



to answer a number of critical questions. How do top executives around the world approach leadership? Which practices do they see as most important? Where do they think improvement is needed most? And do they believe leaders are successfully created? According to the results of their study, the more companies do to develop their leaders, the greater their financial success. Below are “leadership” key findings followed by an overview of the study and a global profile of what decision-makers believe matters most.

**“INVEST IN YOUR LEADERS TO SURVIVE AND THRIVE”**

**Key findings:**

- The more comprehensive a company’s leadership development effort, the better the financial results were on critical financial measures.
- The establishment of formal leadership programs is the most important organisational priority identified.
- Top executives place nearly equal importance on encouraging innovation and risk taking, developing and communicating a global vision, and sharing knowledge throughout the organisation as critical global leadership skills.
- The leadership skills required for global marketplace success are an unrelenting focus on customer satisfaction, and the need to transform the global corporate vision into effective business strategies.
- Building global leadership strength will depend directly on specifically defining leadership for incumbents, ensuring the recruitment of quality leadership talent, regular leader assessment and development, and rewarding effective leadership.

**Study overview:**

To understand what comprises corporate leadership, interviews were initially conducted with CEOs at seventy-five of the world’s premier global companies. Based on the information from these interviews, a survey questionnaire was designed and then completed by over 1,000 top executives in eighteen countries in North America, Europe, Latin America, and Asia/Pacific. By analysing the factors most likely to predict business success, the survey provides insights on how leaders must think, act and mobilise people to succeed.

The top executives were asked to rate the importance and need for improvement for leadership in three strategic areas: people, processes and programs, and the marketplace. The similarity of views about leadership held by these executives suggests that companies will benefit from crafting consistent leadership development efforts on a global scale.

**People**

As seen in the accompanying Table 1, the survey respondents indicated that establishing formal leadership programs is the most important priority. However, despite increasing globalisation, North American executives seemed to place less emphasis on multicultural experience. In other words, some organisations may be missing opportunities to develop the capabilities of their leaders in an increasingly global business environment.

**Table 1. Organisational Leadership Priorities: People**

<input type="checkbox"/> Most Important <input type="checkbox"/> Most in Need of Improvement	Asia		Australia/ New Zealand		Europe		Latin America		North America	
	Establishing formal programs to develop leadership at all levels	54	60	61	56	48	54	50	57	57
Providing job skills training for employees	46	49	32	41	38	36	50	54	45	53
Building multi-cultural business teams	39	29	29	38	48	44	44	37	36	32
Ensuring that senior executives have multi-cultural experience	39	36	33	22	44	38	41	30	28	23
Designing recruiting efforts to specifically support the business plan	18	25	44	43	21	26	15	23	34	35

**Processes And Programs**

Top executives responded almost identically on the importance of process issues indicated in Table 2. Linking pay with performance is their least important priority, while encouraging innovation and sharing knowledge presented the greatest challenges. In what appears to be a contradiction, our research suggests that Asian executives place considerably less emphasis on knowledge sharing but they view encouraging innovation as a high priority.

In this region, therefore, the lack of management >

support for information sharing may impede employees with innovative ideas.

**Table 2. Organisational Leadership Priorities: Processes and Programs**

<input type="checkbox"/> Most Important <input type="checkbox"/> Most in Need of Improvement	Asia		Australia/ New Zealand		Europe		Latin America		North America	
	Encouraging innovation and risk-taking	61	64	54	57	53	64	58	57	51
Developing and communicating a global vision	56	44	59	49	58	39	51	43	52	40
Sharing knowledge throughout the organisation	38	42	45	54	59	61	55	54	56	63
Providing clear links between individual pay and performance	42	48	39	40	30	34	36	45	40	37

### Marketplace

According to the executives surveyed, customer satisfaction was their most important concern. See Table 3. The second concern was the need to transform the global corporate vision to effective business strategies. Although a degree of uniformity was evident, a higher proportion of Asian executives believed in encouraging a “beat the competition” mindset, assigning less importance to translating vision into strategy.

**Table 3. Organisational Leadership Priorities: Marketplace**

<input type="checkbox"/> Most Important <input type="checkbox"/> Most in need of Improvement	Asia		Australia/ New Zealand		Europe		Latin America		North America	
	Attaining high levels of customer satisfaction	77	70	80	65	77	54	79	67	78
Transforming your global vision into effective business strategies	49	39	61	47	58	49	60	45	59	52
Developing products and services	27	37	22	38	25	40	27	40	29	45
Making “beating the competition” a cultural value within the organisation	30	31	19	21	23	25	19	27	14	18
Focusing on growth	15	23	16	29	16	29	15	19	19	23

### Linking Leadership Development To The Bottom Line

The leadership survey reveals that a significant relationship exists between leadership development efforts and financial success.

In particular, the more comprehensive a company’s leadership development efforts, the better its financial results on four financial measures (see Figure 1 on page

25). Highly performing companies are more likely to be using a number of developmental programs.

One may argue that successful firms simply have more money to invest in these programs. On the other hand, it is difficult to contend that ignoring leadership development would enable companies to produce superior economic gains. In fact, rather than debating the cause and effect relationship, it would seem prudent to emulate the behaviour of successful enterprises in their leadership development activities.

### Building Leadership Strength

As global demographics move towards an ageing population, a leadership “crunch” will soon be upon us. The survey results demonstrate that many of the top business leaders around the world have similar views regarding key organisational priorities in terms of people, processes and markets. Frequently, however, the issues deemed most important are the ones most in need of improvement. What can be done in an organisation to build the necessary leadership structure to close this gap?

### Define Leadership

What a particular management team means by leadership is best answered by a frank, comprehensive discussion of:

- core values,
- future business scenarios for the organisation,
- strategic business objectives,
- an overarching leadership concept, and
- core competencies that support the leadership model and relate to strategic objectives.

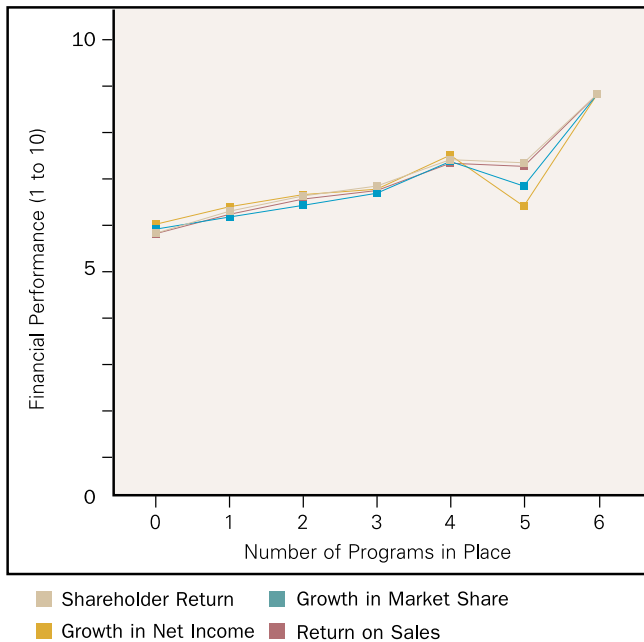
### Ensure The Recruitment Of Quality Leaders

Acquiring the right talent is essential to building a leadership pool. Leader selection depends on clearly knowing the talent needed for the future, not solely on past job experience. Armed with solid definitions for leadership competencies, it is relatively easy to build assessment tools to facilitate the recruitment and selection process, and infuse decisions with greater rigour and credibility.

### Regular Leader Assessment

Most leaders require continual development to maintain their edge and ensure their success. A leadership model and defined leader competencies are the foundation for

**Figure 1. Number of Leadership Development Programs and Financial Performance**



leadership assessment and development. Whether quantitative ratings or qualitative comments are used, feedback on the way a leader exhibits the prescribed leadership competencies can provide a wealth of insight for the individual. Constructive feedback requires the following:

- feedback be delivered in writing as well as through a discussion with a coach/mentor,
- a few crucial improvement goals be set, and
- information be recorded in a single database, which profiles an organisation’s entire leadership pool and tracks the progression of individuals.

### Provide Meaningful Developmental Opportunities

Meaningful development fits with and supports the needs identified in leadership assessment. It is also tailored to individual needs and occurs when the experience is viewed by the leader as:

- relevant to his/her work,
- requiring him/her to exercise “leadership muscles”, or
- reinforced on the job by his/her superiors (i.e., leaders at all levels support development).

### Reward Effective Leadership

Finally, rewarding effective leadership requires a deliber-

ate decision from top management to make leadership a focal point of compensation decisions. Leadership must be defined in clear, unambiguous terms that can be measured. Assessments and other data sources, such as employee surveys, are valid bases for differentiating a portion of pay among leaders. Any of the regular reward mechanisms can be used to reward a demonstration of leadership competencies, including merit pay increases, bonus programs, stock options and others.

The prognosis is clear. Organisations must invest in their leaders in order to survive and thrive. As organisations around the world experience or begin to experience a leadership vacuum, it is imperative that companies develop talent to maintain their corporate success. Fortunately, the leadership model and the steps for implementing it are easy to access and execute. DBR

1. David Foot, *Boom, Bust and Echo: How to Profit from the coming demographic shift*, Macfarlane, Walter and Ross, Toronto, 1996.
2. Watson Wyatt, *Leadership in the Global Economy: A thousand top executives from around the world share their views on what matters*, Washington, D.C., 2000.
3. *Reading the Tables*: The left column under each region shows the percentage of respondents who selected each item as most important for creating a high-performance organisation. The right column under each region shows the percentage of respondents who selected each item as most in need of improvement for their organisation to enhance its global performance. (Respondents were presented with all of the items in the table and asked to select the two most important ones).

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### TIPS & TECHNIQUES

How much do you really know about your company’s customers? You may have the sales analyses, the marketing reports, the staff reviews — but when was the last time you actually spoke to a customer?

The customer is the most important member of your organisation, the reason for your existence. Most organisations now are committed to programs designed to provide quality customer service, and these programs are certainly vital to your business’s continued success.