Accelerating Change

An automotive leadership wake-up call.

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Introduction

The automotive industry grew to be a global industrial powerhouse in the 20th century. An engine of economic growth and prosperity, it was epitomized by generations of hard-driving “command and control” leaders. But at the mid-point of the second decade of the second automotive century, the sector faces greater challenges than ever before: tighter regulation, more demanding consumers, disruptive new players, unfamiliar technologies, and increasingly complex global market challenges. As the pace of change in these areas accelerates, the challenges have been made even greater by slow- or no-growth in many major markets.

This confluence of factors dramatically affects the skills required to lead successfully in the industry today and will do so even more in the future. Faced with the combined challenge of increasing complexity, accelerating change, and slowing growth, the leadership mindset needs to become more agile and adaptive.

To better understand these trends and to help leaders shape talent strategies, Korn Ferry surveyed and interviewed more than 50 senior executives across the automotive industry.

The results point to a fundamental shift in the leadership capabilities required to succeed in what is likely to be a prolonged period of slow growth and rapid change. The winners will be those companies that can evolve most quickly, developing streamlined, adaptive talent organizations driven by a new breed of executives with different leadership skills.

Methodology

52 senior industry executives took part in the Korn Ferry Automotive Leadership Study, representing North American, European, and Asian automakers and suppliers. The majority of respondents completed a confidential online survey focused on key industry leadership challenges over the next five years and 15 CEOs, COOs, and HR leaders were interviewed to add further qualitative insight.

The survey and interviews were conducted between Oct. 1 and Nov. 7, 2014.

“After a century of evolutionary change, the global automotive industry is accelerating into a period of revolutionary change that will fundamentally redefine it for the next 100 years. Everything from the way cars are designed and developed, through the supply chain and manufacturing process to the end consumer interaction is being disrupted by the new digitally driven world.”

Survey respondent
Industry drivers.

Many factors now driving the industry were unforeseen, even in the last decade of the 20th century.

The traditional engineering-driven auto industry of the last century is becoming unrecognizable. Internet-empowered consumers have a clear idea of what they want from a car—features like connectivity and convenience outweigh enhanced performance and handling, for example. Meanwhile, legislative pressures are strong and unrelenting.

Ulrich Schumacher, Opel Group’s Vice President for Human Resources and Labor Director, observes: “We have to recognize that the industry model has changed irrevocably. The pace of change is relentless—we are constantly operating at maximum revs.”

This new, uncertain, and fluid business landscape presents automakers with extensive challenges that require a more flexible, adaptive style of leadership. One important aspect of this is having the ability to switch focus quickly between the strategic and the operational. And at the executional level, leaders need to be alive to the detail to more precisely identify opportunities and threats.

Paul Welander, Volvo Car Corporation Senior Vice President for Human Resources, Quality and Customer Satisfaction, concurs: “From a leadership perspective, there are even greater demands being placed on people than ever before. Today, leaders need to demonstrate speed, agility, and focus combined with perfection when it comes to execution.”

Ongoing volatility and change. Volatility is “the new normal,” says Ian Robertson, Member of the Board of Management for Sales & Marketing, BMW AG. “The thing we’ve all learned post-2008 is that the order of the day now is uncertainty and volatility. If we think we can continue to do what we always did but a little bit better, it isn’t going to work anymore.”

Electronics has replaced mechanical engineering as the prime driver of features and specifications. As consumers grow accustomed to swift upgrades by makers of their smartphones and tablets, they start expecting the same from car manufacturers.
Companies therefore need to develop different skills in their workforce to achieve this, even if it means casting the net beyond the industry and bringing in talent with digital expertise from the outside.

“What you can see from a talent perspective is a broadening need in terms of skillset and experience,” Volvo’s Paul Welander says. “The world of connectivity is developing incredibly fast, and we therefore need talent that understands the new ‘software’ of the car industry as well as the traditional ‘hardware.’”

**Regulatory pressures.** Meanwhile, legislation, especially emissions and safety regulations, plays an ever-increasing role in dictating design. Pollution restrictions have popular support, and in an age of social networks, public opinion can be galvanized quickly. Leaders need to be adaptable enough to understand this new consumer mindset and to acquire the skills to motivate and lead development teams down unfamiliar avenues—toward connected, autonomous cars rather than purely driver-focused performance cars, for example.

“We face the reality of massively increased costs driven by environmental legislation and fundamental changes in product categories driven by shifts in consumer behavior,” says Johan de Nysschen, Executive Vice President at General Motors and President, Cadillac. “We need to have leaders who combine visionary thinking with the ability to manage complexity and drive change.”

**Deeper, broader skills.** New skills are clearly required—not just in technology but also in the way the company operates. Collaborative ventures are increasingly common and often overlapping—a joint-platform project may have one JV partner and a different engine supplier, for example. And product development may involve teams on different continents to cater to different consumer demands.
This requires a different set of leadership competencies compared to a generation ago, when corporate structures were simpler, product programs were often regional rather than global, and inter-company joint ventures and partnerships were less prevalent. Today for example, the ability to influence and persuade rather than dominate and direct has become much more important. According to one industry executive, “the gentle art of letting other people have it your way” is now a defining characteristic of leadership success.

At the same time the effective leader of tomorrow needs to combine both strategic and operational capability and be able to “switch focus” rapidly between the two. Much as the latest generation of head-up displays allow a driver to check their instruments without taking their eyes off the road in front of them, so the successful leader must be able to regularly check and adjust operating performance while maintaining their own focus – and that of the team - on the strategic goal ahead.

The next generation of leaders needs to be able to work within a shifting landscape, where breadth of experience and cultural flexibility are increasingly necessary, says Maxime Picat, Chief Executive Officer of Peugeot: “In terms of leadership and talent, you need to have a high level of adaptability, to be open-minded, and have the ability to think and act quickly. Diversity and agility are key if you want to stay in the race.”

“Future leaders need to deal effectively with a vastly more complex industry of joint ventures, industrial partnerships, and inter-company platform architecture sharing.”

Survey respondent

“The challenge is to find those people who can manage daily operations while having a clear vision of the future. It is no longer enough to be one or the other. You have to be able to do both.”

Didier Leroy
President, Toyota Motor Europe
Talent strategy needs to shift gear.

To deal effectively with increasing levels of disruptive industry change, automakers and suppliers need a talent strategy that, at its core, seeks to identify and to develop leaders equipped with the requisite skills and capabilities. That talent strategy must be clearly aligned with a company’s strategic objectives and the organization’s culture.

Hans-Olov Olsson, Vice Chairman of the Board of Directors for Volvo Car Corporation, believes this is a critical factor, saying: “We need to ask ourselves ‘What are our core values?’ ‘What do we stand for?’ Then we need to identify leadership behaviors that are consistent with those values and ensure that we recruit and develop against those.”

Talent strategy should not exist in a void. It must be part of the bigger picture, says Didier Leroy, President of Toyota Motor Europe: “If the talent strategy is not aligned with business strategy, we’re in big trouble. It is a must—the foundation to make us successful in delivering the business strategy.”

Korn Ferry’s survey uncovered a significant gap between the levels of confidence respondents have in their business strategies and their talent strategies.

“As an industry, we have a lot of good managers but we are not as good as we should be at developing them into leaders.”

Anthony Eastwood
Human Resources Director, Rolls-Royce Motor Cars

Figure 1 - How do you rate your own company’s long term business strategy?
Although only 6% of those surveyed rated their own company as lacking a good long-term business strategy, 39% believe their company has either no clear talent strategy or one that is actually in conflict with the business strategy.

At the same time, 38% of respondents reported a common failing—even when a talent strategy exists, it is defined in human resources terms, not business terms. In essence, therefore, more than three-quarters of senior executives surveyed believe their company does not have a clearly defined talent strategy that supports the strategic objectives of the business and is articulated in a way that can be clearly understood throughout the organization.

An opportunity exists, therefore, for automotive companies to close this gap, thereby seeing faster progress toward delivering the business strategy.

Vertically, the talent strategy needs to be strongly aligned to the business strategy and clearly expressed in business terms.

“Alignment of our people strategy and our business goals is absolutely fundamental.”

Carlos Tavares
Chairman of the PSA Peugeot Citroën Managing Board
Horizontally, talent management practices need to be integrated so the same future leadership competencies and behaviors are used consistently, in everything from performance appraisals to leadership development programs.

Chairman of the PSA Peugeot Citroën Managing Board Carlos Tavares says this is vital: “Alignment of our people strategy and our business goals is absolutely fundamental. One needs to be completely supportive of the other. It’s absolutely the same thing because there is no business strategy without talented people to lead the company, so if you don’t align both you are just wasting your time.”

The level and complexity of change in the sector means that business strategies need to be regularly reviewed and adjusted to address shifting demands. That same requirement does not yet seem to hold for talent strategy. Successful companies in the future will be those that have clearly aligned talent strategies that can “flex” to respond to changing business needs.

**External talent acquisition.** A key element of any good talent strategy is to identify and develop leaders from within the company—but not exclusively. Bringing in new blood from diverse industries with different attitudes and approaches can have a positive effect on the entire talent pool. A recent Korn Ferry global succession study found that a ratio of 2:1 build vs buy is a useful guideline.

Allan Rushforth, Corporate Vice President for Global Sales at Nissan Motor Co., agrees that the correct balance between internal and external resourcing is a key factor: “Just growing your own is not going to work anymore in this desperately complex, changing, inconsistent, and chaotic market.”
Peugeot’s Maxime Picat sees external talent acquisition as a major benefit, but one that requires working closely with human resource business partners. “You need to bring in talent from other areas, from other industries that have already seen such disintermediation, as Google is trying to do,” he says. “You need to have this kind of diversity at the core of your brand strategy. Therefore, you have to find a way with your HR team to regularly reassess your talent strategy to be sure that it serves your brand strategy.”

As new technologies grow in importance within the auto industry, sourcing new outside skills will become more common, says Barb Samardzich, Ford of Europe’s Chief Operating Officer. In particular she highlights connectivity and advances in autonomous vehicles. “We don’t have homegrown engineers who are expert in those areas so we look to hire in specific capabilities to fill those gaps,” she says. “Typically this is coming from very different industries, including high-tech, consumer electronics, and mobile telecommunications.”

**BMW Project i – the project team approach.**

Hiring from outside the company was a key element of the strategy for BMW’s Project i Electric Car venture—and it happened out of necessity.

For Project i, a complete team was created, separate from BMW’s main structure, to launch “a concept that breaks all of the paradigms,” says Ian Robertson, Member of the Board of Management for Sales & Marketing at BMW AG. He believes this “Mobility of the Future” project could not have been achieved within a traditional corporate structure.

“The organization would have pushed back so much it wouldn’t have been possible,” he says. “We asked ourselves: How do we change our customer interface? How do we really expand the digital space? How do we get into the social network environment? We brought ideas from outside, together with some people from other industries, and [we] put a team together who had virtually no traditional car experience because, honestly, we needed the external push and stimulation to achieve a new perspective within our own organization.”
Disruptive forces mean broader candidate pools. The imperative to broaden the search for new skills will grow as new, disruptive companies enter the auto industry. Google has demonstrated prototypes of autonomous cars and Apple is rumoured to be developing a car of its own. Tesla Motors, headed by PayPal founder Elon Musk, has challenged orthodox thought in everything from vehicle architecture to retail sales models.

Elon Musk is “setting the agenda for the industry as a whole and changing the game,” says one survey respondent. Indeed, Tesla Motors is proving so successful that established automakers are needing to change their strategies to match it.

Opel Group’s Ulrich Schumacher says the industry model has changed irrevocably: “We are facing new and different competitors, and that means we need different kinds of leaders. We need people who can define strategy and manage operational detail, who can anticipate what’s going to happen next and react quickly and effectively.”

Attracting top talent. The automotive industry has not done enough to make itself attractive so talented people will want to build careers in it, says Toyota’s Didier Leroy. “As an industry, we are finding it more difficult to attract high-caliber talent. Particularly for graduates, it seems to be less attractive as a career destination,” he says. “This, I think, is a mistake—the automotive industry is a great training ground with huge competitive challenges around complexity, technology, and speed of change. It is a fantastic school to develop leadership capabilities.”

Citroën Chief Executive Officer Linda Jackson agrees that the auto industry needs to attract more young talent, especially women. “There is a fundamental lack of female talent in the industry,” she says. “We need to break down the macho image of the automotive sector.”
Future leadership attributes for success.

Insights by senior industry leaders interviewed for this study are validated by analysis of the broader survey results, where respondents were asked to rank leadership attributes according to their relative importance in dealing effectively with key business challenges of the future.

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“The onus is on us to find and develop leaders who can successfully grow a business even when the market is flat.”

Barb Samardzich
Chief Operating Officer, Ford of Europe

Figure 3 - In the light of those challenges please rank the following leadership attributes in order of priority.

<table>
<thead>
<tr>
<th>Leadership Attribute</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Strategic agility</td>
<td>83%</td>
</tr>
<tr>
<td>Cultivates innovation</td>
<td>74%</td>
</tr>
<tr>
<td>Dealing with ambiguity</td>
<td>69%</td>
</tr>
<tr>
<td>Inspiring others</td>
<td>63%</td>
</tr>
<tr>
<td>Cultural adaptability</td>
<td>62%</td>
</tr>
<tr>
<td>Courage</td>
<td>61%</td>
</tr>
<tr>
<td>Creativity</td>
<td>60%</td>
</tr>
<tr>
<td>Nimble learning</td>
<td>53%</td>
</tr>
<tr>
<td>Resourcefulness</td>
<td>50%</td>
</tr>
<tr>
<td>Directs work</td>
<td>40%</td>
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</tbody>
</table>

Strategic agility. Agility sits at the core of the new leadership skillset needed to deal with the inherent complexity of the 21st century. In the past, change was more predictable and linear—and seasoned auto executives knew how to deal with change simply by applying experience.
But now, change occurs more quickly and less predictably. New challenges can come out of left field, and the agile leader must be able to react, even if there is no obvious framework of experience to rely on.

This ability to “know what to do when you don’t know what to do” is often described as instinctive management. In fact, it’s more than that. It is the ability to learn from experience and subsequently to apply that learning to perform successfully under new or first-time situations. Korn Ferry calls this Learning Agility.

An agile leader also must combine strategic vision with operational skill, Toyota’s Didier Leroy says: “The challenge is to find those people who can manage daily operations while having a clear vision of the future. It is no longer enough to be one or the other. You have to be able to do both.”

Håkan Samuelsson, President and Chief Executive Officer at Volvo Car Group, agrees: “Development of strategy will always be important but we need to balance that with operational effectiveness in execution.”

Innovation, courage, and inspiration. Cultivating innovation is especially important in an era of slow-to-no growth. Accelerating performance in an essentially flat market requires innovation and creativity.

A good example of this—and one of the 21st century’s biggest sales successes to date—has been BMW’s reinvention of the MINI brand. It took a highly innovative approach to achieve this, as well as the courage to take a calculated risk that the investment not in just the vehicles but also in the brand—the way it was marketed and retailed—would pay off.

The ability to inspire others is cited as one of the most important attributes, too, and it’s especially true in an increasingly complex industry, in which product development relies on a web of joint ventures and simultaneous engineering projects involving competitors and suppliers.
Old-fashioned “command and control” management chains don’t work now, as a project leader may oversee a team of engineers from several companies. The project leader cannot manage by diktat. The team needs to be inspired by the leader’s ability to influence and to “sell” ideas to executives accustomed to different work structures.

Entrepreneurial technology companies excel at motivating, inspiring, and integrating high-potential executives, says Luca de Meo, Audi’s Member of the Board of Management for Sales & Marketing: “Corporations will have to focus on the demand and expectations of its most valuable asset, the employee, even more. Start-up companies show us how to motivate, inspire, and integrate high potential candidates in a fluid system/structure. Project-teams will overcome traditional organizational structures and flatter hierarchies will replace static multi-level command structures.”

Cultural adaptability. Among all the key leadership attributes identified, cultural adaptability was valued as important by nearly two-thirds of respondents. It probably would not have figured at all even a decade ago. But the industry is increasingly aware of the value of culturally agile executives, who have more than just stamps in their passports and are able to adapt successfully to different corporate cultures and market challenges.

Many respondents understand the importance of dealing with global complexity. “The industry needs leaders with cultural depth who can adapt and work effectively across regions, with different industrial and commercial partners,” says Steven Armstrong, Vice President of Ford Motor Co., and President of Ford South America.

Peugeot’s Maxime Picat agrees: “You need leaders who are open-minded and able to understand different points of view and different cultures. Just having worked abroad is not enough.”

One downside to the rapid double-digit growth in China over the last decade is that it actually has limited the breadth of experiential development available to Chinese executives.
Few who have not taken the opportunity to work outside China will be adaptable enough to handle different international business environments in the future. Success in China has been relatively easy in recent years, given the vast demand for cars. But that does not translate to success elsewhere, where there are more stringent legal frameworks, sophisticated brand marketplaces, and tougher sales environments.

While China thrives, Europe remains depressed, with little growth since the economic crisis of 2008 and no immediate signs of a sustained revival. Ford’s Barb Samardzich, is aware of the challenge: “Europe is going to be a slow-to-no growth market over the next five years. That means the onus is on us to find and develop leaders who can successfully grow a business even when the market is flat.”

New and emerging markets in particular have to be understood, says Andy Palmer, Aston Martin Chief Executive Officer: “In the future, 50% of volume is going to come from places we don’t sell cars right now. That means having leaders with the mental agility to think globally. The faster you can move to have leaders with cultural sensitivity who understand emerging markets, the greater advantage you have to capitalize on future opportunities.”

Finding individuals who fit this bill may be less of a challenge than might be imagined. One benefit of greater globalization for automakers is an increase in local recruitment to manage transplant factories or overseas sales channels.

But companies need to identify people in those roles who have the cultural adaptability—as well as talent—to take on wider responsibilities. That means abandoning a traditional reliance on promoting “home country” executives above all others.

Nissan’s Allan Rushforth says: “The challenge is to become truly international, and that requires leadership and talent that can fuel that process and add value. Trying to identify and develop a genuinely international leadership talent pool that can work globally will be critical.”
Assessing and developing future leadership capability.

How ready is the automotive industry to develop its next generation of leaders? Not ready enough, the survey results show.

Only 32% of respondents rated their own company’s leadership talent pipeline as “above average” in terms of succession readiness.

Anthony Eastwood, Rolls-Royce’s Human Resources Director, identifies a real issue: “We still suffer to a certain extent from having lots of good managers in particular functional areas of the business versus those who are skilled in general management and leadership. As an industry, we have a lot of good managers, but we are not as good as we should be at developing them into leaders.”

This survey and a significant body of other research have identified agility as a critical leadership attribute and as the most valid and reliable predictor of potential. With the rate of change across the automotive industry accelerating it is becoming increasingly important to be able to objectively measure future leadership potential in this way, rather than relying on subjective assessment which can often be influenced far more by past achievement.

“The biggest challenge ... is to find people who can bring the two things at the same time—the right attitude and the right expertise. However, if I had to choose one it would be someone with the right behaviors, because experience can be built - attitude cannot.”

Carlos Tavares
Chairman, PSA Peugeot Citroën Managing Board
However, this type of rigorous, data-driven assessment does not yet appear to be prevalent across the industry, with barely half of survey respondents (53%) either confident or "very confident" that their company can identify and develop high potential next-generation leadership talent accurately based on the key future leadership attributes they had identified as important.

Survey responses also point to a shift in terms of what contributes to developing leadership talent. A decade ago the external MBA was often rated the most valuable leadership development tool and a company-funded place at a top international business school was seen as a ‘badge of honor’ that marked out the highest of high potentials. Today external courses may only account for a small percentage of a leaders development, with coaching and mentoring, and on-the-job experience contributing far more.
When it comes to improving leadership bench strength for the future, more than half of all respondents rated individual coaching and mentoring (59%) and more accurate and predictive assessment of leadership skills (55%) as the most valuable.

The use of stretch assignments to accelerate leadership development is growing in importance as the pace of industry change increases. But assignments need to be carefully selected according to the identified leadership competencies the executive needs to cultivate. Not all can be developed at the same pace or at the same time, and some are more innate and therefore difficult to develop at all.

It also is important to build cross-functional experience, providing the developing executive with a broader understanding of the complete business, while establishing important internal networks and relationships.
**Key leadership skills.**

Mapping survey responses against the Korn Ferry Leadership Architect (a competency framework based on more than 60 years of combined research by Korn Ferry companies) indicates a strong match with a set of key leadership skills that correlate to high performance at all organizational levels.

These particular leadership skills are extremely rare—only 12% of executives have four or more—and harder to acquire. This makes it all the more important for organizations to be able to assess for these attributes early, to identify high-potential future leadership talent and initiate an active process of development.

<table>
<thead>
<tr>
<th>Strategic agility</th>
<th>Sees ahead clearly; can anticipate future consequences and trends accurately; has broad knowledge and perspective; is future-oriented; can articulate paint credible pictures and visions of possibilities and likelihoods; can create competitive and breakthrough strategies and plans.</th>
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<tbody>
<tr>
<td>Innovation management</td>
<td>Is good at bringing the creative ideas of others to market; has good judgment about which creative ideas and suggestions will work; has a sense about managing the creative process of others; can facilitate effective brainstorming; can project how potential ideas may play out in the marketplace.</td>
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<tr>
<td>Dealing with ambiguity</td>
<td>Can effectively cope with change; can shift gears comfortably; can decide and act without having the total picture; isn’t upset when things are up in the air; doesn’t have to finish things before moving on; can comfortably handle risk and uncertainty.</td>
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<tr>
<td>Motivating others</td>
<td>Creates a climate in which people want to do their best; can motivate many kinds of direct reports and team or project members; can assess each person’s hot button and use it to get the best out of him/her; pushes tasks and decisions down; empowers others; invites input from each person and shares ownership and visibility; makes each individual feel his/her work is important; is someone people like working for and with.</td>
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<tr>
<td>Creativity</td>
<td>Comes up with a lot of new and unique ideas; easily makes connections among previously unrelated notions; tends to be seen as original and value-added in brainstorming sessions.</td>
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<tr>
<td>Managing vision and purpose</td>
<td>Communicates a compelling and inspired vision or sense of core purpose; talks beyond today; talks about possibilities; is optimistic; creates milestones and symbols to rally support behind the vision; makes the vision sharable by everyone; can inspire and motivate entire units or organizations.</td>
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<tr>
<td>Planning</td>
<td>Accurately scopes out length and difficulty of tasks and projects; sets objectives and goals; breaks down work into the process steps; develops schedules and task/people assignments; anticipates and adjusts for problems and roadblocks; measures performance against goals; evaluates results.</td>
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<tr>
<td>Building effective teams</td>
<td>Blends people into teams when needed; creates strong morale and spirit in his/her team; shares wins and successes; fosters open dialogue; lets people finish and be responsible for their work; defines success in terms of the whole team; creates a feeling of belonging in the team.</td>
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The global recession of 2008 forced the automotive sector to adapt to unforeseen economic circumstances. The industry had no choice but to react with painful restructuring, reducing headcount and taking out cost, but it became leaner and more efficient as a result.

Seven years on, the change management task is even more challenging. Now the drivers of change are technical, cultural, and social as well as economic and the leadership imperative is to be visionary, rather than reactionary.

With so many disruptive factors affecting the auto sector at the same time, the industry increasingly needs highly agile leaders, quick to adapt and able to successfully apply their experience to new or first-time challenges.

That experience itself needs to be broader than ever before, encompassing multiple functional areas of the business, as well as such challenging, formative career assignments as operational start-ups, turnarounds of underperforming business units, and organizational restructuring. Increasingly a premium is being placed on wider business experience from outside the industry.

There is no question that automotive businesses need to adapt, and to do so just as quickly as their customers are shifting their relationships with transportation and mobility. Consumer demand is one of the major forces driving industry change, and that demand differs greatly around the world, increasing the need for leaders with true cultural adaptability, not just an international CV.

The industry itself also has become more complex, with a web of joint ventures, industrial partnerships, and inter-company platform architecture sharing. This requires leaders who can influence and inspire, rather than dictate and direct. Meanwhile, disruptive external players are exerting pressure on traditional automakers, and the growing importance of the “connected car” is forcing original equipment manufacturers and suppliers to look at other industries for executives with different skillsets.

“We need to turn our business on its head, from being functionally driven and technically oriented to being customer-driven and digitally oriented. And we need agile leaders with broad, international experience, able to successfully adapt to changing circumstances and fresh challenges while remaining focused on a clear strategic direction for the business.”

Andy Palmer
CEO, Aston Martin Lagonda
### 10 key questions for automotive CEOs and HR leaders.

<table>
<thead>
<tr>
<th>Question</th>
<th>Details</th>
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<tbody>
<tr>
<td>Is our talent strategy fully aligned to our business strategy and clearly expressed (and understood) in terms of how it contributes to commercial success?</td>
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<tr>
<td>How agile are our current leadership team and succession pipeline in the light of increasing complexity and the accelerating pace of change within the industry?</td>
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<tr>
<td>Do we have a robust, data-driven process to identify future leadership potential?</td>
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<tr>
<td>Are the experience profiles and leadership skillsets of identified successors reflective of the future strategic needs of our business?</td>
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<tr>
<td>What tools do we have to identify our most agile next generation leaders and what can we do to develop greater agility in others with high potential?</td>
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<tr>
<td>How can we nurture greater innovation and encourage smart risk-taking?</td>
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<tr>
<td>What do we need to do differently to identify and attract the talent we increasingly need from outside the automotive industry?</td>
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<tr>
<td>How can we create a ‘future-proof’ succession approach with the flexibility to manage internal and external talent pipelines within a single, integrated process?</td>
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<tr>
<td>What more can we do to provide greater opportunity for stretch assignments and projects that build cultural and cross-functional understanding and adaptability, both at the headquarters and across global markets?</td>
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<tr>
<td>How well do we understand the DNA of leaders who are consistently able to deliver growth in a static market?</td>
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This influx of new talent from younger tech industries, coupled with the need for faster decision-making, will see the hierarchical “command and control” structures of the past increasingly give way to flatter, more fluid systems and more devolved responsibility. Less rigid ways of working will amplify the need for leaders who are comfortable with ambiguity, flexible in their approach, and able to shift focus quickly from the strategic to the operational and back again.

Automotive enterprises, therefore, need to prepare leadership teams for the future that can cope with these pressures and change their companies, perhaps fundamentally, so they stay competitive. Their blueprint for doing so needs to begin with a clearly defined talent strategy aligned with business objectives that is regularly updated to adjust to the accelerating rate of change.

And at the heart of that talent strategy should be a succession management process designed to identify and develop the next generation of leaders, equipped with a set of leadership skills and competencies aligned to the business challenges of tomorrow. Certain attributes will be in ever-increasing demand: agility, in particular, innovative thinking, effectiveness in driving change, and cultural adaptability.

Some of these attributes are more innate while others can be developed over time and through a range of interventions, including carefully planned stretch assignments and tailored coaching programs. They all can be measured and, in combination, provide the most valid and reliable predictors of future leadership potential.
Acknowledgements

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Linda Jackson  Chief Executive Officer, Citroën Brand
Didier Leroy  President, Toyota Motor Europe
Johan de Nysschen  Executive Vice President, General Motors President, Cadillac
Hans-Olov Olsson  Vice Chairman of the Board of Directors, Volvo Car Corporation
Andy Palmer  Chief Executive Officer, Aston Martin Lagonda Ltd.
Maxime Picat  Chief Executive Officer, Peugeot Brand
Ian Robertson  Member of the Board of Management for Sales & Marketing, BMW AG
Allan Rushforth  Corporate Vice President Global Sales, Nissan Motor Company Ltd.
Barb Samardzich  Vice President & Chief Operating Officer, Ford of Europe
Håkan Samuelsson  President & Chief Executive Officer, Volvo Car Group
Ulrich Schumacher  Vice President Human Resources & Labour Director, Opel Group
Carlos Tavares  Chairman of the PSA Peugeot Citroën Managing Board
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About Korn Ferry

At Korn Ferry, we design, build, attract and ignite talent. Since our inception, clients have trusted us to help recruit world-class leadership. Today, we are a single source for leadership and talent consulting services to empower businesses and leaders to reach their goals. Our solutions range from executive recruitment and leadership development programmes, to enterprise learning, succession planning and recruitment process outsourcing (RPO).

About The Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books and a quarterly magazine, Briefings, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth and success.

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