

WORKFORCE AND SUCCESSION MANAGEMENT **IN A CHANGING WORLD**



Maximizing People
Performance



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Performance

WORKPLACE AND SUCCESSION MANAGEMENT **IN A CHANGING WORLD**

FOREWORD

by Jeff Hayes, CEO, CPP, Inc.

As the global economy continues to unravel, today's workforces face pressures and dilemmas not seen in decades. And while executives move to preserve their companies' bottom lines, a less obvious (but equally critical) challenge looms that, if ignored, could have devastating consequences.

Organizations understand that workforce and succession management are essential to ensure continuing success. To discover what they're doing to maintain an effective workforce and assure themselves of effective leadership for the future, CPP surveyed hundreds of HR professionals from around the world. The survey focused on organizations' current workforce and succession management challenges and practices, and expectations and preparations for workforce and succession management over the next 10 years. The results point to a looming "leadership gap" as well as a number of formidable challenges to current and future leadership development and succession management efforts.



While a talented and focused workforce can navigate a multitude of obstacles to achieve success in the most fiercely contested space, even a company with innovative products and a sound reputation may be driven to the ground by poor leadership and an ineffective employee base. CPP, therefore, commissioned this study in order to explore the steps organizations are taking to retain a competitive workforce in the coming years. The following report summarizes the opinions of hundreds of HR professionals and line-of-business managers from various regions worldwide (including North America, Europe, Asia-Pacific, Brazil and South Africa) on their preparations and projections for the coming decade, as well as their current challenges and practices.

The study shows that developed 21st-century societies and economies face strikingly similar challenges regarding workforce and succession management. Overall, results indicate broad awareness of the looming “leadership gap,” expected to fully materialize over the next decade as Generation X struggles to fill the holes left by droves of retiring Baby Boomers. Our findings indicate, however, that the majority of organizations are neither prepared, nor are taking the necessary steps to meet this challenge head-on.

While more than half of all respondents (58%) expect their organizations to grow in the near future, the majority of respondents from all regions, with the exception of Brazil, also expect hiring, retaining and developing leaders to become more difficult over the next 10 years.

This outlook is particularly acute in North America, where baby boomers are beginning to exit the workforce en masse. Furthermore, most respondents appear to be fully aware that their organizations will soon face the dual challenge of increased competition for new hires, and increased danger of losing valued employees to competitors.

It is both puzzling and troubling, therefore, that the study indicates an overall lack of preparedness to meet these challenges. Worldwide, far too few organizations have instituted mechanisms to retain and develop tomorrow’s leaders. No more than 40% of all respondents report having a formalized succession or executive coaching program in place in their organization, and only slightly more than half (54%) report having a process in place to identify individuals with high leadership potential.

Not surprisingly given the lack of organizational preparation, we found that the majority (60% worldwide and 72% in the U.S.) of respondents are bracing for the impact of ill-equipped employees assuming higher-level positions due to the lack of available leadership talent. It is likely no coincidence that respondents also expect the impact from employee burnout to be high, as few factors discourage a workforce more than poor leadership.

Respondents cited several challenges to their leadership development plans, including a rapidly changing competitive environment, knowledge retention, pressure to innovate, generational differences, and, most notably, pressure to cut costs. While these problems will no doubt continue to plague the business community at large, individual organizations are not unavoidably at the mercy of these demographic forces and the oncoming “leadership gap.” CPP has consulted with companies of all sizes and in all industries for more than five decades. CPP shares the opinion of many of the respondents who expressed that a solid leadership development program can ensure that organizations identify, retain and prepare their future leaders, and can reenergize employee bases that have lost momentum. For years, the company has put together programs that have helped companies of all sizes deal with succession management long before this leadership gap emerged.

It has been said of modern government that leaders tend to focus on the “urgent” at the expense of the “important.” For business leaders, the “important” may very well be defined by the revitalization of its leadership pipelines. As today’s leaders make “urgent” decisions regarding cost-cutting, they must not succumb to pressure to scrimp on leadership development. Human capital – in particular, leadership ability – may turn out to be the most sought after commodity as the new century unfolds. Given this looming shortage, tomorrow’s leaders must be prepared to assume more responsibility than their predecessors, while at the same time bringing less experience to the table.

Leadership development is the key to surviving and thriving in the forthcoming climate. It is, therefore, incumbent upon today’s organizations to institute formalized succession planning and executive coaching programs that identify those with leadership potential and nurture their talent. Additionally, as it will likely be much more difficult to procure outside talent, organizations must foster a work environment that maximizes retention of high-value employees. Successful organizations will make training a top priority, even when time and resources are scarce.

EXECUTIVE SUMMARY

Organizations understand that workforce and succession management are essential to ensure continuing success. To discover what they’re doing to maintain an effective workforce and assure themselves of effective leadership for the future, CPP surveyed hundreds of HR professionals from around the world. The survey focused on organizations’ current workforce and succession management challenges and practices, and expectations and preparations for workforce and succession management over the next 10 years. The results point to a looming “leadership gap” as well as a number of formidable challenges to current and future leadership development and succession management efforts.

INTRODUCTION

FROM EXPECTATIONS TO PREPARATIONS

Planning, by definition, is a matter of anticipating the future. *Successful* planning—setting yourself up not just to survive but to thrive—is a two-step process. First, you must define what you expect will happen in the future, giving careful attention to anticipated changes and challenges that are different in kind or degree from those you face today. Then you must formulate and implement a plan of action that will prepare you for the future you envision, especially the changes and new challenges.

This study of workforce and succession management is based on such a view of successful planning. Between November 2007 and January 2008, CPP, Inc., surveyed HR professionals and line-of-business managers from various regions of the world on their current workforce and succession management challenges and practices and their preparations and projections for the coming decade. (Appendix 1 provides a complete description of the survey's scope and methodology.)

Statistically, the responses revealed both variations and patterns. No doubt the variations reflect demographic and developmental differences among the regions represented—complex issues that are beyond the scope of this study. The patterns, however, show that the challenges of workforce and succession management are similar, if not universal, across developed 21st-century societies and economies.



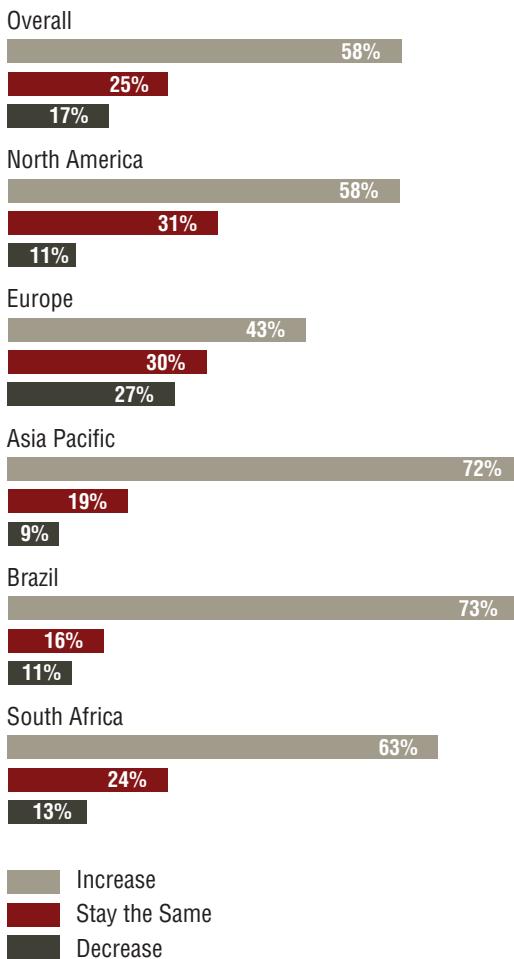
IN THEIR OWN WORDS

Numbers rarely if ever tell the whole story. That's why survey participants were encouraged to comment on the issues, challenges, and practices of workforce and succession management. Excerpts from those "in their own words" comments are presented in sidebars like this one throughout this report—reminders that workforces are made up of people and that workforce and succession management is a matter of human as well as organizational development.

THE BIG PICTURE: HEAD COUNT NOW AND THEN

More than half (58%) of the survey respondents expected their organization to grow, in terms of number of employees, over the next 10 years. One in four (25%) expected their head count to stay the same, and 17% expected it to decrease. Regionally, Asia Pacific and Brazil had the highest percentage of respondents (72% of respondents from both regions) predicting an increase in headcount, while Europe had the highest percentage (26%) predicting a decline.

Number of employees over the next 10 years is expected to:



THE RETIREMENT WILD CARD

Survey results showed that retirement rate projections vary considerably from region to region—surely a reflection of disparate regional demographic trends such as population bulges, life span averages, health care quality and availability, savings rates and social “safety nets,” and so forth.

In North America, where the “baby boom” is maturing inexorably into a “silver tsunami,” nearly 71% of respondents said they expect employee retirement levels to rise over the next 10 years—compared with 43% of respondents surveywide. In stark contrast, a mere 14% of respondents in the Asia Pacific region forecast a rise in retirement levels. In fact, 38% of Asia Pacific respondents believed that employee retirement rates will shrink over the next 10 years. In all other regions, nearly half of respondents expected retirement levels to remain steady.

IN THEIR OWN WORDS

“Many organizations continue to ignore the need for organizational and leadership development. Unfortunately, during the time it takes to transition out the ‘old guard,’ innovative organizations are stealing the younger talent. It is time even the small business became more aware of the successes enjoyed by organizations that recognize the need to ‘grow’ talent and best practices.”

THE HIRING ENVIRONMENT

Survey results revealed a hiring environment that varies from region to region and across skill levels. In general, respondents reported that it's more difficult to hire, develop, and retain workers for higher-level positions than for lower-level and unskilled positions. Compared to other regions, however, Europe appears to have a moderately easier time hiring, developing, and retaining higher-level people today, and respondents there predicted less difficulty in doing so over the next 10 years than did respondents in other areas. At the other end of the range, South African respondents reported comparatively more difficulty hiring, developing, and retaining leaders today, and they expected that difficulty to increase in the next decade.

Following are some of the patterns that emerged regarding the hiring environment for various skill levels and positions.

Skilled versus unskilled workers. At least 48% of respondents in each region (and 57% overall) think it is somewhat or very easy to fill unskilled positions today. Over the next 10 years, there is substantial regional variation on the question of whether it will get easier or more difficult. Only 18% of North American respondents think it will get easier but 46% of Asia Pacific and 50% of Brazilian respondents believe it will get easier.

The outlook for skilled labor is different. Regarding filling skilled positions, 44% of respondents reported that it is currently very or somewhat difficult; 30% said it is very or somewhat easy; and 26% said it is neither one nor the other. In forecasting the next 10 years, 38% said it will be more difficult to fill such positions, 25% said it will be much or somewhat easier and 37% took a neutral position.

Filling sales and marketing positions. The survey respondents were evenly split when it came to filling sales and marketing positions today versus over the next decade. Roughly one in four (27%) said that it's very or somewhat difficult to fill these positions today; about the same proportion (26%) felt that it will be very or somewhat more difficult in the next 10 years. In North America we see the biggest forecast change in this environment. 29% of respondents said that hiring sales and marketing positions today is very or somewhat difficult. 10% more respondents (39%) suggested that it will be very or somewhat more difficult to fill sales and marketing positions in the next 10 years.

Hiring top executives. Just over half of all survey respondents (52%) reported that it is currently very or somewhat difficult to fill top executive positions, and over the next 10 years, 47% expect it will be much or somewhat more difficult. The starker contrast between now and then emerged in South Africa. 76% of respondents in this region think it is difficult to hire top executives today and 34% report it will be somewhat or much more difficult over the next 10 years.

LEADERSHIP: THE KEYSTONE OF SUCCESSION MANAGEMENT

As successful organizations recognize, leaders are needed at—and can come from—every level of a company. Good leaders are a scarce commodity and thus often are the subject of competitive bidding from multiple organizations. In other words, they are not always readily available for hire. Therefore, leaders not only can be but must be developed from within. And retention remains an ongoing challenge.

That's why, in addition to asking respondents about the hiring environment for top executives, the survey asked for their assessment of the current and future environment for hiring, retaining, and developing good leaders.

Hiring good leaders. Survey results indicated that it's not easy to find good leaders and it's not expected to get any easier. A solid majority of respondents worldwide (63%) reported that it is very or somewhat difficult to hire good leaders today. And over the next decade, 49% of all respondents said, hiring good leaders will be more difficult than it already is.

Respondents in South Africa and Brazil reported the greatest difficulty hiring good leaders today (83% and 77%, respectively), and prospects appear to be especially grim in South Africa, where 76% of respondents said it will become even more difficult over the next 10 years.

In detail, the results were as follows:

Today, how easy or difficult is it to hire good leaders?

Overall



North America



Europe



Asia Pacific



Brazil



South Africa



Very or somewhat easy
 Very or somewhat difficult

Over the next ten years, will it be easier or more difficult to hire good leaders?

Overall



North America



Europe



Asia Pacific



Brazil



South Africa



Much or somewhat easier
 Much more or somewhat more difficult

Note: a middle “neutral” option was offered to respondents; however, the “neutral” responses are not represented in these tables

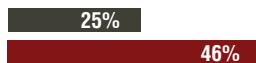
Retaining good leaders. When it’s difficult to hire good leaders, it’s all the more important that organizations hold on to the ones they have. But that’s no easy task, according to the survey results, and it’s likely to become more difficult over the next 10 years. Today, 46% of all respondents reported, it’s very or somewhat difficult to retain good leaders. Only 25% said it’s very or somewhat easy. And 48% expect it to be more difficult to retain good leaders over the next 10 years than it is today, while just 17% think it will be easier.

Respondents in North America highlighted the trend of difficulty with employee retention. Of that group, 39% said it is very or somewhat easy to retain good leaders today—the highest percentage in this category among all regions. But 68% predicted that it will be more difficult over the next 10 years than it is today—a rate of skepticism second only to that of South African respondents (71%).

In detail, the results were as follows:

Today, how easy or difficult is it to retain good leaders?

Overall



North America



Europe



Asia Pacific



Brazil



South Africa



Very or somewhat easy
 Very or somewhat difficult

In detail, the results were as follows:

Over the next 10 years, will it be easier or more difficult to retain good leaders?

Overall



North America



Europe



Asia Pacific



Brazil



South Africa



Much or somewhat easier
 Much more or somewhat more difficult

Note: a middle "neutral" option was offered to respondents; however, the "neutral" responses are not represented in these tables

Developing good leaders. When both hiring and retaining good leaders is difficult and likely to become more so over time, as survey respondents predicted, the pressure grows for organizations to develop their own leaders. But the data suggest that this, too, is a daunting task. Just over half of all respondents (53%) reported that it's very or somewhat difficult to develop good leaders today, and only 25% predicted that the task will become easier over the next decade.

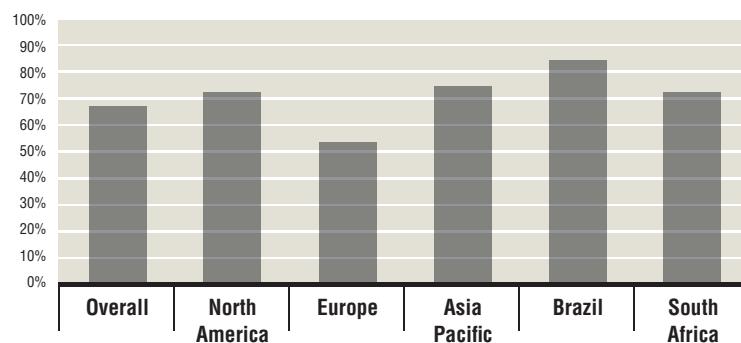
Respondents in South Africa and Brazil reported the greatest difficulty developing good leaders today (74% and 67%, respectively). However, respondents in Brazil were more sanguine about the future, with 46% predicting that it will be much or somewhat easier to develop good leaders over the next decade. Indeed, Brazil is the only region in which respondents expecting leadership development to become easier outnumbered those who anticipated it becoming more difficult. In contrast, nearly 60% of South African respondents projected that developing good leaders will be much more or somewhat more difficult going forward.

CURRENT LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING EFFORTS

To discover what organizations worldwide are doing to fill their leadership pipelines from within, the survey asked respondents about their leadership development practices.

One of the first steps in establishing leadership development programs and succession plans is to define the competencies the organization wants in its leaders. Overall, 69% of respondents indicated that they currently define leadership competencies within their organization.

Percentage of respondents indicating their organization defines the competencies needed from its leaders

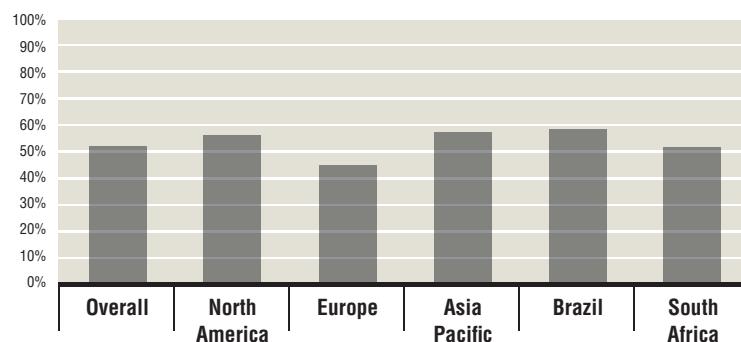


Identifying individuals with high leadership potential is the next step in filling a leadership pipeline. Just over half (54%) of all respondents reported having such a process in place—fewer than those who currently define leadership competencies.

IN THEIR OWN WORDS

“The single most important ingredient within any organization is leadership. The ability to identify talent and develop it to meet the needs of the business is critical. The importance of leadership development programs cannot be overstated.”

Percentage of respondents indicating their organization has processes to identify people with high leadership potential

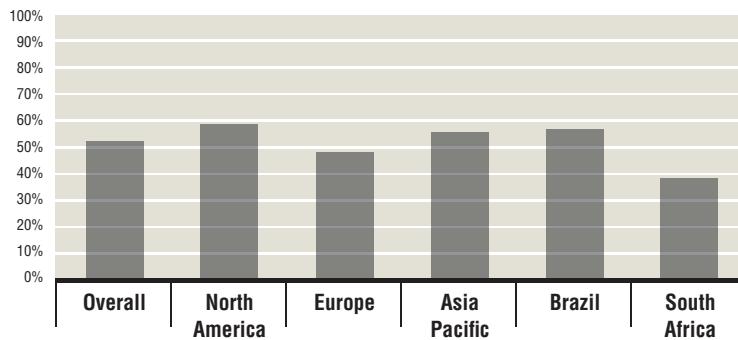


In a concerning sign, slightly fewer respondents—53% survey wide—reported having a formal leadership development process currently in place. North America, with nearly 60% of respondents reporting that their organization has a formal program in place, leads all other regions. But it would seem that, worldwide, many organizations are ill prepared for the leadership challenges they foresee in the next decade.

IN THEIR OWN WORDS

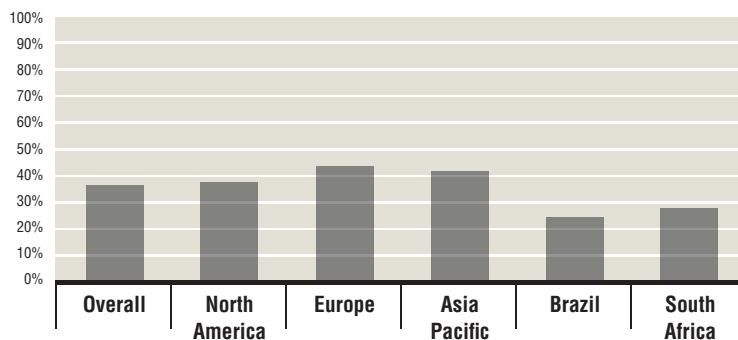
"We are using leadership competencies and core competencies as a method of benchmarking our current talent against our future needs. We are working to create individual development plans that help to close the gaps in competencies, coupled with a strengths-based approach that focuses on unleashing the potential within every employee."

Percentage of respondents reporting that their organization has a formal leadership development program



Even fewer—just 38% of all respondents—reported having a formalized succession plan in place in their organization. Interestingly, companies in Europe (43%) and Asia Pacific (42%) seem to be ahead of the curve: Higher percentages of respondents in those regions claimed to have such a plan in place. But in no region did more than 43% of respondents indicate that their organization is engaged in formalized succession planning.

Percentage of respondents reporting that their organization has a formalized succession plan



IN THEIR OWN WORDS

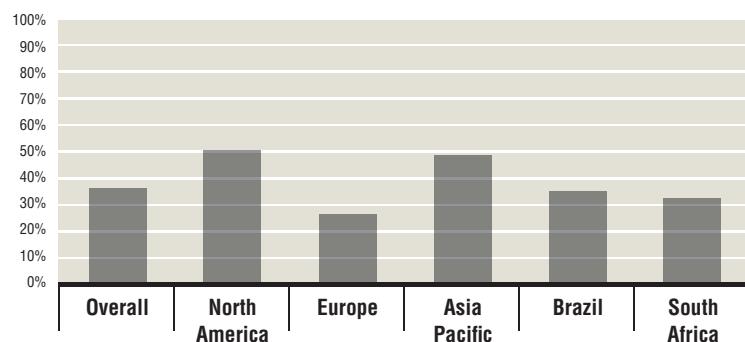
"The focus for us needs to be on more formal employee development programs (including management and senior leaders) to support the current organization and expected growth over the next five to 10 years. This will include individual career development programs, succession planning, and mentoring, to pass on and retain company, industry, and functional knowledge."

EMPLOYEE DEVELOPMENT PRACTICES

To ascertain how organizations are going about the task of developing leaders and other employees, the survey focused on three primary tools that organizations commonly use: 360° assessments, personality assessments, and executive coaching. The responses revealed some interesting regional variation in the popularity of these practices.

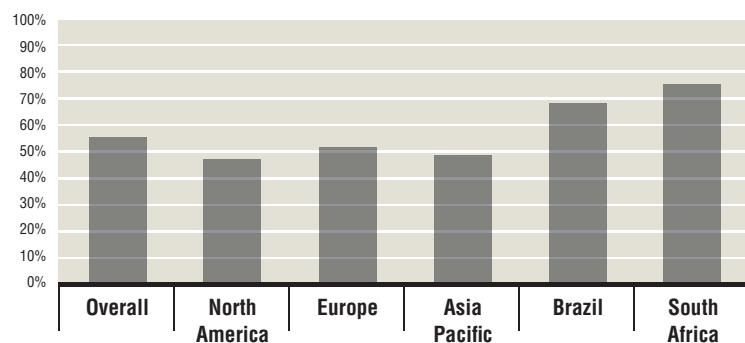
360° assessments. The use of 360° assessments for employee and leadership development ranked lowest of the three tools. Overall, only 38% of respondents reported that their organization uses 360° assessments. In North America, the percentage was higher, with just over half (51%) of respondents indicating that their organization uses this development tool. European respondents reported the lowest rate of use, at only 28%.

Percentage of respondents indicating their organization uses 360° assessments



Personality assessments. Personality assessments are used for both employee selection and employee development. Overall, 56% of respondents indicated that their company currently uses these tools. Respondents in South Africa and Brazil indicated the highest usage—76% and 70%, respectively.

Percentage of respondents indicating their organization uses personality assessments

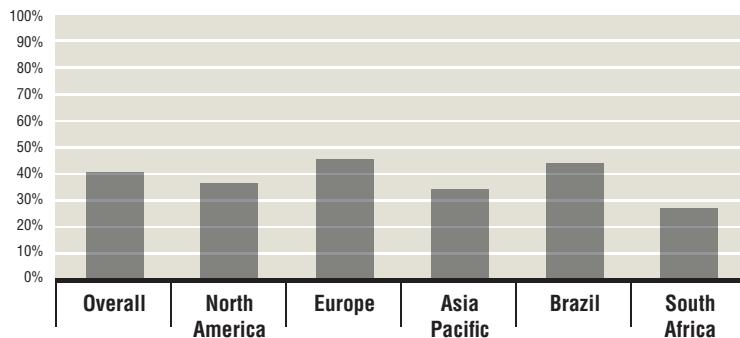


IN THEIR OWN WORDS

“The most successful companies do not employ leadership training as a one-off session. They continually develop and continually train, even when time is precious and training time nonexistent. It takes precedence, and is implemented.”

Executive coaching. Just over 40% of total respondents indicated that their organization has a formal executive coaching program. This varied a bit regionally, as shown in the graph below.

Percentage of respondents indicating their organization has a formal executive coaching program

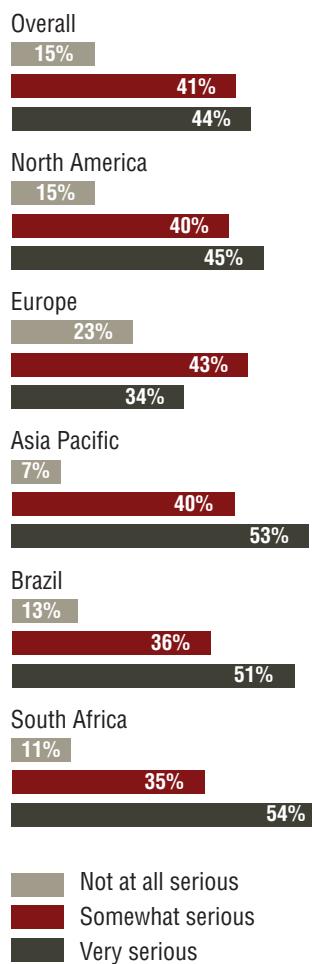


CHALLENGES TO LEADERSHIP DEVELOPMENT

The survey asked respondents to identify and rate the business, economic and human capital management challenges that threaten their organization's leadership development plans. Many of the challenges were rated as very or somewhat serious by most respondents. At the same time, the results varied considerably by region.

Overall, respondents identified the rapidly changing competitive environment as the most serious challenge—with 44% calling this a very serious challenge to their leadership development plans and 41% calling it a somewhat serious challenge.

Level of seriousness that the rapidly changing competitive environment has on leadership development plans:



Nearly as many respondents—43%—cited pressure to cut costs as a very serious challenge to their leadership development plans. With another 44% of all respondents noting this pressure as a somewhat serious challenge, fully 87% of respondents' leadership development plans appear to be vulnerable to financial constraints. Among North American respondents, 91% believed that this challenge is somewhat or very serious and in South Africa, 94% of respondents are feeling this pressure acutely.

IN THEIR OWN WORDS

"While some leadership competencies are universal, others change due to the dynamics of the environment. It takes strong leadership to beget strong leadership."

Number of employees over the next 10 years is expected to:

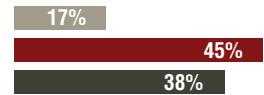
Overall



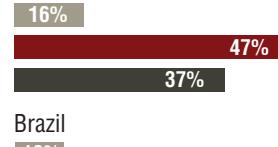
North America



Europe



Asia Pacific



Brazil



South Africa



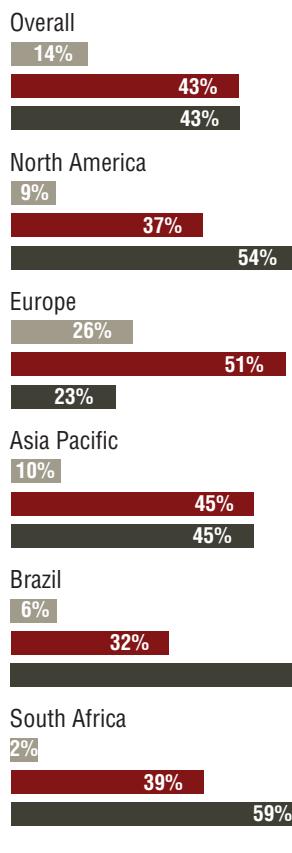
Not at all serious
 Somewhat serious
 Very serious

Overall, 86% of respondents rated knowledge retention as a very or somewhat serious challenge to their organization's leadership development plan. This answer was selected by more than 90% of respondents from North America, Brazil, and South Africa. These three regions also had the highest percentage of respondents reporting that the large numbers of workers retiring is a very or somewhat serious challenge. At the same time, Brazil and South Africa had the highest percentage of respondents indicating that global competition for leadership talent is a very or somewhat serious challenge. With so many workers—and leaders—retiring or leaving their positions for other opportunities brought about by the heated competition for talent, it's hardly surprising that organizations are concerned about how best to retain the base of knowledge that resides with their workforce.

IN THEIR OWN WORDS

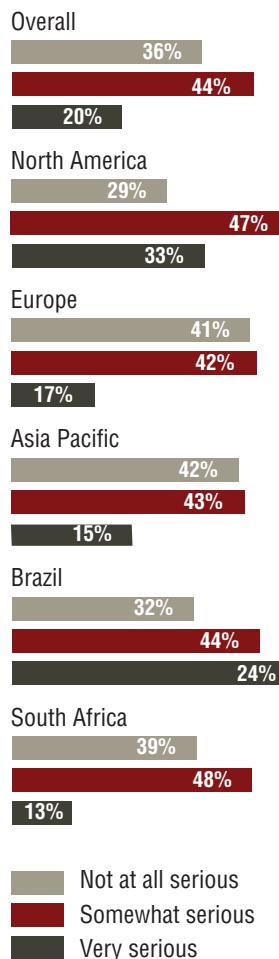
“Companies must invest in the future—not only in products and equipment, but in people. This is not a priority for most companies, as the ever competitive marketplace reduces staff training to a very low priority (if it is a priority at all).”

Level of seriousness that the rapidly changing competitive environment has on leadership development plans:



■ Not at all serious
 ■ Somewhat serious
 ■ Very serious

Level of seriousness that large numbers of workers retiring has on development plans:



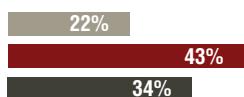
■ Not at all serious
 ■ Somewhat serious
 ■ Very serious

IN THEIR OWN WORDS

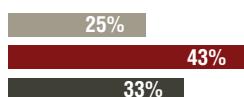
“Retaining talent, knowledge, and experience is key to a business. All too often we want ‘new blood’ and we overlook who we have. Well, all we’re doing when we get ‘new blood’ is paying a premium for some other business’s ‘old blood!’ The challenge is to keep people excited about where they are currently working, and development programs are key.”

Level of seriousness that the global competition for leadership talent has on leadership development plans:

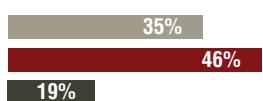
Overall



North America



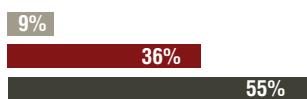
Europe



Asia Pacific



Brazil



South Africa



Not at all serious
Somewhat serious
Very serious

Level of seriousness that pressure to innovate has on leadership development plans:

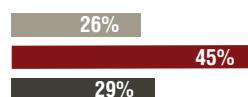
Overall



North America



Europe



Asia Pacific



Brazil



South Africa

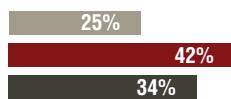


Not at all serious
Somewhat serious
Very serious

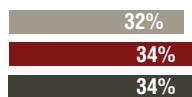
Pressure to innovate is another widely felt challenge, with 85% of respondents calling it very or somewhat serious. At the extremes were Brazil and South Africa, with more than half of respondents citing pressure to innovate as a very serious challenge, and Europe, with only 29% citing it as such. Meanwhile, Asia Pacific faces a triple threat. Fully 91% of respondents there cited the pressure to innovate, 93% cited bringing new products and services to market, and 88% cited expansion into new markets as somewhat or very serious challenges.

Level of seriousness that bringing new products & services to market has on leadership development plans:

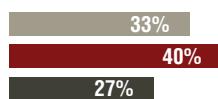
Overall



North America



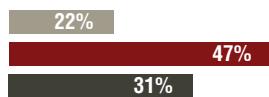
Europe



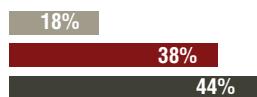
Asia Pacific



Brazil



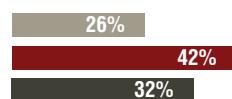
South Africa



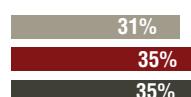
- Not at all serious
- Somewhat serious
- Very serious

Level of seriousness that expansion into new markets has on leadership development plans:

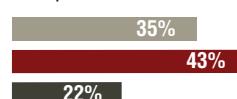
Overall



North America



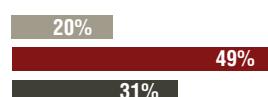
Europe



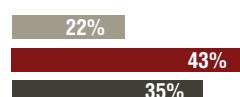
Asia Pacific



Brazil



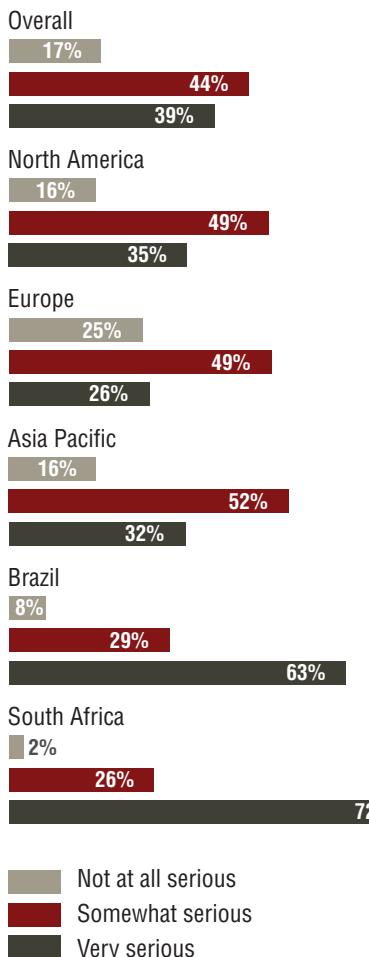
South Africa



- Not at all serious
- Somewhat serious
- Very serious

Also considered a serious challenge is the shortage of available skilled or educated workers. Overall, 83% of respondents ranked this shortage as a somewhat or very serious challenge to leadership development plans. In Brazil and South Africa, 63% and 72%, respectively, ranked it as a very serious challenge. It appears to be of far less concern, though still reported, in Europe: 25% of respondents there reported that the shortage of skilled or educated workers is not at all serious.

Level of seriousness that expansion into new markets has on leadership development plans:

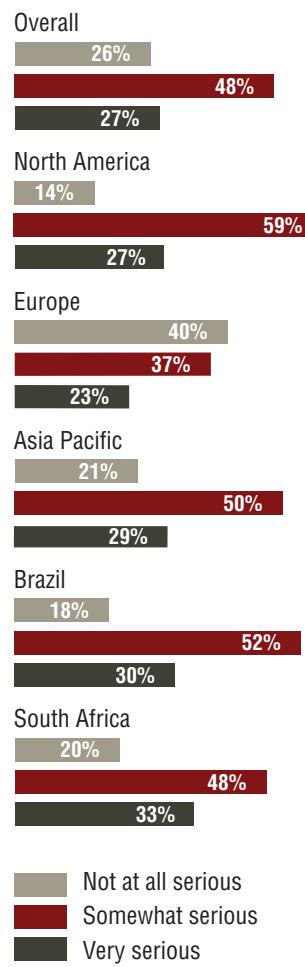


Respondents were also asked about generational differences within the workforce. Given how much coverage this issue has received in the North American human resource community, it's not surprising that it is felt most acutely in that region: 86% of respondents there reported that generational differences pose a very or somewhat serious challenge to leadership development plans. Brazil came a close second in concern about this issue, with 82% of respondents identifying it as a challenge.

IN THEIR OWN WORDS

"[You have to be] willing to view the upcoming workforce as what they are, different from the people you hired on with."

Level of seriousness that generational differences within the workforce have on leadership development plans:



IN THEIR OWN WORDS

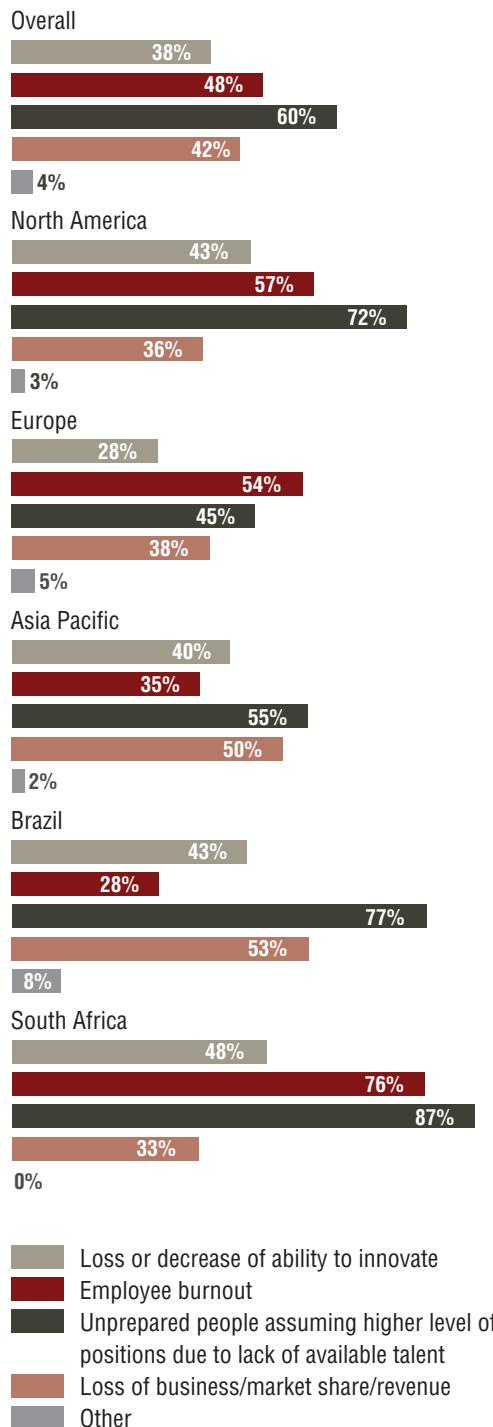
"Identifying and mentoring of younger and newer employees by seasoned employees is the key."

IMPACT OF CHALLENGES TO LEADERSHIP DEVELOPMENT

Respondents were also asked how they thought the challenges to their leadership development efforts might affect their organization. The results varied by region.

Overall, respondents indicated that the greatest impact will result from unprepared employees assuming higher-level positions due to the lack of available talent. The second greatest impact expected is employee burnout, which is hardly surprising. As they expect ongoing challenges from a competitive environment, pressures to cut costs, the need to innovate, and a shortage of skilled workers, how can organizations not be concerned that their workforces may suffer from burnout?

Level of seriousness that expansion into new markets has on leadership development plans:



PREPAREDNESS FOR FACING A CHANGING WORLD

Despite the many workforce changes and challenges they foresee, the majority of respondents stated that their organization is very or somewhat well prepared to develop leaders over the next 10 years. South Africa had the brightest outlook, with nearly 40% of respondents reporting that their organization is very well prepared. Europe ranked second in this category, with 27% reporting being very well prepared, followed by Asia and Brazil, both at 24%. North American respondents appear to be the least optimistic, with only 18% reporting their organization is very well prepared to develop the leaders it will need over the next 10 years.

KEY RESULTS AND CONCLUSIONS

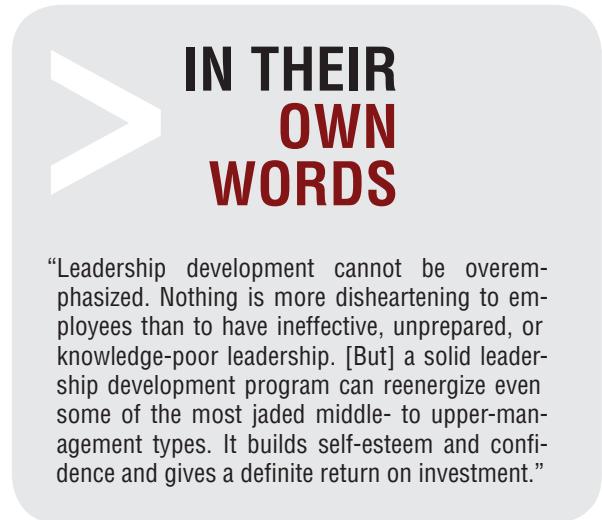
Altogether, the results of CPP's workforce and succession management survey validate the existence of a looming "leadership gap" found in many other research findings. What this survey found in particular, is that the level of planning and preparation required to mitigate the impact of this gap is not as far advanced as one would think or hope.

There's no question that organizations are scanning their own ranks for the leaders of the future, but proactive efforts to develop those leaders lag. Nearly 70% of respondents say their organizations actively work to define the competencies they need in leaders. Only slightly more than half, however, have a process in place either to identify employees with leadership potential or to develop that potential. And even fewer—slightly more than one third—report having any kind of formal succession planning in place.

The challenges are many and widespread. For example, well over 80% of respondents report that a changing competitive environment and pressure to cut costs are serious challenges to their leadership development plans. But, given the looming shortage of good leaders, it's clear that formalized succession planning is a must for organizations that want to thrive in the years ahead. And without leadership development programs in place to develop those who will succeed exiting leaders, it's difficult to formalize succession planning.

In light of all the other results, perhaps the most surprising finding of the survey is this: The majority of respondents worldwide believe their organizations are well prepared to develop leaders over the next 10 years.

The leadership gap, widely expected to grow in the near future, will surely test the resources and resolve of organizations intent on success. And what many may need more than anything else is an accurate assessment of their leadership development needs and a practical succession plan for meeting those needs.



IN THEIR OWN WORDS

"Leadership development cannot be overemphasized. Nothing is more disheartening to employees than to have ineffective, unprepared, or knowledge-poor leadership. [But] a solid leadership development program can reenergize even some of the most jaded middle- to upper-management types. It builds self-esteem and confidence and gives a definite return on investment."

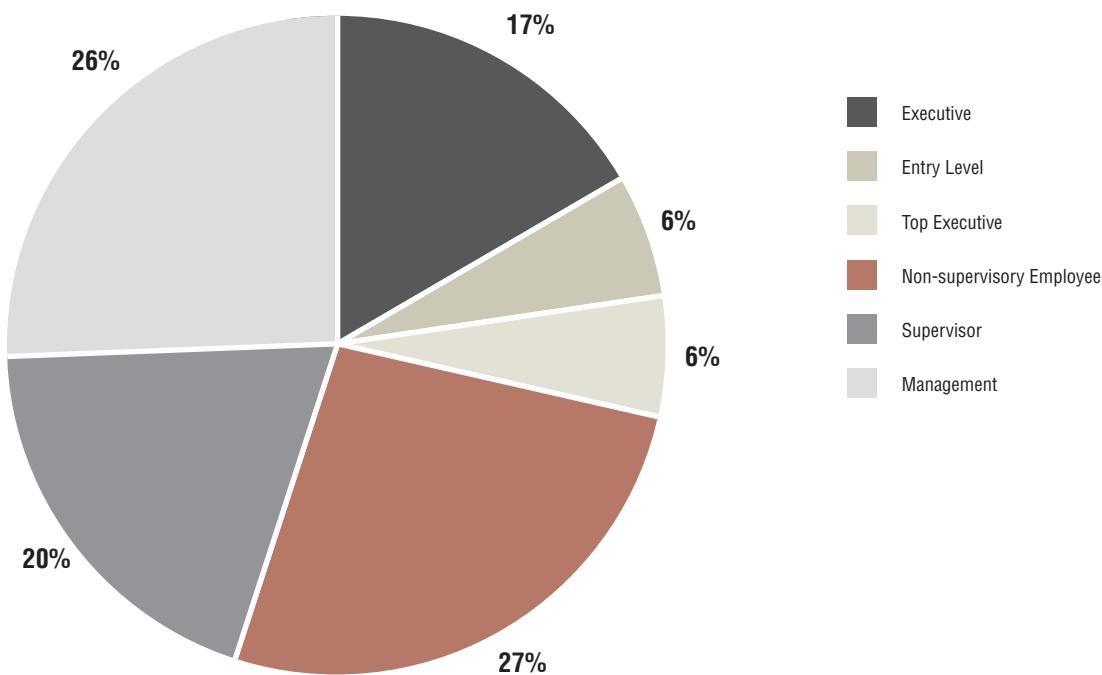
APPENDIX 1: METHODOLOGY

The data for this analysis were gathered between November 2007 and January 2008 via an online survey completed by 636 HR professionals in North America, Europe, Asia Pacific, Brazil, and South Africa. Invitations to participate were issued via e-mail and the survey was live for 75 days.

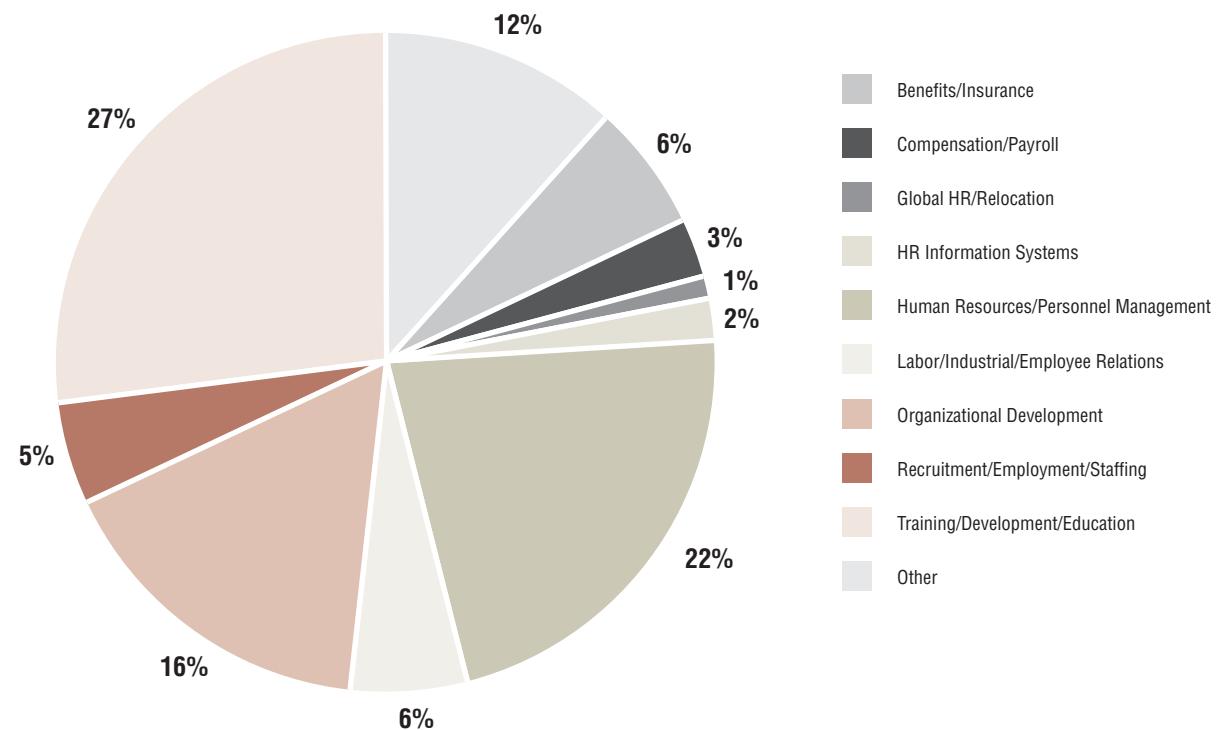
Respondents were drawn from a wide range of industries, including manufacturing, retail, finance, transportation, professional services, and others.

The respondents' self-described "demographics" within their organizations were as follows:

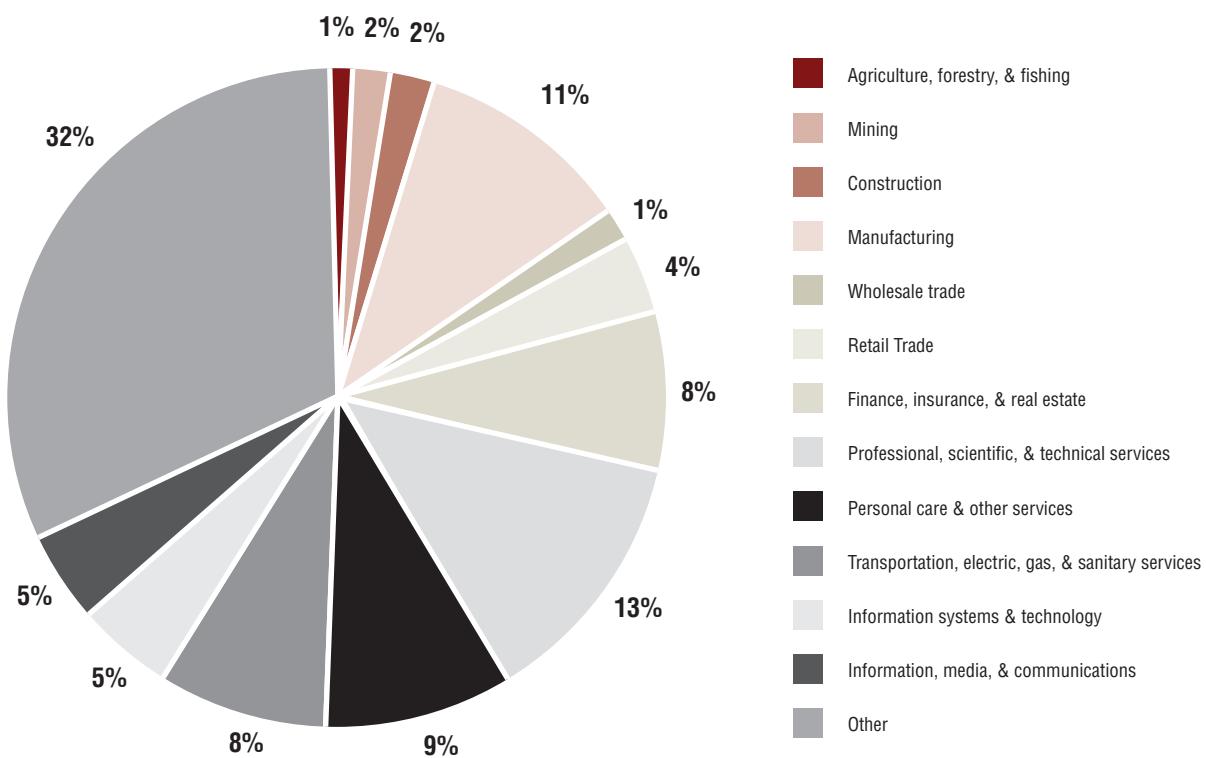
Organizational Level of Respondents



Functional Area of Respondents



Industry of Respondents



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WHO'S PREPARING FOR THE LEADERSHIP GAP?

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Assessment: MBTI® Instrument

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Read the Case Study by visiting: <http://www.cpp.com/Sony>

Company: US Military

Assessment: CPI 260® Instrument

For more than three years, and with hundreds of military officers and civilian workers alike, the CPI 260 assessment has proven to be a powerful tool for creating a precise portrait of an individual's leadership potential and for helping this training unit craft a highly effective learning experience for its future senior leaders.

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Fellipelli: Diagnostic Tools and Organizational Development fosters people's professional and personal development, offering diagnostic tools and solutions that help promote employees' increased awareness and effective performance enhancements on the job. We provide assessment and diagnostic processes including design of competencies, process and method-based design, competency-based assessment, 360° feedback, organizational climate surveys, engagement surveys and opinion surveys.



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