Leadership is the most important issue of our time as it affects everything, for better or worse. Therefore our ability to develop exceptional leaders, especially at the executive level, is crucial. You no doubt have a passion for leadership and are very likely responsible for developing other leaders. Therefore, I highly recommend this 2014 Trends in Executive Development Report as it will help guide and improve your important work.

For example, among the many other critical findings, this report highlights how critical it is to use executive/leadership development to create an inspiring vision and to develop the capabilities needed to achieve that vision. The report is a goldmine of key insights for those who wish to benchmark their own efforts against leading organizations around the world.

James F. Bolt
CEO, FRED Inc.
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Trends and Implications
A Subtle Shift

For today’s executives, the ability to develop a successful business strategy is no longer enough. As we emerge from the recession into an ever more hyper-competitive business environment, the most successful organizations will be the ones with leaders who can create a compelling vision—and who can convey that vision to customers and employees.

This new reality was reflected in the key findings of 2014 Trends in Executive Development: A Benchmark Report. A wide range of executives and human resource leaders, including presidents, senior vice presidents, chief learning officers, and heads of executive and leadership development, reported that the ability to create a vision—and convey it to others—is now the single most important capability needed in the emerging generation of leaders.

These skills have, for the first time in recent years, surpassed critical thinking in importance, according to the HR leaders from more than 130 large and medium-size organizations worldwide. Creating a vision and engaging others rose from third place in the 2009 Trends Report to second place in 2011 and to first place this year.

But there is a problem. The HR leaders in the study reported that this same capability is the one most lacking in the next generation of leadership talent, followed by the lack of critical-thinking skills. Clearly, they are worried about the ability of the new generation to step up into top positions.

And there may be another disconnect. While the HR leaders in the study said their top priority in the next two to three years is developing capabilities needed to achieve vision and execute strategy, they still tend to focus developmental efforts in other areas. The two developmental activities their next generation of leaders are most likely to participate in, they said, are developmental job assignments and action learning. However, those types of activities alone are rarely enough to give emerging leaders the ability to create and carry out a larger vision.

As in past Trend Reports, the lack of bench strength continues to be the single most influential factor on executive development. With the end of the recession, many baby boomers who delayed retirement are now leaving, fulfilling long-standing predictions of an alarmingly limited flow in the executive pipeline. Many current executives acknowledge they have not yet prepared their successors, often because it is difficult to find candidates with expertise in the necessary specialties. The critical issue of bench strength will be discussed in more detail later in this report.
Vision, Strategy, Engagement

Creating a vision and thinking critically go hand in hand. While it is essential that leaders have a vision, they also need to know how to develop a strategy and to deal with the many complexities for achieving that vision. And that requires critical thinking—the ability to recognize assumptions, evaluate arguments and draw conclusions based on an objective, clear-eyed appraisal of the available evidence. No matter how exciting your vision is, it has to be realistic, achievable, and right for your organization.

Once leaders create a vision and have used their critical-thinking skills to develop the appropriate business strategy, they must bring others into the program. This requires the ability to convey the vision to others—to get employees and customers just as excited about the new direction and opportunities. And it requires the ability to engage employees at all levels in the underlying business strategy. Vision without strategy will not get far. And neither will move forward without engagement.

There are several reasons why creating a vision and conveying it to others has surpassed critical thinking as the capability most critical to success and yet most lacking in the next generation of leadership talent. During the recession, companies needed to focus on cutting costs and increasing revenue in an increasingly competitive global business environment. As the economy improves, companies are focusing less on cutting costs and more on expanding production and opening new markets, products and services, all of which require an inspired and engaged workforce.

However, many employees are, at least somewhat, beaten down by the years of relentless cost-cutting. They have watched as their co-workers have been laid off or have been through layoffs personally, and many are now required to do the jobs that two or more people did before. At the same time, they are subtly encouraged to work nights and weekends, thanks to today’s 24-hour connectivity. All this has created reduced loyalty to employers. If these workers are to be engaged and motivated, they must be given more than a business strategy to duly follow. They must be inspired. They need to see and buy into a vision of the organization that gives their work meaning and value. This is not the vision of dry mission statements affixed to lobby walls. Rather, it comes from leaders throughout the organization who express that vision as much by what they do as by what they say.

**Vision without strategy will not get far.**

**And neither will move forward without engagement.**
Another reason vision is so important is the entry into the workplace of Generation Y—those workers still in their 20s. They do not expect to work their entire careers at one company and, in fact, often take jobs with the intention of leaving in 2 to 3 years. At the same time, these younger workers want and even demand a vision they can engage around. They want to work for an organization they can be proud of and whose values they share. Organizations that wish to hire and retain the best of the younger workers must be able to meet this need.

Finally, creating a vision is required for a competitive stance in the marketplace today. A growing number of companies believe they must frequently change their products, business models and delivery systems just to stay relevant. But if those changes are haphazard and unfocused—if they do not reflect a larger vision—companies risk squandering their resources and falling behind.

There are a number of important reasons why much of the next generation of leaders lack this critical ability to inspire and engage. Throughout the recession, business leaders—including those being groomed for the top positions of the future—typically were rewarded and promoted for their ability to cut costs and increase revenue and stock prices. Because many have never been truly judged on their ability to lead and inspire, they may not have developed those capabilities. Now such skills are badly needed—but the leaders are not prepared.
What Can Be Done

As noted, the leaders who participated in the study reported that development activities for the next generation of leaders are most likely to feature developmental job assignments and action learning. While these types of development paths can be very valuable, they do not focus specifically on teaching leaders how to create a vision and engage others around it.

Developing such capabilities requires a thoughtful, purposeful approach—one that sets out agreed-upon goals and strategies. Several techniques have proved to be effective, particularly when used in combination. Among them:

Coaching and Mentoring

Every organization has current and retired leaders who over the course of their careers have articulated a strong vision—and seem to have an exceptional ability to convey it to others. Such leaders should be recruited to be coaches and mentors to both the current and the upcoming generation of leaders who need to develop in this area. These should not be typical coaching and mentoring programs, which tend to cover a wide range of subjects, but should be tightly focused. All those involved—executives, human resource leaders, mentors and coaches, and those in the development program—should agree on specific goals and meet regularly to discuss progress.

Imagine Steve Jobs as a mentor, conveying by his words and actions what it means to have a vision that can change how people see their world. Example is a powerful teacher.

Training

Executive training programs should be expanded to specifically include inspiring and engaging others. These capabilities can be built into business scenarios and simulations. Another proven approach is storytelling, followed by practice. Visionary leaders—including, perhaps, the organization's CEO—can be brought in to talk about how they developed their own visions and how they inspired others. Participants could then have breakout sessions, in which they are assigned to create a vision for a product or, for example, a division or department. Case studies of visionary leaders and organizations can supplement such training programs.
Tapping the Vision of Gen Y

Creating a vision means looking ahead to the ideas that will capture the imagination of new generations of employees and customers. Companies already have a powerful and available thought partner in their Generation Y employees. These workers can provide valuable insight into the kind of products they and their peers would like to buy as well as the kinds of organizations they want to work for. As you will see in the generational data in the report, companies who figure out how to get in front of this massive generation with desirable products and services are very likely to see increased revenue for many years.

Giving Generation Y employees input into executive development programs has another benefit. If they see how their leader’s vision can be adapted to the organization and put into action, they will learn how it can be done. And so, when they are ready to move into leadership positions themselves, they will have already developed that capability.

Changing the Culture

The importance of developing vision and engaging others around it must be made part of the corporate culture. Chief learning officers, chief executive development officers, and others must make the business case for developing these capabilities. This means demonstrating to the board, the CEO and other members of the C-suite that true bench strength can only be created if the next generation of leaders knows how to engage and inspire.

As you read the 2014 Trends in Executive Development: A Benchmark Report, you will see how these important trends have formulated over the years. In addition, we have provided multiple data points on which you can benchmark your organization as you see in the Table of Contents. We hope that you enjoy and find useful the latest trends in executive development.
Complete Study Results
Most Lacking Competency in Next Generation Leaders

The ability to create a vision and engage others has now passed critical thinking, which was number 1 in 2011/2012.

- **35.7%** Ability to create a vision and engage others so they feel ownership and passion about achieving it
- **32.5%** Critical thinking: strategic thinking, creative thinking, decision making and problem solving
- **24.6%** Ability to attract, develop, and retain the quality of talent needed to achieve the business objectives

**Accelerating the development for high potentials** was emphasized across the participant group. The majority preferred action to classroom, with 52% indicating action learning is the most effective method for development followed by stretch assignments and executive coaching.

Respondents who said these are the most effective processes in accelerating development of high potential leaders

- **52.0%** Action learning
- **42.0%** Stretch assignments
- **42.0%** Executive coaching
- **33.0%** Mentoring

This coincides with the trend of companies leaning toward the 70–20–10 distribution of learning across all development groups.

As you look down in the organization at the next generation of leadership talent (the ones who are most likely to fill executive level positions in the next 3 to 5 years), what capabilities, skills, knowledge, attitudes, competencies, etc. are most lacking?
Highly Influential Conditions

What are the internal and external influences that drive executive development?

Since 2000, bench strength has been in the top five and is number one this year once again. It was also number one in 2011 and 2004 and only topped by economic conditions in 2009.
Bench strength remains a core issue and, as demonstrated later, not enough is being done with talent management and succession planning initiatives to address it. We believe the problem is two-fold:

- The demand is greater than the supply of top talent
- Not enough is being done to address the shortage

**The problem of demand exceeding supply is a demographics issue.**

We addressed this in 2011 and again we are seeing the impact of demographic shifts on the workplace. Let’s revisit the issue by reviewing the demographics in the United States.

We now have three primary generations in the U.S. workforce. This workforce is currently estimated at approximately 140 million people between the ages of 20 to 60.

- The massive Generation Y (born between 1985 and 2004)
- The small Generation X (born between 1965 and 1984)
- The baby boomers (born between 1945 and 1964)
According to demographic expert Ken Gronbach, for the past few years boomer retirement has been held hostage by the housing crisis. They could not sell their homes, access their equity, or leave their jobs. The housing crisis is over now, leaving boomers to retire at will at a rate of about one every four seconds.

Gronbach describes it as the “generational parade.”

Every twenty years or so, the United States creates a new generation. Each generation is bound together by similar wants, needs, motives, and events. As they pass through time, all generations age and consume as they go. In other words, there’s a parade moving through our marketplace. But instead of marching, the parade is aging. Those at the front—the oldest—are already disbanding, while the youngest in the back of that parade are just now forming at the fairgrounds. The parade has a pace of its own and we can’t slow it down, speed it up, or change the order of each section. (Hagemann, Bonnie & Gronbach, Kenneth, Decades of Differences. HRD Press, Inc. 2010.)

While immigration has filled in the US numbers in the population, new immigrants often start out in labor positions rather than in management positions, and therefore are years away from competing for senior level leader roles.

All these factors point not to a labor shortage, but a leader shortage. Finding the right leaders for the top positions is a true challenge. Any recruiter can find a CFO, but if you need a CFO with a specialty in publicly traded natural gas, that is much more difficult.

To look at organizational leadership pipelines, one might think that we were caught by surprise. The fact that we have been expecting this for years is important, as it means that we either don’t know how to fix the problem, or we do know how but haven’t had either the support or the budget to get it done.
Subject matter expert Bob Mann addresses the issue:

Bench strength has been among the top five highly influential conditions on this survey since 2000. It has been among the top two influencers since 2004.

In addition, bench strength has been among the top five priorities since 2000. It was the top priority in 2004 and 2011 and is a top priority for 2014. Yet, the ratings of the strength of the leadership pipeline over the prior two years have not materially improved. Also, almost half of the respondents have no formal high potential identification or development programs and do not have a formal succession management program.

This is a curious set of findings in that as one of the most consistently influential conditions and top priorities, it is not leading to improved pipelines or being fully addressed by formal programs.

This is one of the biggest areas of opportunity. If bench strength is a large issue for organizations, a significant investment in talent management, including formal high potential identification, development programs and succession management processes, is required. Ad hoc methods will not materially impact this issue. A systematic integrated strategy for the identification, development and placement of talent is necessary to address this challenge.

Bob Mann
Managing Partner,
Leadership Development
Executive Development Associates
We believe this issue is complex. Many organizations have beefed up their talent management and succession planning efforts, yet the majority (46%) still report that their bench is about the same. The economic downturn of 2008/2009 caused organizations to focus on survival versus bench strength. Boomers decided to stay a few more years and many stopped or never started transferring their knowledge to the next generation leaders. Now that the economy is moving again, boomers are deciding to take their retirement packages and are often leaving the pipeline sparse and unprepared. Furthermore, this is not a US issue. This is a global issue.

According to Gronbach, many other countries are experiencing this phenomenon, including:
- Canada
- China
- Vietnam
- South Korea
- Russia
- All of EU—Portugal, Spain, with the biggest problem being in Italy

Economic conditions continue to play a key role, coming in #2 for 2014, and could potentially explain the lack of effort and resources being placed on building up organizational bench strength.

The need for increased collaboration across the organization has hit the top five since 2004 and came in at number three in 2014, suggesting a continued need for integrated action and alignment to address strategic goals.

**Bench strength remains the same even as talent management and succession planning efforts have been ramped up over the years.**
Top Objectives for Executive Development

The top objectives for executive development programs, processes and strategies for 2014 are:

- Develop capabilities needed to achieve vision and execute strategy (40.8%)
- Increase “benchstrength” to ensure replacements for key jobs or people (succession planning) (33.8%)
- Address key business issues/challenges (31.5%)
- Ensure executive talent needed to support growth (22.3%)

As the leaders in an extremely tumultuous leadership environment address the challenges of developing the capabilities and bench strength, the results to date are disappointing, since the pipeline is about the same as it was in 2011.

Is your leadership talent pipeline stronger, the same, or weaker than two years ago?

<table>
<thead>
<tr>
<th></th>
<th>Stronger</th>
<th>Weaker</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.0%</td>
<td>19.8%</td>
<td>3.2%</td>
</tr>
<tr>
<td></td>
<td>46.0%</td>
<td>100.0%</td>
<td>46.0%</td>
</tr>
<tr>
<td></td>
<td>About the same</td>
<td></td>
<td>Don’t know</td>
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Hot Topics

Critical thinking remains at the top of hot topics for executive development.

When it comes to developing competencies, critical thinking is more of an umbrella term encompassing a multifaceted way of recognizing assumptions, evaluating arguments and drawing conclusions. Minor topics under this umbrella may include:

- Creative thinking
- Problem solving
- Strategic thinking
- Decision making
- Attentional control
- Intuition
- Cognitive readiness
- Sensemaking
- Adaptability
- Metacognition

The emphasis here is likely a direct reflection to the top objective—developing capabilities to achieve vision and execute strategy as well as the importance of managing complexity at every turn.

The rise of talent management as a hot topic is probably a direct reaction to the importance of bench strength and a desire to inform and equip executives so that they will become more engaged in solving the problems and championing efforts with both their direct involvement and support of funding. Participants indicated succession planning efforts, including more strategic workforce planning, are top of mind.
Other key trends in the comments included the need for leader/organizational alignment and an emphasis on corporate values.

As participants explained their choices for topics, patterns emerged emphasizing an underlying need for **increased self-awareness** among senior leaders and the individual leader’s impact on those around them. We will see this trend again as we look at types of development and innovative practices as organizations place emphasis on assessment and assessment centers to assist in both the selection and development of their leaders.
Complete Study Results

Layers of Leaders

Development of Board Members

If we start at the top and work our way down, we notice that as corporate governance has taken center stage in the last few years, development for members of the board has increased both in importance and attention.

Members of the board have a serious role as an elected governing body. Shareholders and other key stakeholders are choosing more and more to hold members of the board accountable in their role of oversight of the activities of the organization in such areas as financial responsibility, CEO oversight, ethics and policy creation and implementation. As their role becomes more visible many organizations are pouring development efforts into their board members as well as their corporate leaders. According to respondents, the most common types of development for members of the board are executive coaching and assessment feedback via 360-degree surveys and other means. The most common response when they indicated “other” for how they develop their members of the board was “none.” Their comments indicated that many anticipate adding board development in the near future.

Development of Board Members has gained popularity in recent years. In your organization, what (if any) are the types of development offered to members of the Board/Board of Directors?

- 39.2% Executive coaching
- 37.3% Feedback through 360 assessments and other means
- 22.5% External executive education/training
- 21.6% Internal executive education/training
- 20.6% International assignment/experience
- 15.7% Mentoring
- 22.5% Other
**Executive Development**

The methods for development across constituencies do vary. For executives, one of the most common types of development is a developmental assignment lasting six months or longer. Examples include but are not limited to:

- Job rotation such as a leadership role in Finance, Human Resources, Operations or Strategy
- A long-term international assignment that requires moving to another country and leading a division, business unit or political initiative

Executive assessment is another typical type of development for executives. Internal and external assessment centers create a battery of assessments and simulations to analyze the executives cognitive, behavioral and leadership capabilities. This type of assessment is often followed with one-on-one development via executive coaching, the third most emphasized development method for executives.

Coaching assignments can last from one hour to multiple years with the most typical assignment length being six months, according to CoachSource’s 2013 Executive Coaching Industry Research (Underhill, McAnally, et. al.).
When we asked the participants for their personal best development assignment, these were the top three selections:

- **25.6%** Being given an assignment where they are truly stretched
- **18.4%** Being coached
- **16.0%** Being mentored

**Mentoring deserves a call out.** Although it didn’t hit the very top in any area of development, as a trend it is certainly present, showing up consistently across the years in the less emphasized positions of 3, 4, 5 and 6.

Participants also indicated profit-and-loss responsibility, as well as increased numbers of people to manage, were challenging development experiences.
Thinking about the Pipeline

Clearly, we need to think about the pipeline, and all eyes are on Generation X as they are now being evaluated, analyzed and groomed for senior leader positions. With the ongoing need to increase bench strength, we wanted to know what kind of emphasis is being placed on succession planning, as well as the selection and development of high potentials.

Only about 50% of participants indicated they had a formal succession planning process. Even among the 50% who did, only a few felt that they did succession planning well. Others said they were:
- just starting
- in the early stages of development
- only had it at the most senior levels
- inconsistent across the organization

In our experience, even organizations that do not do success planning well still have an emphasis on high potentials. When we asked whether or not participants’ organizations had a formal high potential identification process, slightly more than half said that they did.
Even more of the participants had a formal development program, indicating that while their processes for identification were not formal, their development efforts are. This may be due to the difficulty involved when senior level leaders are needed to participate in a formal identification process and the urgency development professionals sense as they work to get processes in place sometimes despite a lack of senior leader involvement.

In the comments, even those who do have formal processes indicated that there is still much room for improvement.

For those who do have a process for identifying high potentials, either formal or informal, we asked what methods were most often used. Participants indicated that performance appraisals were the most common, followed by senior executive opinions and formal talent review processes. However, it should be noted that the top four were very close in ranking:
Most participants indicated in their comments that a combination of identifiers are used, including a formal talent review process with executive committee meetings, assessments, feedback from key constituents, and ratings on a 9-box grid (see figure below provided courtesy of ViaPeople, Inc.). Most included the use of 360-degree surveys as well as other personality, behavior and cognitive ability assessments. Some also included assessment via business simulations as a part of the process.

<table>
<thead>
<tr>
<th>Potential Assessment</th>
<th>Performance Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

- **Rough Diamond**
  - Low Performer/
  - High Potential
- **Future Star**
  - Moderate Performer/
  - High Potential
- **Consistent Star**
  - High Performer/
  - High Potential
- **Inconsistent Player**
  - Low Performer/
  - Moderate Potential
- **Key Player**
  - Moderate Performer/
  - Moderate Potential
- **Current Star**
  - High Performer/
  - Moderate Potential
- **Talent Risk**
  - Low Performer/
  - Low Potential
- **Solid Professional**
  - Moderate Performer/
  - Low Potential
- **High Professional**
  - High Performer/
  - Low Potential

Participants were then asked to identify the biggest gap in preparedness for these high potentials, and this is where they identified the trend discussed earlier around creating vision and engaging others.
Policy and Strategy

Respondents who said these policy and strategy activities will be emphasized in the next 2 to 3 years

- **41.3%**
  - Creation of a strategy and system that integrates all executive/leadership development activities
- **36.5%**
  - Creation of a strategy and system that integrates all executive/leadership talent management activities
- **34.1%**
  - Benchmarking “Best Practice” organizations
- **31.0%**
  - Use of systematic measurement/evaluation to determine the impact of your efforts

Integrating executive/leadership development activities across the organization can dramatically increase effectiveness and reduce duplication of efforts and the inefficient use of funds. In order to be truly effective, the integration as well as the design and delivery must:

- Be tightly linked to the marketplace challenges and business strategy/objectives
- Have full line and key stakeholder ownership
Planning and Needs Analysis

While executives often have little patience for needs analysis, the lack of a thorough one can result in misaligned priorities. This important best practice is a powerful link to the overall strategy and goals of the company. We asked participants how they planned to gather information to assist in the design of their executive development programs over the next two to three years. We found that half will emphasize the combined results of 360-degree surveys to find the leadership gaps. Another 37.3% will look to top management suggestions, and 36.6% will emphasize a more formal approach analyzing actual performance and gaps in competencies.

Respondents who said these planning and needs analysis activities will be emphasized in the next 2 to 3 years

- Use of 360 feedback results to identify development needs (50.0%)
- Use of top management requests/suggestions to identify needs (37.3%)
- Use of formal performance/competency studies to select objectives/content (36.5%)
- Analysis of aggregate talent review results of the target population (36.5%)
System/Program Design and Measurements

An increasing number of internal development professionals are learning how to design their own programs, processes, and strategies through training and certification — the report found that this is now the most common method. At the same time, formal and informal training to upgrade a current design rose to number 2 this year, and going outside for help moved down one to number 3.

Top 5 system/program design and development methods

<table>
<thead>
<tr>
<th>2011</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 Internal design of strategies, courses/programs</td>
</tr>
<tr>
<td>2</td>
<td>2 Formal or informal training to upgrade design/development skills of internal executive/leadership development staff</td>
</tr>
<tr>
<td>3</td>
<td>3 Use of outside consulting firm to design and develop strategies, courses/programs</td>
</tr>
<tr>
<td>4</td>
<td>4 Research or benchmarking on new program designs and learning methods</td>
</tr>
<tr>
<td>5</td>
<td>5 Systematic measurement/evaluation procedures to determine business impact, ROI, etc.</td>
</tr>
</tbody>
</table>

Measurements

Measuring the impact of executive and leadership development continues to be top of mind as development professionals must often justify budgets and resources. This is certainly important, and much progress has been made. It is our experience over the years in working with CEOs in major corporations around the world that they typically care much less about sophisticated measurements than they do anecdotal evidence.

However, even the anecdotal evidence needs to be captured and the hard and more sophisticated measures are valuable to the development team for continued improvement to the programs. In fact, we believe development needs to be planned, executed, and evaluated with the same rigor as other critical business processes, and it needs to produce a significant impact on leadership capabilities and ultimately the results of the company.
Almost any type of development can be measured if the question is posed in the planning phase and systems are put into place from the beginning to track change and progress over time.

**One of the most common methods for measurement of development is the Kirkpatrick’s Model**, created by Dr. Don Kirkpatrick in the 1950s. It focuses on measuring four main outcomes that are related to good training and development programs. The four levels that he identifies are listed below.

- **Level 1: Reaction**
  To what degree participants react favorably to the training
- **Level 2: Learning**
  To what degree participants acquire the intended knowledge, skills, attitudes, confidence, and commitment based on their participation in a training event
- **Level 3: Behavior**
  To what degree participants apply what they learned during training when they are back on the job
- **Level 4: Results**
  To what degree targeted outcomes occur as a result of the training event and subsequent reinforcement

We asked participants specifically for their use of the four levels of measurement. Here is what they said:

**Reaction:** We will measure the reaction of participants to the development activity.

- Extensively used .............................................................. 55.1%
- Moderately used .............................................................. 33.1%
- Seldom used ........................................................................ 11.8%
- Overall rating (from 1 to 3) .............................................. 80.0%
Learning: We will measure the knowledge acquired, skills improved, or attitudes changed as a result of the development activity. Application of the new knowledge, skills, or attitudes is not measured at this level.

Behavior: We will measure the transfer of development, or if participants are applying new knowledge, skills, or attitudes on the job.

Results: We will measure the result of development activities as it relates to factors such as sales, productivity, profit, costs, employee turnover, and product/service quality.

When it comes to holding participants accountable, leaders used a variety of methods to assist in the continuation and use of the learning. The results indicated that the participant’s boss was often engaged in the process by sharing development objectives and asking for his/her participation in order to help the participant grow. In addition, the boss is often encouraged to provide timely and targeted feedback, thus holding the participant accountable to embed the learning in the day to day work. Some organizations put a performance measure directly in the performance evaluation, such as: “Were quarterly IDP sessions held?”
Other accountability measures included adding development objectives to performance appraisals, follow-up via 360-degree surveys, and personal attention from internal or external coaches, mentors, and peer accountability partners. This is also an area where organizations have engaged members of the board to help mentor and hold the organization’s leaders accountable.

Participants indicated they used surveys, feedback, and actual tracking of business results. They also used annual talent review sessions to track progress, improvement on performance reviews and 360-degree feedback, as well as employee engagement and work environment results.

In order to track the actual impact of development on the performance of the business, participants indicated they used a variety of methods including:

- Financial performance
- Cost savings
- Expansion of market share
- Tracking development rotations
- Depth of bench on succession plans
- Balanced scorecard
- Percentage of business from new products
- Speed to market
- Employee morale
- Peer evaluation
- Interviews
- Reduced turnover or absenteeism
- Increased employee retention
- New product success
When we asked whether executives are equipping and holding their managers accountable for supporting training and development efforts, the results were not as encouraging as we would like. Progress is indicated by the fact that more and more organizations are choosing competencies such as development of talent as critical to the success of the organization. Many respondents indicated that even the companies where accountability for support of development is the norm, it is encouraged but not enforced. One area that still needs to be addressed is whether executives are equipped to hold managers accountable. Some attention may need to be given to this topic over the next few years in order to ensure that executives have the most effective approaches and tools to hold managers accountable for development, and to cascade that accountability throughout their divisions and teams.

| Strongly agree | 8.1% |
| Agree         | 37.1% |
| Neutral       | 36.3% |
| Disagree      | 12.9% |
| Strongly disagree | 5.6% |

In all cases of tracking and sharing results, it’s important to capture the stories and successes that can be shared with the CEO, executives and the development team. The stories stick in our memories and help make the great leap forward from the classroom to the actual work being done on a day by day basis. In his book *Leading Minds: An Anatomy of Leadership* (Basic Books, 1996), Howard Gardner says storytelling is the core skill of leadership: “Only the leader who can both tell and embody a compelling story has the power to influence.”

Development professionals must be just as effective as the leaders they develop at telling a great story so that the programs become a positive topic of conversation in the culture.

**Only the leader who can both tell and embody a compelling story has the power to influence.**
**Innovations and Best Practices**

We asked participants where their organizations excel when it comes to executive development and found that the majority felt they were best when it comes to action-oriented learning, followed by custom design and linking the development to strategy. We find this encouraging as the best practices have risen to the top of what companies feel that they do well. This speaks to the advancement and maturing of the industry of executive development.

![Diagram showing best practices in which your organization excels](image)

Participants also mentioned other areas where they felt that their organization excels including:

- Planned rotations
- Career pathing
- Internal and external coaching progress reviews
- Involving participants in the design
- The integration of social media
- Drama-based learning
- Top management involvement
- Use of real case studies
**Innovation**

When we meet with companies to discuss their executive development, they often request something new and innovative. We love innovation, but do not believe it should be pursued for its own sake. The operations executive doesn’t have to come up with new ways of operating if the traditional ways are still the best. If our executive and leadership development is innovative but it isn’t effective, then we haven’t made much progress. On the other hand, if it’s new, exciting and gets results, then we all want to know about it. Below is a partial list of what participants indicated their companies did that they considered innovative:

- Integrating real work issues into programs
- Sabbatical/external research
- High level mentoring
- For new hire development, it is the fast track rotational type hires. They are hired into a role for 12 months or less then rotated to another location in a different location to become well rounded and gain different perspectives.
- Business simulations and discovery learning
- Modernizing old practices, facilities, and equipment
- Drama-based learning
- Utilizing a “future picture” process for strategic planning and applying appropriate metrics to assess on a real time basis the progress toward accomplishing strategic objectives
- A three series program across four geographies that incorporates action learning, networking, stretch assignments, and collaboration for a targeted level of leadership
- Link our assessment and identification of HiPos with the development planning
- Gaming/simulation
- Mobile learning
- Requiring an “outside-in” focus, international assignments, strategic partnerships in the community, etc.
- Stretch assignments with profit and loss accountability
- Vision deployment using wide array of initiatives
- HR centers of excellence, steered from headquarters, across the different business units to achieve a standardized and harmonized approach
- Coaching based on evaluations
- Integrating and utilizing customers and customer segments in executive development activities
Level of Participation

Getting executives to participate may at times be the biggest challenge of all. When we asked about level of participation, these were our findings:

<table>
<thead>
<tr>
<th>Executive level</th>
<th>Average percentage that will participate in development activities</th>
<th>Average number of days of classroom type development (person/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-Suite positions</td>
<td>49.18%</td>
<td>6.43</td>
</tr>
<tr>
<td>VPs, heads of, presidents</td>
<td>59.03%</td>
<td>8.92</td>
</tr>
<tr>
<td>High potential managers/leaders</td>
<td>61.74%</td>
<td>13.66</td>
</tr>
</tbody>
</table>

We followed this question by asking which types of development activities executives are most likely to participate in. The results varied based on the level of the leader. Results indicated in the chart on the following page.

We also wanted to know if there were other development activities that were particularly attractive to executives. Here are a few of the comments:

- Sessions with other execs. Discussion sessions whereby we bring in experts on areas of interest
- Leadership networks and peer groups
- Political action
- Group assignments/presentations
- Assessment of organizational performance
- Business simulations customized for our business
- Executive retreats in a less stressful environment
- Strategic partnerships with nonprofits
- Executive assessment
<table>
<thead>
<tr>
<th>Types of development activities in which they are most likely to participate (choose 1 to 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-suite</td>
</tr>
<tr>
<td>54%</td>
</tr>
<tr>
<td>31%</td>
</tr>
<tr>
<td>27%</td>
</tr>
<tr>
<td>26%</td>
</tr>
<tr>
<td>25%</td>
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<td>20%</td>
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<tr>
<td>10%</td>
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<tr>
<td>8%</td>
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<tr>
<td>8%</td>
</tr>
<tr>
<td>7%</td>
</tr>
<tr>
<td>6%</td>
</tr>
<tr>
<td>3%</td>
</tr>
<tr>
<td>2%</td>
</tr>
</tbody>
</table>
Expenditure

Finally, we asked about the expenditures that go along with executive development. We wanted to know if budgets were increasing or decreasing, what the average budgets are, and where the funding is most likely to originate. We were pleased to see that the amount spent in the next 2 to 3 years is expected to increase some or considerably by 49% of the participants, with only 14% expecting a decrease.

<table>
<thead>
<tr>
<th>Increase considerably</th>
<th>4.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase some</td>
<td>45.0%</td>
</tr>
<tr>
<td>Remain the same</td>
<td>37.0%</td>
</tr>
<tr>
<td>Decrease some</td>
<td>12.0%</td>
</tr>
<tr>
<td>Decrease considerably</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Amount spent on executive development in 2014

<table>
<thead>
<tr>
<th>2014 spending</th>
<th>2014 Formal external classroom education/development events (such as university executive)</th>
<th>2014 Internal classroom-based education/development events (including action learning and outdoor experiential events)</th>
<th>2014 Development job assignments, special projects, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0–$10,000</td>
<td>55.0%</td>
<td>66.0%</td>
<td>63.2%</td>
</tr>
<tr>
<td>$10,001–$20,000</td>
<td>19.0%</td>
<td>16.0%</td>
<td>14.4%</td>
</tr>
<tr>
<td>$20,001–$30,000</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.4%</td>
</tr>
<tr>
<td>$30,001–$40,000</td>
<td>7.0%</td>
<td>3.0%</td>
<td>7.2%</td>
</tr>
<tr>
<td>$40,001–$50,000</td>
<td>1.0%</td>
<td>2.0%</td>
<td>0.8%</td>
</tr>
<tr>
<td>$50,001 and above</td>
<td>14.0%</td>
<td>6.0%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Who pays for executive development costs

<table>
<thead>
<tr>
<th>Payee</th>
<th>2011</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate pays for all costs</td>
<td>38.6%</td>
<td>42.1%</td>
</tr>
<tr>
<td>Business units pay all costs</td>
<td>25.7%</td>
<td>38.1%</td>
</tr>
<tr>
<td>Some costs are charged back to the participants’ budget</td>
<td>28.6%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Corporate charges back to the participants’ budget</td>
<td>20.0%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Other</td>
<td>7.1%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>
Conclusion

As we wrap up the 2014 Trends in Executive Development analysis, we are encouraged by the state of the industry. A majority of companies now say they excel at best practices. At the same time, internal development staff members are becoming more educated and capable. Overall, companies are investing and increasing their budgets, and their return-on-investment measures are increasing dramatically.

This progress is a solid foundation, but more needs to be done. We must continue to advance the state of the industry to provide the education, the learning opportunities and the depth of development that leaders—particularly the next generation—need in today’s incredibly complex, fast-moving business environment.
The Study
Background of The Study

The 2014 Executive Development Trends Research Report ("the 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 over 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.

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 EDA Advisory Board and other industry experts assisted us by reviewing 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.

Survey Respondents

The respondents included:
- Chief Learning Officers
- Senior Vice Presidents of Human Resources
- Heads of Executive and Leadership Development
The Study

Definitions

For the purpose of this report, definitions are as follows:

- **Members of the Board**
  The Chairman of the Board, Board Members, the Chief Executive Officer, the Chief Operating Officer, the President, and others filling C-Suite positions for the overall enterprise. All elected officers.

- **Executives**
  Corporate/Organization Vice Presidents (including functional heads) Heads/Presidents of groups, divisions, business units, or profit centers and their direct reports. All people included in an executive compensation program.

- **High Potential Managers/Leaders**
  A person who has been formally identified as having the potential to fill an executive level position in the future.

- **Development**
  Includes any activity aimed at broadening or building executives’ knowledge, skills, and experience and to enhance their capabilities.

Demographics

This study is based on the direct input of 131 medium and large organizations as well as the insights and analysis of our executive development experts. 33.6% of the participating organizations had greater than 10,000 employees and 34.17% were publicly traded, 10.7% were non-profit and the remaining 55.76% were private.

Countries that participated include:

- **United States** 62.6%
- **Asia** 16.0%
- **Western Europe** 9.9%
- **Canada** 5.3%
- **Australia** 1.5%
- **South America** 1.5%
- **Africa** 0.8%
- **Other** 2.3%
Respondents worked in mostly large national and multinational corporations. Below is a partial list of participating companies:

- 3M Colombia
- Accenture
- Adidas
- Agilent Technologies
- Altria
- Army Officer Candidate School
- Aspen Skiing Company
- Assurant
- Asurion
- Austal
- Avery Dennison
- Bank of Singapore
- Banner Health
- BJC Health Care
- BNY Mellon
- Brava Corporation
- Caterpillar
- Chicago Transit Authority
- Children’s Institute, Inc.
- Chiltern
- CNL Financial Group
- Comcast Corporation
- Continental Resources
- Cox Enterprises
- Dart
- Department of the Navy
- DHL
- Emdeon
- Express Employment Professionals
- FedEx Express
- FINO PayTech
- First Advantage
- Husky Energy
- International Enterprise Singapore
- Infotech Corporation
- Integra LifeSciences
- John Hopkins University
- Jurong Health Services
- Key Food Equipment Services
- Keyence
- Landcorp Farming
- LibertyMutual Insurance
- McDonald’s Corporation
- McGraw-Hill
- Memorial Healthcare System
- Merrill Gardens
- Monsanto
- Navy Federal Credit Union
- North Carolina Department of Transportation
- Oklahoma Gas and Energy
- Ontario Public Service
- Paladino and Company
- Panduit
- Pearson
- Province of British Columbia
- Puppet Labs
- Quant Capita
- Robert Half International
- Reliance Industries Limited
- Rolls Royce
- Royal Bank of Canada
- RS Components International
- Sapient
- Serco, Inc.
- Sidrapex
- SingTel
- Taconic
- Tata Power Company
- Texas Department of Agriculture
- Tennessee Department of Correction
- The Bon-Ton Stores, Inc.
- The Timken Company
- TJX Companies
- U.S. Military Academy
- Union of British Columbia Municipalities
- UnitingCare Health
- Unum
- United Stated Department of Agriculture
- Valero Energy
- Watsons Personal Care Stores
What industry most closely defines your organization?

- Commercial & professional services: 17%
- Government: 12%
- Education: 12%
- Financial services: 9%

The rest: 8% Manufacturing; 5% Health care equipment & services; 5% Technology & hardware equipment; 4% Retailing; 4% Software & Services; 3% Insurance; 3% Pharmaceuticals, biotech & life sciences; 3% Transportation; 2% Energy; 2% Telecommunications; 2% Agriculture; 2% Consumer services; 2% Food, beverage & tobacco; 2% Information business/publishing; 2% Media; 2% Real estate; 2% Utilities; 1% Hospitality

Class of business/organization

- Private: 55.7%
- Public: 33.6%
- Non-profit/Not for profit: 10.7%

Number of people employed by your company/organization

- Fewer than 10,000 people: 66.4%
- 10,000 to 25,000: 13.7%
- 25,001 to 50,000: 6.1%
- 50,001 to 100,000: 5.3%
- 100,001 to 175,000: 5.3%
- Over 175,000: 3.1%
About Us
The Authors

**Bonnie Hagemann**, C-Suite Coach and CEO of Executive Development Associates (EDA), a global leadership consulting firm that specializes in executive assessment, development, and coaching. In addition to leading the firm, Hagemann has a unique background and assessment expertise. She specializes in leadership development, executive assessment, and executive coaching. To date, Hagemann has conducted full coaching programs for over 80 leaders in medium and large organizations, including seven organizational presidents. She has delivered over 300 presentations and speeches on leadership, teambuilding, communication, conflict, and behavior. She has 25 published works and a published book *Decades of Differences: Making It Work*.

**John Mattone** is a Senior Talent Management Consultant and Master Executive Coach with Executive Development Associates. He appears on the 2013 Thinkers50 “Guru Radar” and is currently recognized by *Leadership Excellence* magazine as one of the world’s top independent leadership consultants, executive coaches, and speakers. He is known throughout the Fortune 500 as a cutting-edge thinker and expert in helping future leaders, leaders and organizations unlock their full potential. His work is featured in *The Wall Street Journal, Fast Company, The Huffington Post, CEO* magazine, *CLO* magazine, and *CIO* magazine. John is a prolific author having written seven books as well as over 100 professional articles and book chapters. John’s two new best-selling books are *Talent Leadership: A Proven Method for Identifying & Developing High-Potential Employees* and *Intelligent Leadership: What You Need to Know to Unlock Your Full Potential*.

**John Maketa** is Director of Strategic Partnerships for Pearson where he is responsible for evaluating, structuring, and negotiating innovative commercial partnerships, identifying and promoting new product strategies, and serving as Talent Assessment’s liaison for internal alliance development. Maketa is known throughout the learning and development industry as a leading business strategist and a major connector and collaborator who is able to strategically align initiatives for parties on both sides of the table with unparalleled financial and professional success. He is also a co-author of the book *Now You’re Thinking!* published by FTPress.
Advisory Board

In addition to providing EDA’s industry expertise, perspective, and insight for the 2014 survey, we also reached out for input from EDA’s Advisory Board made up of the following experts:

- Jim Bolt
  *Founder, Executive Development Associates, Co-Founder & CEO, FRED, Inc.*

- Sandy Ogg
  *Operating Partner in the Blackstone Private Equity Group. Previously, Chief Human Resources Officer for Unilever based in London*

- 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
  *Retired Director of Strategy Process, Texas Instruments*

- Dr. Fariborz Ghadar
  *W. Schreyer Professor of Management and the Founding Director of the Center for Global Business Studies at Smeal College of Business, Pennsylvania State University*

- Chuck Presbury
  *Presbury Talent Advisors, formerly Senior Director of Leadership Development, McGraw-Hill*

- Dr. Yury Boshyk
  *Founding Director, Global Executive Learning and Chairman of the Global Executive Learning Network*

- 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, Dartmouth University*

- Dr. Ram Charan
  *Educator, Author, Consultant to CEOs*

- Ted Hoff
  *Vice President, IBM Corporation*

- Dr. Mary Jane Knudson
  *Vice President of Human Resources, Fidelity Investments*

- Valerie Norton
  *Vice President of Talent Management & Acquisition at Broadridge*

- Dr. Jerry Davis
  *Retired Director of the Defense Acquisition University Senior Service College Fellowship and CEO of Innovative Engineering Solutions*
EDA and Pearson TalentLens

Executive Development Associates is a leader in creating custom-designed executive development strategies, systems, and programs that help organizations build the capabilities needed to achieve their strategic objectives. Our specialty areas include:

- Executive and High Potential Development
- Executive Coaching
- Executive Assessment

EDA leads the way in the use of executive development to help organizations successfully address their marketplace challenges and accelerate the execution of their business strategy. With our proven ability to achieve results, we create measurable improvements in both individual executive performance and business outcomes.

Pearson TalentLens publishes scientific assessments that are used globally to hire and develop the 21st century workforce. Our instruments measure critical thinking, problem solving, and a range of job skills to deliver data-driven insights that inform and clarify an organization’s human capital decisions. Learn more at TalentLens.com.
How to Benchmark Your Organization

**Trends in Executive Development Debrief & Strategy Session**

A strategy session designed for senior operations and HR leaders to (1) thoroughly review the latest research results from the Executive Development Trends Survey, and (2) determine the implications for participant organizations’ strategy, systems, processes and programs for executive and leadership development.

**Objectives**
- Review the trends in Executive Development from the latest survey
- Compare to previous survey results with attention focused on shifting trends related to organizational strategy and best practices
- Assess participants’ reaction to the results in light of your own organizations’ executive development systems, strategies and programs
- Discuss the implications for your organizations’ strategies for executive development as well as high potential and emerging leader identification and development
- Determine what participants and the organization may do differently as a result of the workshop

**Duration**
- 2 hours to ½-day (depending on size of group and objectives to be achieved)

**Design**
- Pre-reading on Executive Trends Survey with questions designed to stimulate discussion on key points
- Thorough review of the survey results by an EDA executive development expert
- Facilitated discussion around key trends, best practices and implications for leadership development in participants’ organizations
- Focused action planning session regarding what may need to change in leadership Development strategy, systems, processes and programs in participants’ organization
- Each participant will receive their own copy of the 52-page Executive Trends Report ($135.00 value)

**Facilitated by**
- Bob Mann, Managing Partner, Leadership Development Practice of Executive Development Associates
- Bonnie Hagemann, CEO, Executive Development Associates

EDA leaders are widely recognized as leading authorities in the field of executive development, executive coaching, and emerging leader identification and development.
How to Obtain This Research

Additional copies of the full industry report are available for purchase at www.ExecutiveDevelopment.com. We will be presenting highlights of this research at webinars and other events throughout the coming year.

For more information, please contact Executive Development Associates at (866) EXEC DEV.