



KORN FERRY
Institute

Real World Leadership

Develop leaders who can drive real change.

Development that drives transformation and growth.
Part one of the Real World Leadership report series.

About the study.

Korn Ferry commissioned a comprehensive, global survey of views on leadership development in July and August of 2015. The survey generated more than 7,500 responses from 107 countries, with broad representation from markets such as North America, the UK, continental Europe, Australia, and Asia. Three in four of the leaders who responded are engaged in their organizations' business functions; the rest are in human resources.

The breakdown of the respondents follows:

- ▶ C-suite (26%)
- ▶ VP/SVP/EVP (31%)
- ▶ Director (27%)
- ▶ Other (16%)



Introduction.

Leaders must become catalysts for change.

Our research tells us that organizations understand that aligning leadership and leadership development to drive strategic change is critical to their success. The problem is, in too many cases, execution is falling short. Meeting this challenge is one of today's overriding leadership development challenges.

Leadership development can be a powerful lever for CEOs to:

- Drive a changing strategy.
- Build the talent pipeline.
- Develop a culture that aligns to strategy.
- Create a more socially conscious and purposeful organization.

Developing leaders to drive financial performance and operational excellence will always be important. However, given the unrelenting pace of technological change, globalization, and an anemic world economy, organizations realize they need leaders who can effectively respond to constantly evolving business opportunities and threats, and chart a path to sustainable growth.

To explore these issues, Korn Ferry commissioned a global survey on leadership development. The results reveal a gaping disparity between the widespread importance of strategic change and the confidence respondents have that their organization's leaders can deliver that change.



Key findings include:

- Only 17% of those surveyed are confident their organization has the right leadership to deliver on its strategic priorities.
- More than half of executives rank their leadership development ROI as "fair" to "very poor" and they would throw out and rework half of their current leadership development approach if they could.
- On average, 50% of first-level, mid-level, and high-potential leaders are not active in driving change.
- Developing leaders to drive strategic change is the highest priority for executives, yet nearly half of the respondents reported that managing through strategic change is the number one shortcoming of current leadership.

What does all this mean? To start with, organizations need to re-think how they define and execute their leadership development strategy so that it can drive strategic change. Leadership development strategies need to build leaders who can engage the entire workforce and equip leaders who can really drive those changes. Ultimately, to meet this challenge, we're looking at a sea change in leadership development, organizational culture and purpose, and, perhaps most importantly, linking business strategy and leadership strategy in a completely new way.

This is the first in a series of reports that discusses the results and implications of our research on leadership development. Our goal is to provide evidence-based, actionable information to assist organizations with developing leaders and placing them in the right roles to ensure future success.

Stu Crandell

Senior Vice President of the Korn Ferry Institute

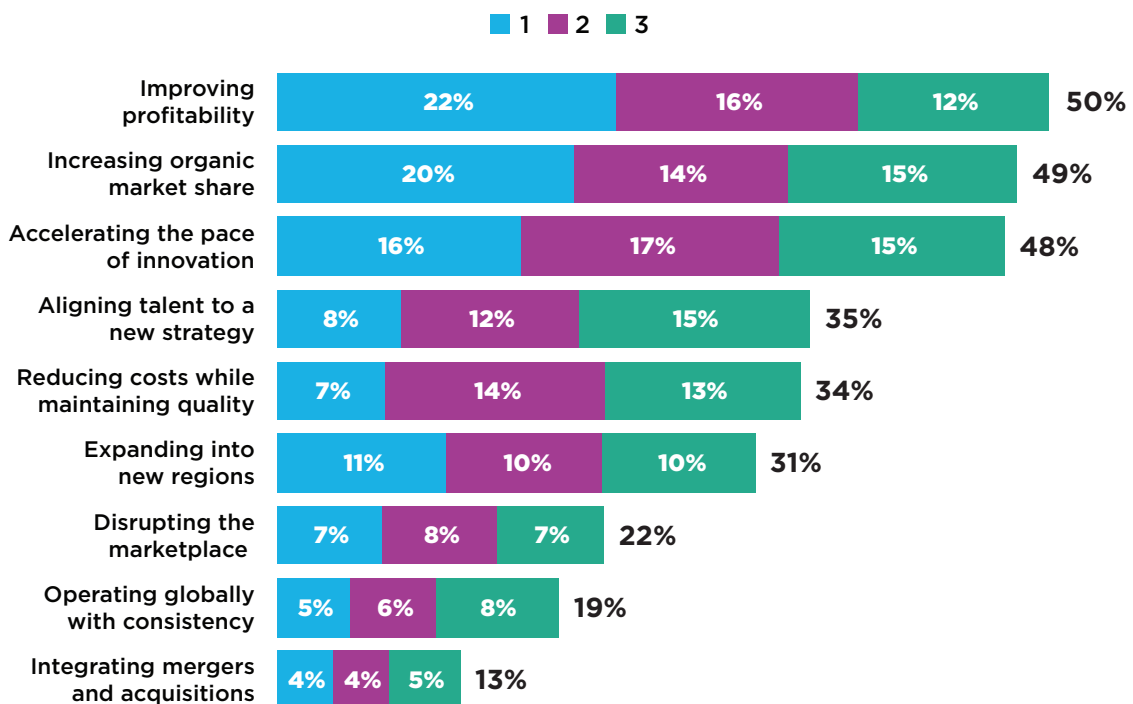
Developing leaders who will drive strategic change.

Driving innovation and strategic change in organizations is challenging. Why? Because it requires behavioral change and leadership change, and change is hard. It often entails overthrowing existing practices and processes and replacing them with new goals and new ways of doing things. It takes people out of their comfort zones. It may mean sacrificing short-term financial performance for potentially larger long-term returns.

It's risky. So no wonder it's difficult for organizations to achieve. But it's also absolutely essential.

The good news is organizations are embracing strategic change—at least on a conceptual level. When we asked business leaders to rank the most pressing strategic business priorities in their organizations, almost half (48%) ranked "accelerating the pace of innovation" in their top three out of nine priorities, which was nearly the same as "improving profitability" and "increasing organic market share." Ten years ago, this would have been unlikely.

Rank the most pressing, strategic business priorities in your organization.



"Companies understand that we're in a long era of slow global growth," said **David Dotlich**, president of Pivot Leadership, a Korn Ferry company. "They've reduced debt, downsized, and re-focused their businesses. They've done everything that's easy to do. Now they are in the search for growth. And they know that it's going to come from innovation, creativity, change, and finding new ways to do things."

A catalyst for change.

The implications for leadership development are profound.

"Leadership development is now officially more than bench building. It's about alignment, communication, and, most importantly, change and growth," says **Noah Rabinowitz**, senior partner and global head of Korn Ferry's Leadership Development practice. "Developing leaders to be a catalyst for change should be at the center of every business strategy."

Leadership development that is focused on preparing general managers and future leaders will remain important. However, in line with the business priority of accelerating innovation, companies are looking for leaders that will embrace, as well as drive, accelerate, and promote positive change.

"Growth means change. Change in culture, people, strategy, leadership, and organizational structure," explains Rabinowitz. "Drilling down, change requires new behaviors, new routines, new methods, new customers, new perspectives, and new technology. It takes leadership and agility to make all this happen."

Accelerating the
pace of **innovation**
ranked in **top**
three global
strategic
business
priorities

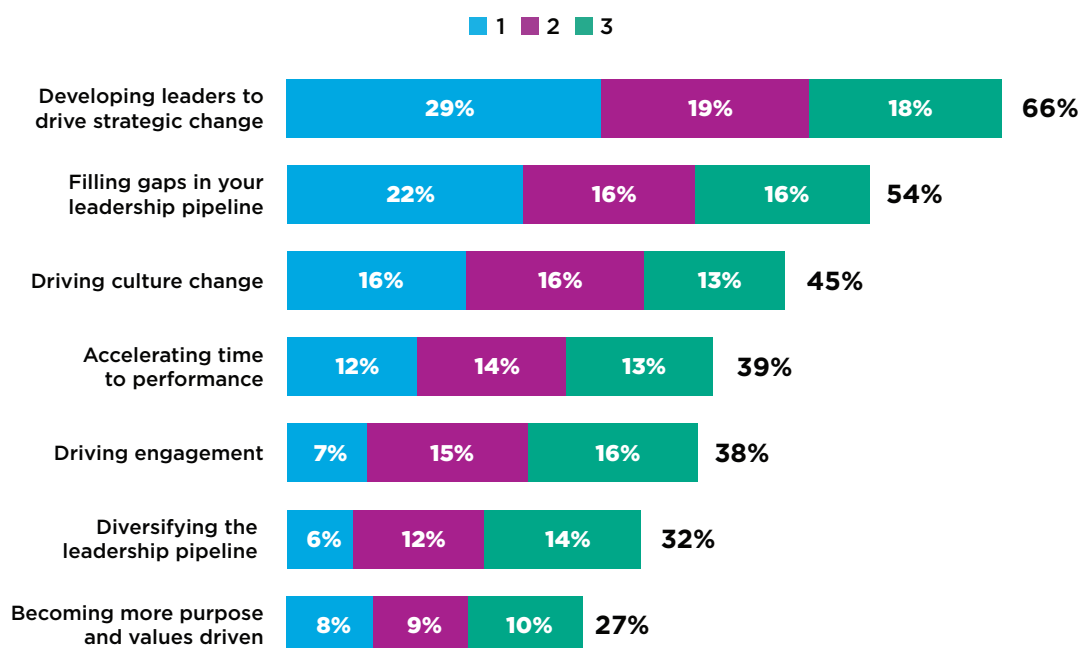


A holistic approach to developing change leaders.

Organizations that wish to develop change leaders need to begin by understanding the foundations of human behavior. **Korn Ferry's Four Dimensions of Leadership and Talent**—skills, experiences, traits, and drivers—provide a complete picture of the individual qualities that drive performance, engagement, and leadership effectiveness. Once a high-resolution view of talent exists, organizations can identify and develop change leaders with greater precision.

When asked about the most important leadership development priorities in their organizations, survey respondents were crystal clear. "Developing leaders to drive strategic change" was the top priority, followed by "filling gaps in the leadership pipeline" and, in third place, "driving culture change."

Rank the most important leadership development priorities in your organization.



"This has been building for some time," says **Andrew Pek**, senior partner at Korn Ferry, "and is now more pronounced than ever. It is about getting talented people with great ideas in the right positions with the right support. For example, organizations want leaders who may have worked at a successful start-up or a product development incubator within a larger organization."




Disruptive diversity.

Another element of change is seeking out new perspectives and appreciating the diverse experiences of people who haven't traditionally been asked to provide input or were not perceived as potential leaders.

"For too long, organizations have sought out alternative thinking from homogenous and mainstreamed leadership teams," says **Andrés Tapia**, senior partner at Korn Ferry. "Disruptive thinking will only happen with leadership teams that are diverse in every which way—age, race, ethnicity, gender, disability, sexual orientation, personality, thinking style, and so on."

Clearly, organizations need to change their approach to business growth and leadership development, especially with more diverse leadership teams. Companies that do so can more effectively fuse their business strategy with their leadership development strategy and may very well find a recipe for growth and an edge over their competitors.

Companies that effectively fuse their business strategy with their leadership development strategy may very well find a recipe for growth and an edge over their competitors.



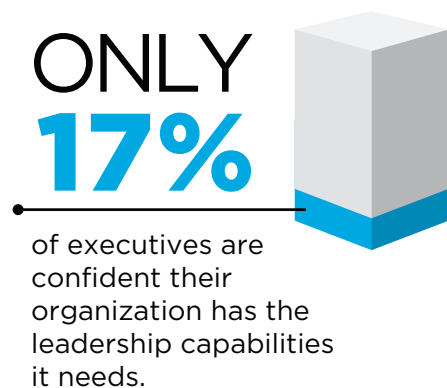
"For too long, organizations have sought out alternative thinking from homogenous and mainstreamed leadership teams."

*Andrés Tapia
Senior Partner
Korn Ferry*

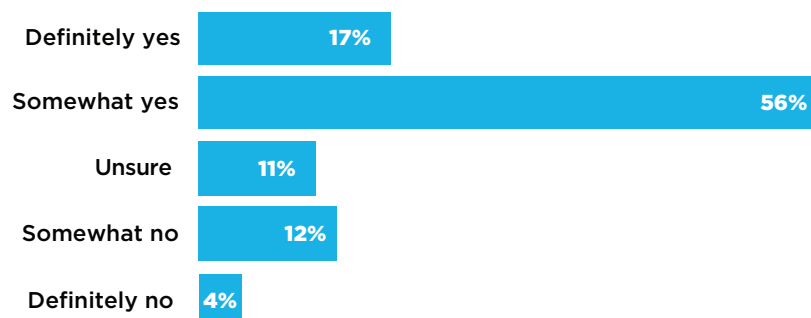
Organizations lack confidence in leaders to deliver strategic change.

While organizations extol the importance of strategic change, many question whether their current leadership is up to the challenge.

According to our findings, only 17% of respondents are confident they have the right leadership in place to deliver on strategic business priorities. Moreover, 27% are either unsure or do not think their current leadership can successfully execute strategic priorities.



Do you have the right leadership capabilities in place to execute on your organization's strategic business plan?



For **Brigitte Morel-Curran**, senior partner at Korn Ferry, "The study quantifies the fear many top executives have, that their board-level strategy is difficult to implement given their current talent capabilities. Executives ask: 'How can I get there from here, with the talent I actually have on my team?'"

To some extent, executive teams may be uneasy because strategic change leadership is inherently more difficult and organizationally disruptive than operational leadership.



Driving strategic change.

Organizations report there is a substantial lack of engagement in driving and executing strategic change among mid-level, first-level, and high-potential leaders. This lack of engagement contributes to doubts among some of these leaders about C-suite strategic change initiatives.

"The value of most strategic plans is rarely fully realized," notes Rabinowitz. "The strategy message gets diluted because behaviors don't change, people don't engage the way we need them to, they don't think in new ways, and they don't evolve fast enough. Implementation breaks down due to stagnant cultures, entrenched ways of doing things, commitment to the status quo, and ultimately due to lack of leadership."

Finally, C-suite leaders play multiple roles, and, as such, may have difficulties maintaining a consistency between what they say about the importance of innovation and change and their actions. The pressures of short-term financial performance and shareholder accountability can derail longer-term strategic initiatives.

"It depends on the leader, of course," says **Michael Van Impe**, senior partner at Korn Ferry. "But I have seen many examples where investments in some type of innovative project or approach were cancelled due to short-term financial pressures. It happens all too frequently."

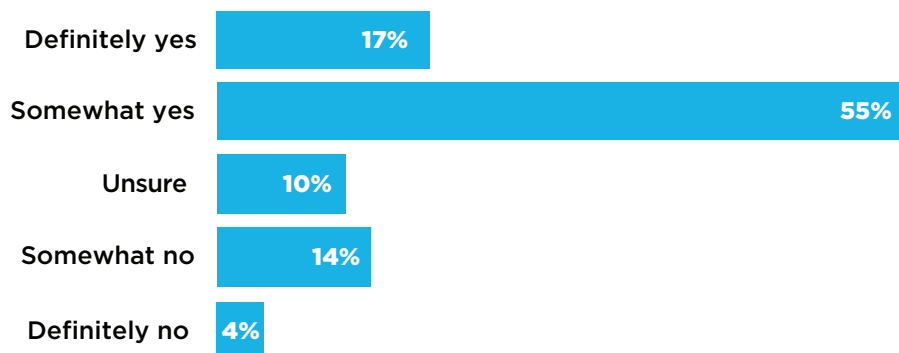
Leaders are not displaying the right behaviors to inspire and drive change.

Leading for change requires a different set of skills than those required for traditional business management. Change leaders must be agile, flexible, resourceful, and have the ability to navigate unknown situations. They must be good listeners and open to new ideas from all corners of the organization. And, most importantly, change leaders must be able to articulate a vision and inspire others to higher levels of performance.

"To do so, a change leader must be tuned into the reality that not 'one size fits all' when it comes to motivating talent within the organization," Tapia asserts. "The challenge for leaders is to find the right message for each and every internal audience so organizations pull together to achieve their goals for strategic change."

According to our survey, less than 20% of respondents report full confidence that their leadership teams are consistently demonstrating the behaviors needed to drive strategic change.

Does your leadership team demonstrate the leadership behaviors needed for your organization to successfully deliver on its strategic business priorities?

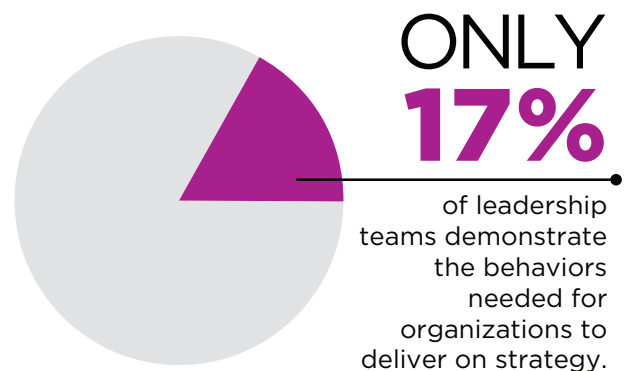


"What leader wants to say that his or her team 'somewhat' or 'kind of' has the behaviors needed to deliver?" points out Crandell. "The right kind of development programs can give greater confidence that teams have the skills needed when it's time to step up to the plate."

"On the one hand," continues Van Impe, "leaders may say all the right things about innovation and change; however, what they do in practice can be another thing entirely. This is yet another example of the gap between what is stated and what gets delivered upon."

Many companies talk about soliciting input from all levels and across diverse backgrounds of the organization but, in reality, they still operate very much in a top-down, command-and-control manner, according to Van Impe. Strategy is formulated within a small group at the top, perhaps with the assistance of external advisory support, and then the typical approach is to force the innovation from the top down.

"When you don't have buy-in from the people who are expected to help create and then execute the strategy, it's a problem," says Van Impe. "And when the strategy is put together by the same type of people, with the same perspectives, that's a problem too."



"When you don't have buy-in from the people who are expected to help create and then execute the strategy, it's a problem."

*Michael Van Impe
Senior Partner
Korn Ferry*

Risks and rewards of innovation.

Taking intelligent risks is part of innovation and trying new things. Do leaders reward people who think out of the box and take risks that are consistent with the organization's strategic vision, or do they penalize people if the risk doesn't bear immediate rewards?

Organizations seek and prefer predictable outcomes; there's fear associated with change. Leaders and organizations struggle between doing business as they always have, even when existing approaches falter, and innovating, even when new ways hold great promise.

"In my experience, many companies have a tendency to hang on to the 'tried and true' too long," says Van Impe. "And this frequently cuts out people who may have new ideas. When it becomes obvious that the 'tried and true' is in decline and companies need new ideas, it's often too late."

For Tapia, "The answers often lie in young talent that has traditionally been on the margins, which is where innovation always begins."

All of these behaviors—the gap between rhetoric and actions, the failure to reinforce behaviors consistent with innovation, and a bias toward the familiar over the new—can undermine strategic change initiatives, leading to a weakening of an organization's culture.

Unlocking innovative leadership mindsets.

Korn Ferry Growth and Innovation

Incubator helps organizations address their largest strategic goals and challenges by developing leaders with new mindsets and skills to successfully navigate and manage internal and external disruptors—such as risk aversion and conservatism within the organization or rapidly changing technology and consumer needs externally—while driving growth for the business.

This experience dramatically changes the way senior leaders think about organizational growth, the competition, and, more importantly, their collective response to both.

Not only will leaders develop learning agility—the ability to learn from experience and successfully apply that learning to new or first-time conditions—but also their capacity for expansive thinking and inclusive leadership which contribute to a much greater level of senior team alignment.

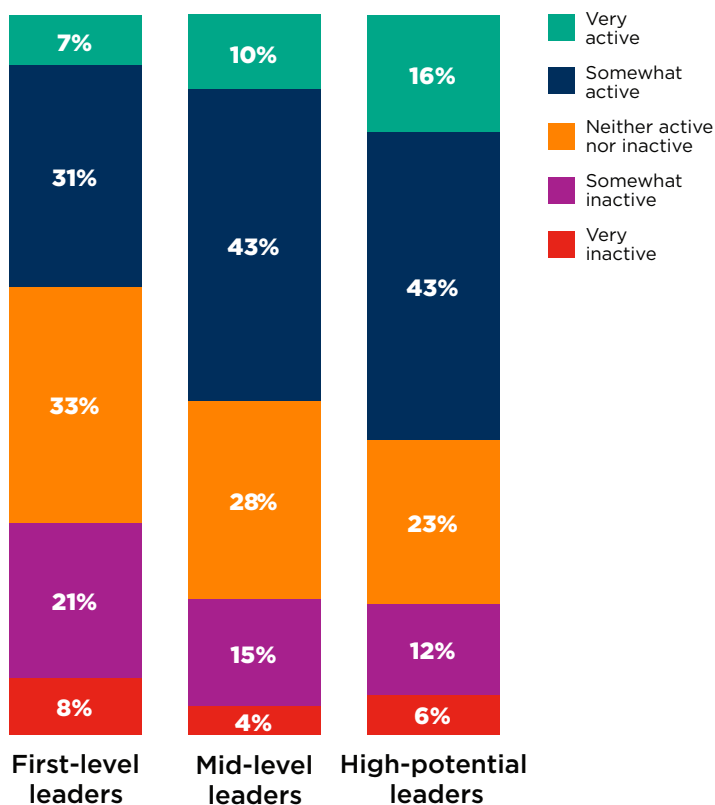
Lack of leader engagement jeopardizes strategic change initiatives.

One of the truisms in business change theory is that engagement across the entire organization is crucial. While our survey indicates that strategic change is a top business priority, the data also reveals a distinct lack of organizational alignment when it comes to implementing those changes.

Our survey respondents said they perceive that 62% of first-level leaders, 47% of mid-level leaders, and 41% of high-potential leaders do not actively drive strategic change in their organization; this means that, on average, half of the leaders below the senior executive level are perceived as inactive in organizations' efforts to make strategic change.

The specifics are as follows:

Describe the extent to which each leadership level is active in driving strategic change in your organization.



Leaders and organizations struggle between doing business as they always have, even when existing approaches falter, and innovating, even when new ways hold great promise.

Boosting enterprise-wide engagement.

"The problem is that C-suite leaders make decisions and they are highly engaged in their own decisions, but their engagement is not translating or taking hold across the organization," stresses Morel-Curran. "The question is then, what are they doing about that?"

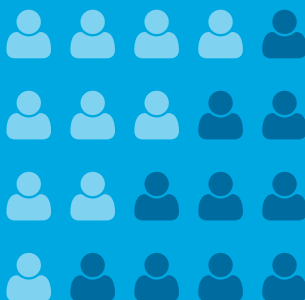
"It's a bit like the old game, where a message is passed through a number of people and by the end of the line, it is completely altered," says Crandell. "This is of concern because no strategy can be effectively implemented without the buy-in and alignment of all employees."

Without organization-wide engagement, strategic change initiatives will not fully succeed, nor will any critical business initiatives.

"The problem is that C-suite leaders make decisions and they are highly engaged in their own decisions, but their engagement is not translating or taking hold across the organization. The question is then, what are they doing about that?"

*Brigitte Morel-Curran
Senior Partner
Korn Ferry*

**An average
of only 50%**
of leaders below the
senior executive level
are actively driving
strategic change.



Leadership matters at every level.

First-level leaders are on the front lines of functional units within organizations. Frequently, they lead small teams and they can play a vital role in implementing change on a local level. The pace at which local teams adopt change has a multiplying effect across an organization and first-level leaders are instrumental in helping to overcome resistance to change while building commitment to the organization's strategic goals.

Mid-level leaders shape and determine the outcome of key organizational initiatives. They often manage other managers or a business function and are usually accountable for growing revenue or managing costs. They may experience conflict between short-term performance and the costs involved in strategic change efforts. Thus, their buy-in is critical.

High-potential leaders are generally younger or mid-career individuals who have been identified as future leaders. While a higher percentage of high potentials (59%) are actively or somewhat engaged in driving strategic change than either first or mid-level leaders, the numbers are very disappointing.

"If I were a CEO and saw that only half of my high-potential leaders were very active, I would ask 'What's going on with the other half?' These are our future leaders. This is the future of our organization," Crandell adds. "Fifty percent is unacceptable. The number should be around 80%-100%."

Furthermore, the lack of engagement among high potentials could lead to substantial turnover, which is the last thing an organization wants to see among the young leaders they are preparing for higher level leadership positions.

The move from individual contributor to first-level leader is critical for both individuals' careers and organizations' success, yet over 80% of those who try fail to make this transition successfully. The **Korn Ferry Leadership Principles** program significantly improves first-level leader success by addressing common pitfalls, and building a leader's mindset and the ability to motivate and mobilize others.

Mid-level leaders deal with complex problems that require leadership, collaboration and strategic thinking. **Korn Ferry Enterprise Leadership for Emerging Talent** allows mid-level leaders to engage in realistic business simulations where they are challenged to employ strategic/ systems thinking, change leadership, and influence skills.

High-potential leaders are an organization's greatest source of innovation, agility, strategic excellence, and inclusive leadership. **Korn Ferry High Potential Accelerator** is an immersive leadership development journey, designed to prepare high-potential leaders to take on broader senior executive leadership roles.



A culture of collaboration.

There's a larger point: To alter their culture and create an environment where strategic change and innovation can occur, organizations need broad engagement and alignment among their talent. All leadership levels need to participate.

"Organizations want collaboration and alignment, but it's not happening yet at the first or mid-levels of leadership," Dotlich says, adding "There is a big opportunity to drive changes in culture and performance if this shortfall and others can be addressed."

Further, organizations can help generate new thinking and ideas, and encourage even more change in their culture, if they commit to creating a more diverse leadership pipeline with talent from varied backgrounds and experiences. This is the kind of new behavior that organizations must undertake.

To Rabinowitz, "it's about more than alignment—it's about embedding new thinking and new behaviors within the culture. Change and execution are made up of the sum total of people's leadership behaviors," he asserts. "In the absence of significant behavior change, among all levels of leaders, strategy implementation will break down. Get it right and there will be an organizational transformation."

Inclusion generates new ideas.

To grow and compete effectively, organizations need to leverage the potential of the entire workforce. The most successful organizations achieve this by creating an environment in which everyone is empowered to develop, contribute, and succeed.

Bringing individuals together from different backgrounds, experiences, styles, and perspectives creates a broader dialogue and is likely to generate new ideas and approaches to getting things done.

Our approach to developing diverse leadership is based on the **Four Stages® of Contribution** development framework.

Leadership development needs to become more relevant.

Developing leaders to drive strategic change requires a different focus on leadership development, survey respondents said. In general, they indicated a preference for development that deals with the contemporary issues they are facing in their organizations as opposed to a more abstract, top-down, conceptual approach.

Rabinowitz believes the Korn Ferry Four Pillar approach to leadership development can help organizations solve the challenge of developing a new generation of leaders to drive strategic change. The first pillar, "Context is critical," speaks to the challenge of applying development to real world issues. "Leadership development has to be deeply, deeply relevant to business strategy and the current cultural landscape," he says. "It should be about what's going on in an organization. People should talk to each other and exchange ideas about how they are struggling with and solving real world problems, involving their teams, customer experience, product relevance, dealing with biases, and a host of other issues."

Moreover, survey respondents indicated a preference for "journey-based" development as opposed to "time-bound" or event-based programs. "There's a growing awareness that when you send someone to a five-day program at a major school, the impact can be limited," says **Pushp Deep Gupta**, senior partner at Korn Ferry. "Development should be a journey where people learn over time the skills to navigate their organization and become effective in driving strategies to achieve new business objectives."

Korn Ferry's Four Pillars of Leadership Development

To prepare leaders to meet today's demands, development must become more relevant and draw upon four critical pillars:

1. Context is critical. Design development around the real business mission, culture, challenges, and opportunities. This provides the context required for leadership development to be transformational and drive measurable ROI.

2. Develop the whole person. Focus on what leaders need to be and do to help maximize potential and match individual strengths and motivations to organizational needs.

3. Treat leadership development as a journey. Move beyond transactional development. Leadership development is a career-long process that requires continued learning, with an intensity and timeframe that match the ambition and scale of the desired strategic goal.

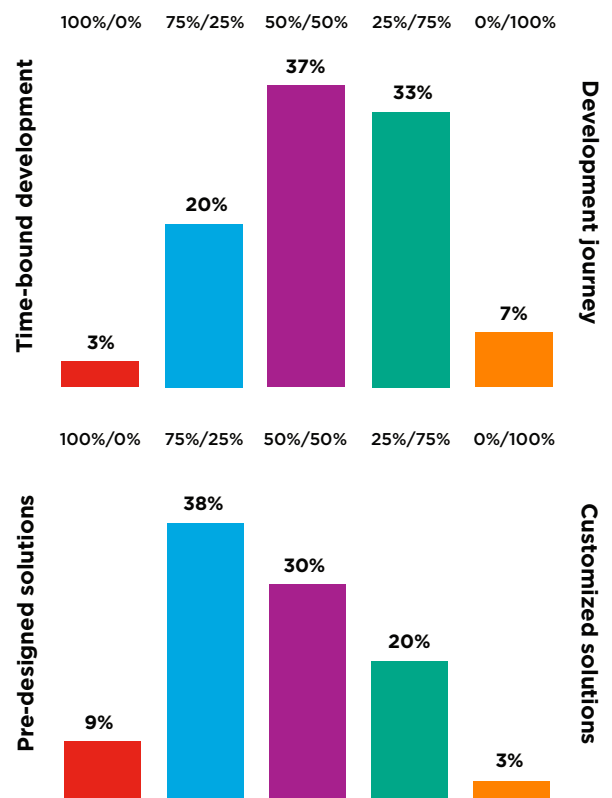
4. Service promotes purpose. Link business strategy with purpose. The opportunity to contribute beyond oneself activates inherent leadership capabilities and enables people to experience the power and impact of true leadership.

A blended approach to learning.

"Historically, leadership development has been about one-time events, usually offsite or in classroom settings," adds **Claudia Hill**, global lead for high-potential leadership development at Korn Ferry. "The problem with that, research shows, is that after two weeks only 12% of learning is retained and 2% applied. Organizations spend money and time, nothing happens, and no meaningful change occurs."

"Instead," Hill continues, "leadership development needs to be engaging on a continuing basis in big and small ways. It needs to be a blend of things that fit together: workshops, coaching, assessment, peer groups, action learning, technology-enabled learning simulations, immersions, leaders as teachers, among others. It's more difficult than bringing everyone together in a room and talking about the new plan. But, ultimately, it's far more effective."

What best describes the ideal ratio of development programs at your organization?



Redefining leadership development to drive innovation and growth.

Survey respondents are unhappy with their current leadership development programs. If they were to start over, respondents reported they would only retain 52% of their current approach. Furthermore, 55% judged the return on their leadership development spending investment as only "fair," "poor," or "very poor."

Three major findings in the study highlight the importance of innovation and strategic change:

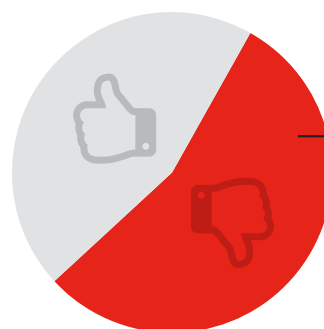
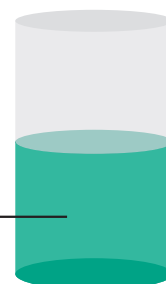
1. Accelerating innovation is a top strategic business goal.
2. Developing leaders to drive strategic change is the top leadership development priority.
3. Re-thinking and reforming at least half of respondents' current leadership development approach is top of mind, to make it supportive of developing strategic change leaders.

"Ideas and innovation are what's going to drive growth," says Dotlich. "As part of that, companies need to identify their business strategy and implement that strategy in the talent dimension. There are tools that can help people become more innovative and create environments where people can be more creative."

If able to start over with leadership development, business and HR leaders would only keep

52%

of their current approach.



55%

of leadership development ROI is judged as fair to very poor.

The barriers to successful leadership development.

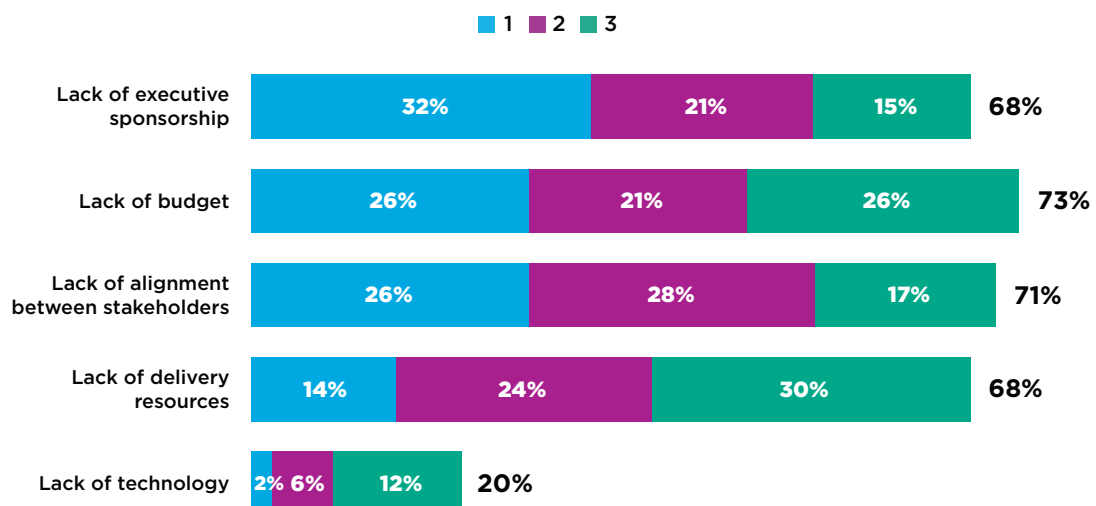
Creating and implementing strategic change requires the development of new types of leaders who can be responsible for driving change by engaging the entire organization, create a sense of mission and purpose, and ultimately, change the organization's culture. It's a tall order. But, if leaders are not effectively developed and engaged at the outset, chances of success are slim.

Our survey respondents identified "lack of executive sponsorship" as the top barrier to successful leadership development, followed closely by "lack of budget" and "lack of alignment between stakeholders."

Build a stronger organization through sponsorship.

To help senior executives become better mentors, coaches, and educators for the next generation of leadership, while also building a culture of learning and development, Korn Ferry created the **Senior Executive Sponsor** program. An immersive, half-day session focuses senior executives on how to forge highly productive relationships with new leaders and assist them on their leadership development journey.

Rank the barriers to successful implementation of leadership development.



"Top leadership is the most active in implementing strategic change," says Van Impe. "But they do two things that I think undermine their own efforts. First, they try to force change from the top down and skip the steps involved in engaging people at all levels and developing buy-in for implementing the change. Part of that involves failing to develop the leaders at all levels to implement the change. They need to understand better that change strategy and leadership strategy go hand in hand."

"Second," he continues, "they need to be willing to spend money on new types of development programs that result in the leadership skills necessary to drive change and innovation. They can't skimp on this part. You can't solve million dollar problems with hundred dollar solutions."

"If leadership development does not include building up the competencies necessary to lead diverse teams inclusively," Tapia warns, "leaders and organizations will fall far short of achieving their urgent goals of innovation, growth in new and diverse markets, and attracting and retaining the best professionals from all talent pools."

Alignment of stakeholders in backing leadership development investments is critical, but oftentimes lacking.

In most public companies, maximizing financial performance and company valuation for the benefit of shareholders is a top priority. The pressures of short-term financial performance can undermine both strategic change and leadership development initiatives.

Lack of executive sponsorship
ranked as **top**
global barrier
to successful
leadership
development.



Managing inclusion.

Most leaders appreciate the importance of diversity and inclusion. However, few understand how to manage a diverse workforce so that everyone can contribute their best work and continue to grow.

The **Korn Ferry Managing Inclusion** program is designed to help managers build the skills they need to cultivate an environment that supports higher levels of performance.

Establishing a core mission and purpose.

According to Rabinowitz, the focus on profit alone doesn't create the type of high-level motivation or cultural energy that instills leaders in some organizations with a sense of mission and purpose.

"Typically, profit is not as intrinsically motivating as other things," he continues. "The military, for example, deeply embeds a sense of purpose and vision into its work. Some pharmaceutical companies do the same by proclaiming their mission and purpose to cure diseases—not to sell more drugs. If they are committed to this, profit serves this purpose and leaders are developed into this larger sense of community, purpose, mission, and social consciousness."

At the C-suite level, Rabinowitz senses, many leaders do have a larger purpose and vision. However, in many cases, he feels the sense of mission and purpose gets diluted as it flows down the organization.

"In leadership development, we need to be looking at the whole person," he urges. "We need to flip the paradigm of why we exist and what we're trying to accomplish. We need to give leaders a sense that there is a higher purpose to what they're doing."

The pressures of short-term financial performance can undermine both strategic change and leadership development initiatives.

Recommendations.

Connect leadership strategy with business strategy:

Organizations need to identify the kinds of leaders required to execute their strategy and then build their development/recruiting approach around those profiles. Part of that exercise is to include a greater variety of voices and perspectives in the leadership pipeline.

Embed change throughout the organization: The entire organization needs to be enlisted in change initiatives. Effective and significant organizational change only happens when a large number of people collectively align, engage, and drive growth and change.

Make leadership development programs contextual and relevant: Organizations should orient programs around current business and strategic issues. That will generate engagement and fresh approaches to business challenges.

Encourage a sense of purpose and mission: Individuals and organizations are far more motivated and energized when they are connected to a higher purpose or feel they are providing a service to the world, their customers, and their community.

"Developing leaders to be a catalyst for change should be at the center of every business strategy."

*Noah Rabinowitz
Senior Partner and Global Head
Korn Ferry Leadership Development*

Conclusion.

Organizations are facing significant leadership challenges. Many survey respondents say their organizations lack the leadership and leadership development programs needed to effectively drive change, innovation, and growth. Successfully addressing those challenges will be a major factor in differentiating the winners from the losers in the years ahead.

"Done right, leadership and talent provide organizations with a significant competitive edge," says Rabinowitz. "Most organizations could benefit from a deeper and more sustained focus on leadership development."

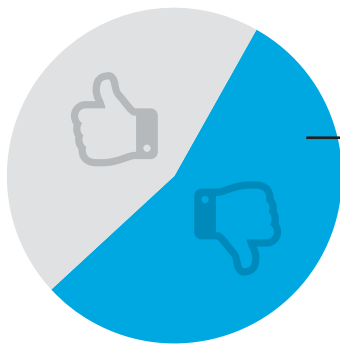
The need for change is apparent in our findings. Organizations are buffeted by slow economic growth on one side and tumultuous marketplace upheavals on the other. For most, relying on organic growth alone is a recipe for inertia and decline. To drive sustainable growth, organizations will need to find new markets, new customers, and new ways of doing things.

Our survey respondents indicate the problem is threefold. First, confidence in current leadership to drive change is low; second, there are gaps throughout the leadership pipeline; and finally, engagement in strategic change among leaders outside of the C-suite is lacking.

The stakes are high. Without leaders who can successfully drive change, organizations will flounder in a difficult economic environment. Indeed, organizations that cannot get the right leaders in place may find change is forced upon them—in the form of downsizing or divestiture.

Up next: Build a pipeline of ready-now leaders.

The second report in the series focuses on how organizations can strengthen, diversify, and close gaps in their talent pipeline.



55%

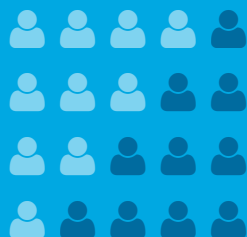
of leadership development ROI is judged as fair to very poor.

Top 3 global leadership development priorities:

- 1** Developing leaders to drive strategic change
- 2** Filling gaps in the leadership pipeline
- 3** Driving culture change

An average of only 50%

of leaders below the senior executive level are actively driving strategic change.



If able to start over with leadership development, business and HR leaders would only keep

52%

of their current approach.



“Developing leaders to be a catalyst for change should be at the center of every business strategy.”

Noah Rabinowitz

Senior Partner and Global Head of Korn Ferry's Leadership Development practice

ONLY 17%



of executives are confident their organization has the leadership capabilities it needs.

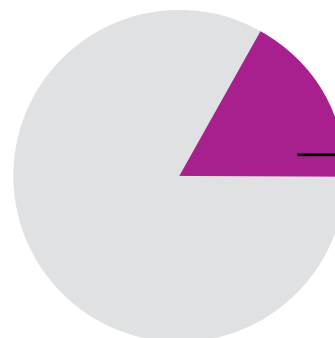
Accelerating the pace of innovation ranked in **top three** global strategic business priorities.



Lack of executive sponsorship ranked as **top global barrier** to successful leadership development.



ONLY 17%



of leadership teams demonstrate the behaviors needed for organizations to deliver on strategy.

About Korn Ferry

Korn Ferry is the preeminent authority on leadership and talent. For nearly half a century, clients have trusted us to recruit world-class leaders. Today, we are their partner in designing organizational strategy and developing their people to achieve unimaginable success.

For more information, visit:

kornferry.com/real-world-leadership

#RealWorldLeadership

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.

