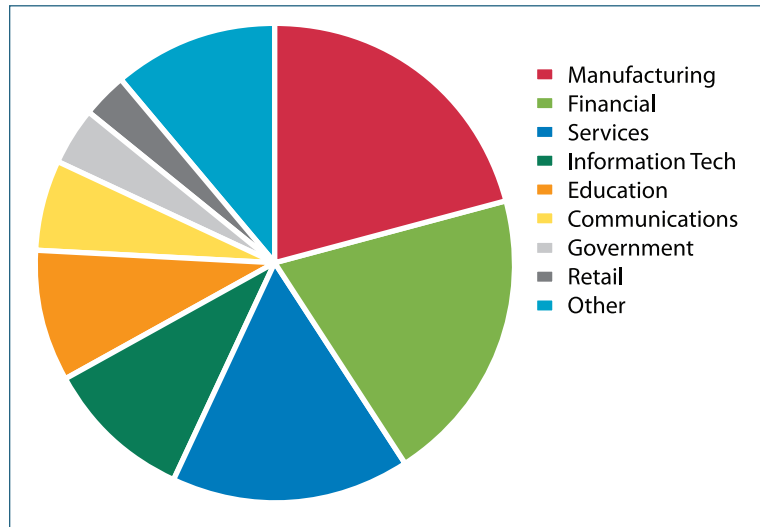


Figure 1.2. Respondent Organizations: Number of Employees

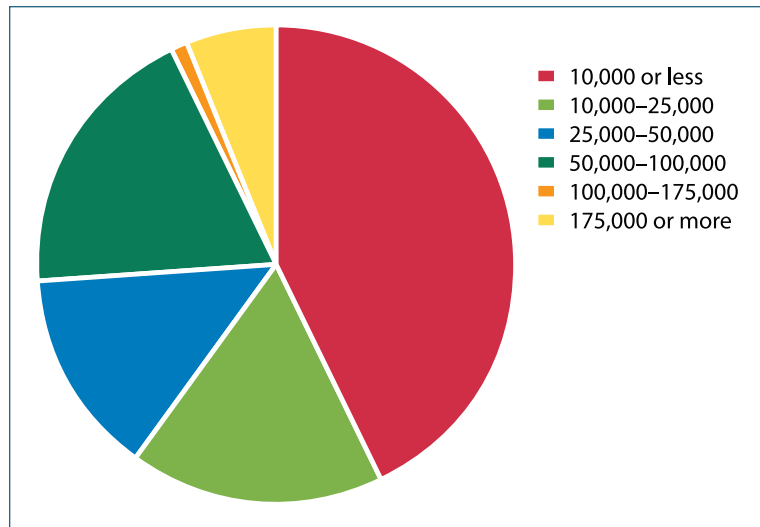
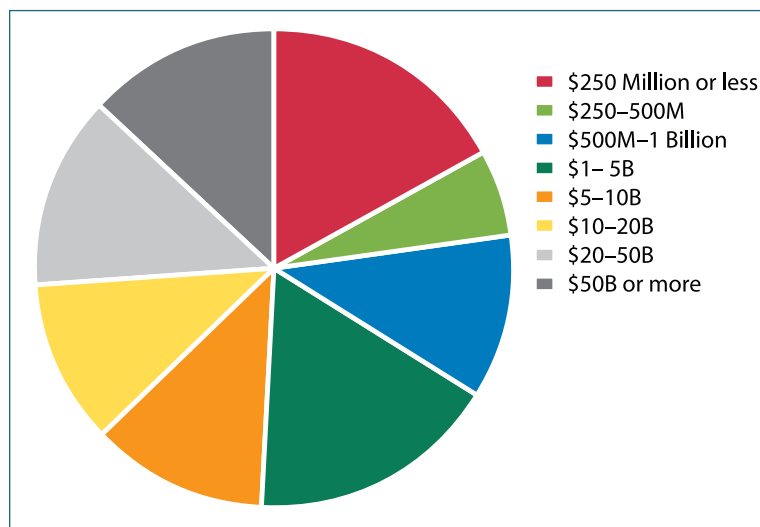


Figure 1.3. Respondent Organizations: Revenue in U.S. Dollars



Selected List of Participating Companies

Participating companies include, but are not limited to, the following:

Company

3M	Ingersoll Rand
Abbott	Intel Corporation
Alcon Laboratories	International Paper
American Express	Laclede Gas Company
Ascension Health	Logitech
Australian Taxation Office	Marathon Oil
Bank of America	MassMutual
Black & Veatch	McGraw-Hill
Cabela's	Merrill Lynch
Cache Creek Casino Resort	MJM
Central Transport	MSD Leadership Consultants, Inc.
Cerner Corporation	Navy Federal Credit Union
Chapman University	Nestlé
Chevron Corp.	NetApp
Cisco	NewPage
Citrix Systems, Inc.	Pinnacle Entertainment
Corning, Inc	PPG Industries, Inc.
Covidien	RHI
Cox Communications	Selective Insurance
Dell Corporation	Sprint
Dow Chemical	St. Luke's Hospital
EMBARQ	State Farm Insurance
EMD European Management Development Centre	Strategic Team-Makers
Executive Forum	Sun Microsystems
Farmers Insurance	TBS, Inc.
Federal Aviation Administration	TD Bank Financial Group
Fluor	The Dow Chemical Company
Freightquote	The Hershey Company
GlaxoSmithKline	Tomkins
Hallmark	UBS
Hollingsworth & Vose Company	Unum
Honeywell	Verizon Communications
Houghton Mifflin Harcourt	Vanity Fair Corporation
	Visteon Corporation

Definitions

For the purpose of this survey,

- Executive/Leader is defined as anyone who falls into one or more of the following groups:
 - Member of the Board of Directors
 - Chair of the Board, Chief Executive Officer, Chief Operating Officer, and President
 - Elected Officer
 - Corporate Vice President (including functional head)
 - Head/President of a group, division, business unit, or profit center
 - All people included in an executive compensation program
- Development is defined as any activity aimed at broadening executives' knowledge and experience and enhancing their capabilities.

The Future of Executive Development

Key Objectives

We asked respondents to identify the key objectives that would be most important to their executive and leadership development efforts over the next two to three years. It is clear that the impending leadership gap, as baby boomers begin their eligibility for retirement, is on everyone's mind. Not surprisingly, this gap emerged as the major issue in 2009, with "Increase bench strength" listed as a priority by 75% of the companies and "Accelerate development of high potentials" listed by 69% (see Table 1). These objectives hit the top of the list for the first time in 2004, and they remain there today.

For comparison, we also present the list of key objectives from the 2004 and 2000 Trends Surveys. Over the last decade, the war for talent has accelerated, superseding the role of supporting strategic objectives. It is clear that developing our next generation of leaders is a top initiative that is here to stay.

"Communicate vision and strategy and create alignment" (56%) continues to be a key objective, having been a top priority in the trends surveys for over 15 years. The objective "Address key business issues/challenges" (54%) made the top priority list in 2009 and 2000, but was not a top priority in the 2004 survey. Current economic conditions are forcing organizations to push vision, strategy, and key business issues and challenges into the spotlight. Chuck Presbury, Senior Director of Leadership Development at McGraw-Hill, supported the high priority of communicating vision and strategy with this rationale:

"The economic currents are changing rapidly and we need to communicate continuously what is going on and what we need to do. The tough times are forcing us to fundamentally rethink our operations at so many levels, such as business models, customer needs, innovation, new competitors. This focus, coupled with the vision, tells me we are thinking about real issues and not simply reacting. We are keeping perspective on what works, inviting new ideas and new ways to create value, and involving and communicating with others—that's very proactive, which is very healthy."

Finally, “Increase cross-organization coordination & collaboration” (53%) emerged in the top list for the first time. The EDA Advisory Board responded to this trend by framing it as a key element of strategic thinking, management, and leadership. Lack of coordination and collaboration is very costly and the current economic conditions highlight those unnecessary transaction costs. Lack of coordination is experienced by customers and suppliers; the former will move on, and the latter will try to protect themselves by tightening contracts. Furthermore, “the rapid convergence of industries and technologies makes collaboration a critical factor. With globalization, a trend in one region quickly travels to other regions so cross regional collaboration is also becoming critical,” states globalization expert Dr. Fariborz Ghadar.

 **Table 1. Top 5 Priorities of Executive Development in the Next 2–3 Years**

	2009	2004	2000
1.	Increase bench strength	1	4
2.	Accelerate development of high-potentials	2	
3.	Communicate vision and strategy and create alignment	3	3
4.	Address key business issues/challenges		2
5.	Increase cross-organization coordination and collaboration		
	Support change/transformation	4	
	Support strategic objectives and implement		1
	Develop individual leader capabilities	5	
	Make talent a competitive advantage		5

It is also important to look at objectives that were not important. At the bottom of the list (see Table 2), our research indicates that “Build awareness of new technology” is not a key objective. Given the fact that the incoming leadership force is more aware of and comfortable with newer technologies, this outcome is not a surprise. In fact, the bottom five are interesting, and worth a deeper look. “Support mergers/acquisitions” was third from the bottom and “Develop knowledge of competitors and their strategies” was fourth. This latter result is surprising because it is seen by most organizations as a key part of strategy. Given the fundamental importance of competitive analysis and the high failure rate of mergers/acquisitions, this low prioritization is curious.

“Support/leverage diversity” was also on the low priority list. Rapidly shifting demographics in the United States and the increased number of intergenerational workers (Generation Y, X, and Baby Boomers) suggest that leaders who are best prepared to leverage ethnically diverse talent and manage age differences in the workplace will have an advantage. In fact, Kenneth W. Gronbach, author of *The Age Curve, How to Profit from the Coming Demographic Storm* states that

“The demographic dynamics in the workplace are about to change significantly. Generation Y born 1985 to 2004 will begin to put enormous upwards pressure on the entitled Generation X, born 1965 to 1984. Generation Y is huge, bigger than the Boomers. Y will face 20% unemployment as they flood the labor force creating an employers market. Gen X will be forced to do a reality check as the younger more technologically advanced Y takes over. Gen Y will not care about benefits, time off or bringing their dog to work. Y will be motivated by necessity and hunger. X will have to work harder or get out of the way. The remaining Boomers in the workforce will cheer Y on.”

To read the full 28-page report and all 17 research findings, go to www.LeadershipDevelopmentTrends.com and click the Buy button.