



## **Transition – a test of leadership strength**

Egon Zehnder International 5th International Executive Panel  
October 2008

---

## Contents

### **1** Foreword

---

### **2** Executive Summary

---

### **3** Results

Survey Design

The Findings

Demographics

# 1

---

## Foreword

Transition phases call for powerful abilities to shape and orchestrate events, automatically highlighting any shortcomings in terms of leadership or a lack of top talent. Such is the impression derived from a survey of 1,092 top managers from across all industries, conducted by Egon Zehnder International in August and September. In online interviews, the executives answered questions on their attitudes to transition processes – and in some areas generated a very diverse picture.

Egon Zehnder International first held an online survey in 2004 to question top leaders about current issues in corporate management. With the International Executive Panel, Egon Zehnder International has created an instrument that gives us insights into the spectrum of opinions held by leading corporate decision-makers around the world.

# 2

---

## Executive Summary

### **Fear of recession, shortage of talent**

For the majority of top executives (56 percent) a major economic downturn is the most serious of all possible changes in the business environment. Second on the list is the growing difficulty of recruiting top talent – in Australia, Germany, and above all India this topic actually topped the rankings, being considered the most serious challenge. Top managers in the USA, it emerged, are particularly concerned at increasing competitiveness in the global economy. [\(pages 8, 9, 10\)](#)

### **Emphasis on survival**

For most respondents the biggest challenge within their own company lies in ensuring that their business model is fit for the future. This applies in particular to top managers in the USA, the UK, and Australia, where two-thirds of those surveyed indicated this was the case. In other countries the accent is clearly on the ways of reaching this goal, with managers underlining the importance of the ability to innovate (Italy and France) or of identifying and recruiting talent (the Netherlands and India in particular). [\(page 16\)](#)

### **Doubts about own performance**

Against this backdrop, not even one-half of top executives believe their own company has made a good job of mastering the challenges. Even fewer believe they have found the right answers to internationalization and the growing pressure of costs. In the UK only one executive in five claims his or her company is successful in the recruitment of top talent. In terms of succession planning, the bandwidth of replies is even greater: While the Italians and Germans are very happy with their performance in this area, their colleagues in the USA and UK see no signs of success. [\(pages 17, 19, 21, 22\)](#)

# 2

---

## **Need for leadership and trust**

According to the findings of the survey, the biggest obstacle to dealing successfully with change is a lack of strong leadership. Almost two-thirds of managers report a lack of direction from the top. At the same time, no less than 87 percent of respondents believe in open communication and employee motivation as suitable tools for mastering transition processes. And despite the fact that rigorous control measures are at odds with the value attached to a culture of trust within a company, in the USA, Germany, and the UK in particular, managers have no desire to dispense with such controls.

(pages 25, 30, 32, 33)

## **Corporate values provide a compass**

A strong set of values can help a company to emerge from transition processes in good shape. More than two-thirds of the top managers consulted share this view, which is particularly widespread in the USA but much rarer in France. Over half the respondents consider customer focus the most important value, followed by trust and transparency. Among the other values named there were many different combinations and preferences in the various countries: In the USA the emphasis is on collaboration, in Italy on innovation, and in Germany and the Netherlands on entrepreneurship and responsibility. (pages 37, 38)

# 3

---

Results

**Survey Design**

---

**The Findings**

---

**Demographics**

# 3

---

## Survey Design

### **Objective**

The objective of the survey was to examine “Transition” as a key issue high on the agenda of top executives.

### **Target groups**

International top executives registered with the “Club of Leaders”, an online community at Egon Zehnder International’s website [www.egonzehnder.com](http://www.egonzehnder.com).

### **Survey methodology**

Online questionnaire

### **Sample**

1,092 top executives worldwide.

### **Survey period**

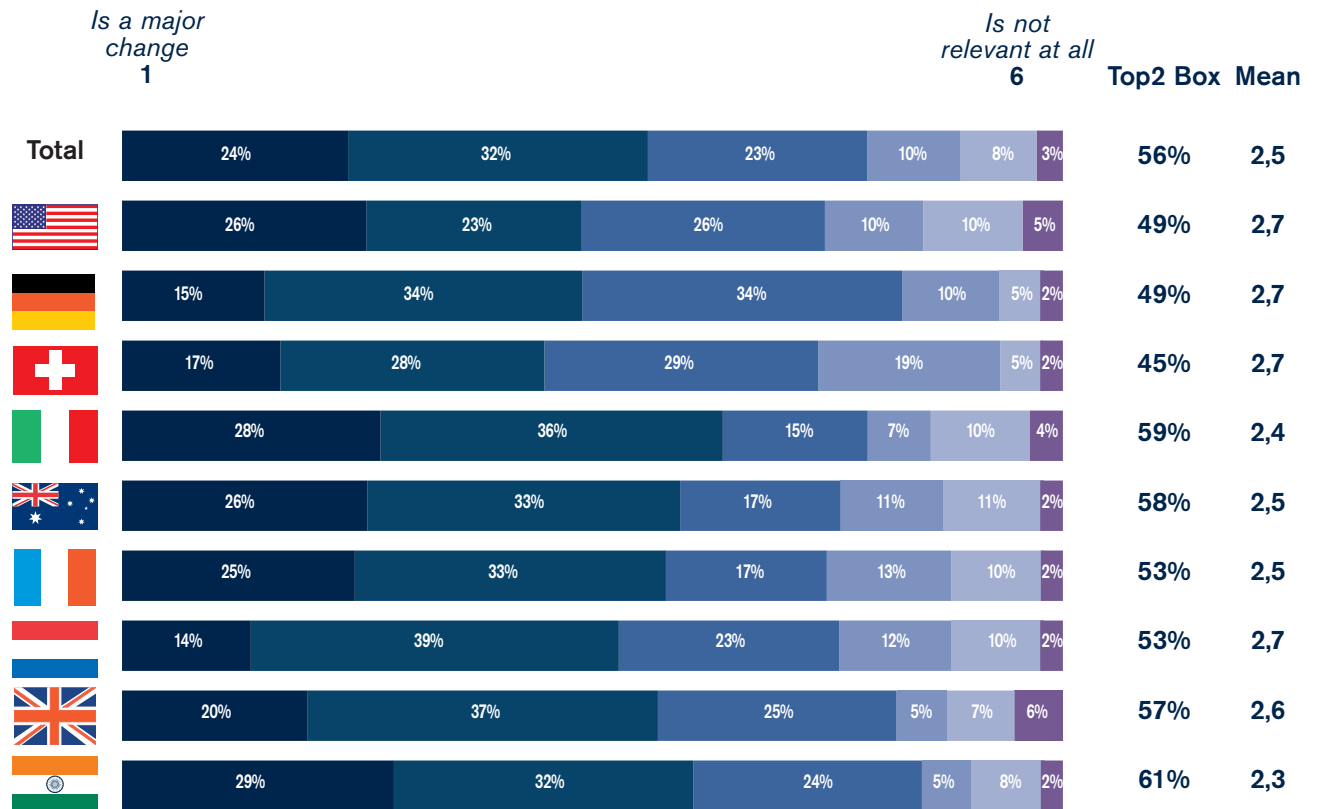
August 15 to September 14, 2008

# 3

## The Findings – Relevance of changes in the business sphere

### Danger of severe economic downturn

Question: Which of the following changes in the business sphere do you consider the most relevant?  
Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”.



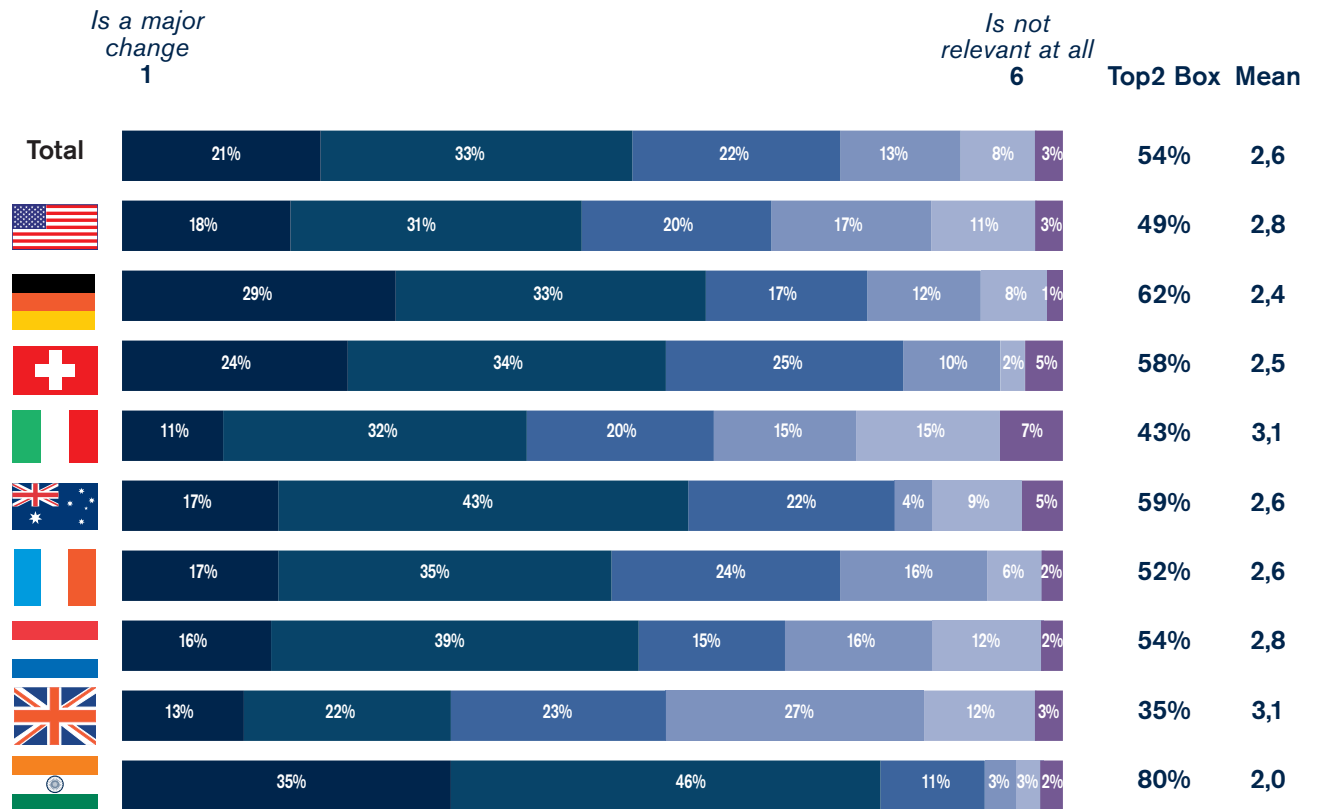


# 3

## The Findings – Relevance of changes in the business sphere

### Increasing shortage of qualified talent

Question: Which of the following changes in the business sphere do you consider the most relevant?  
Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”.

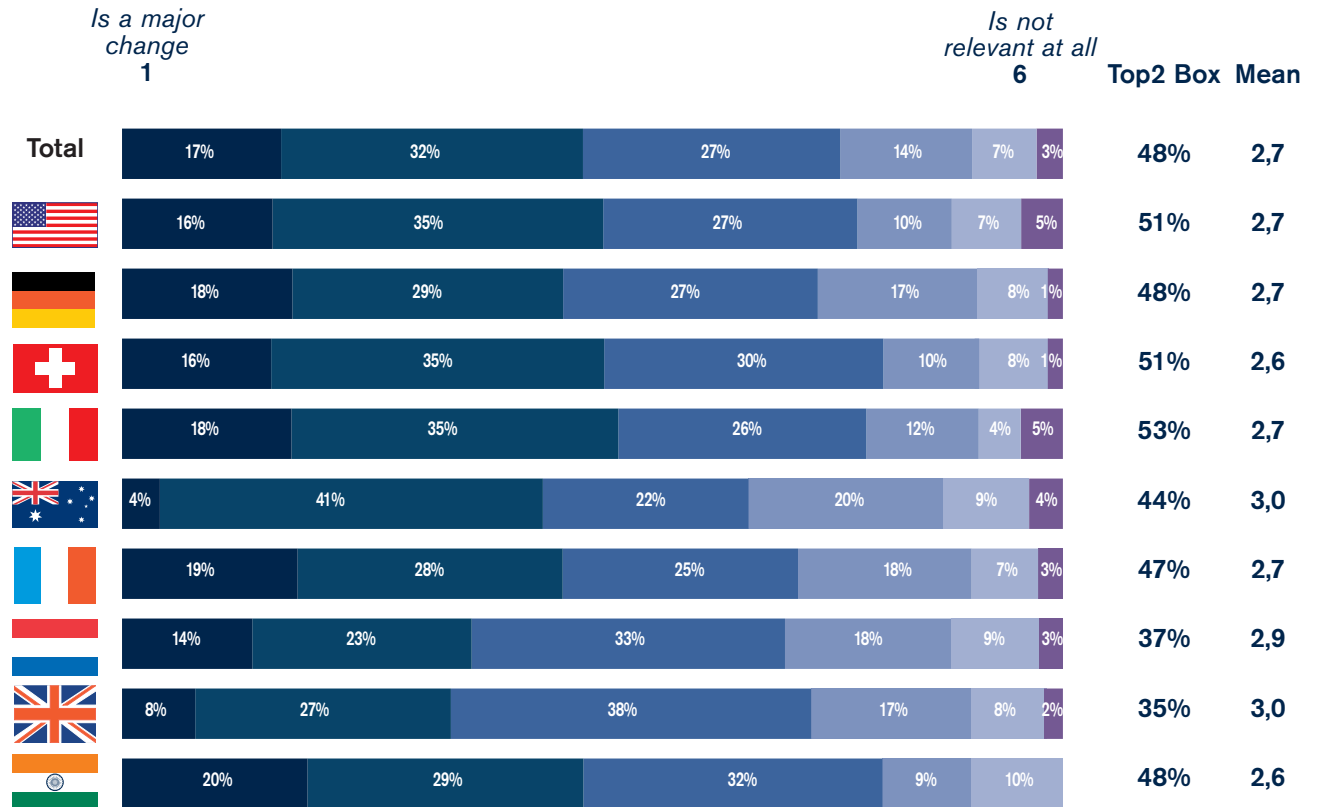


# 3

## The Findings – Relevance of changes in the business sphere

### Increasing competitiveness in a global world

Question: Which of the following changes in the business sphere do you consider the most relevant? Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”. 1,092 participants

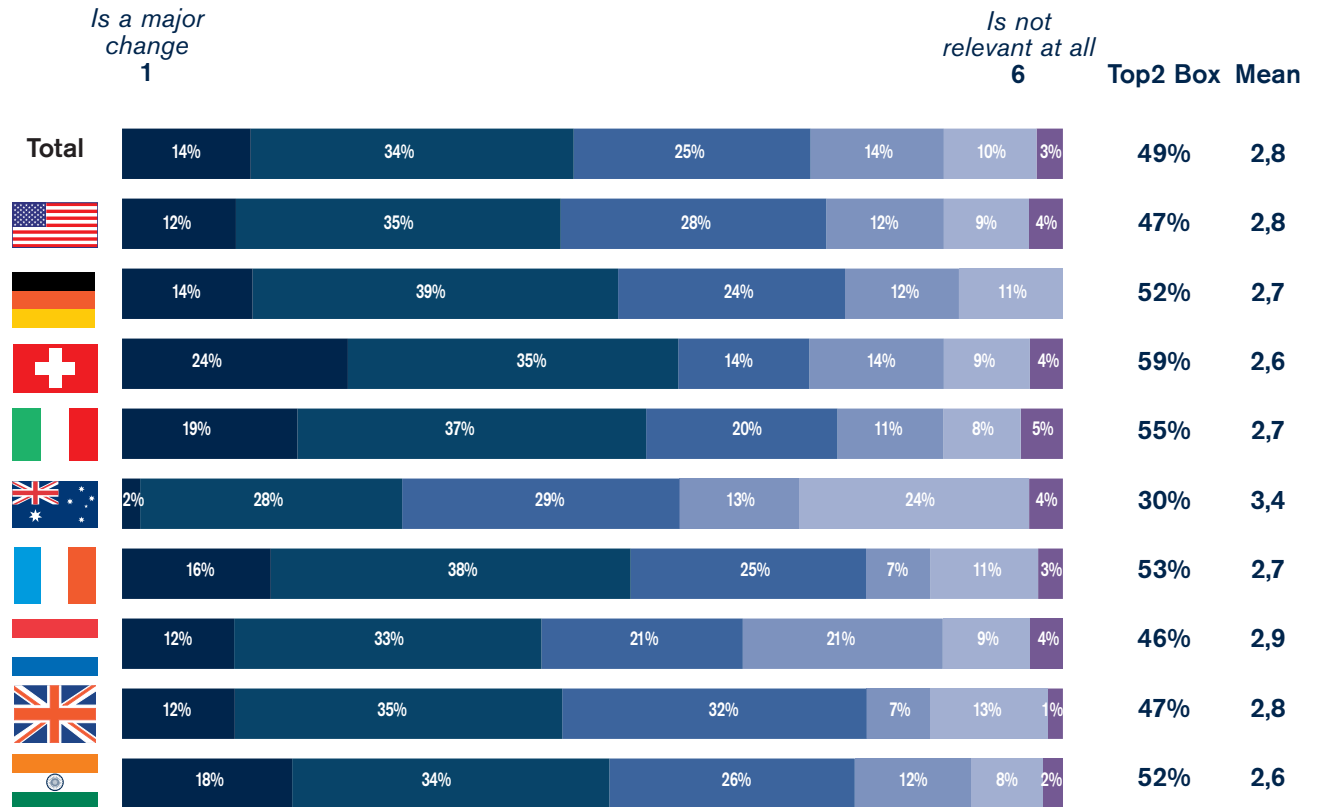


# 3

## The Findings – Relevance of changes in the business sphere

### New markets in rising economies

Question: Which of the following changes in the business sphere do you consider the most relevant? Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”. 1,092 participants

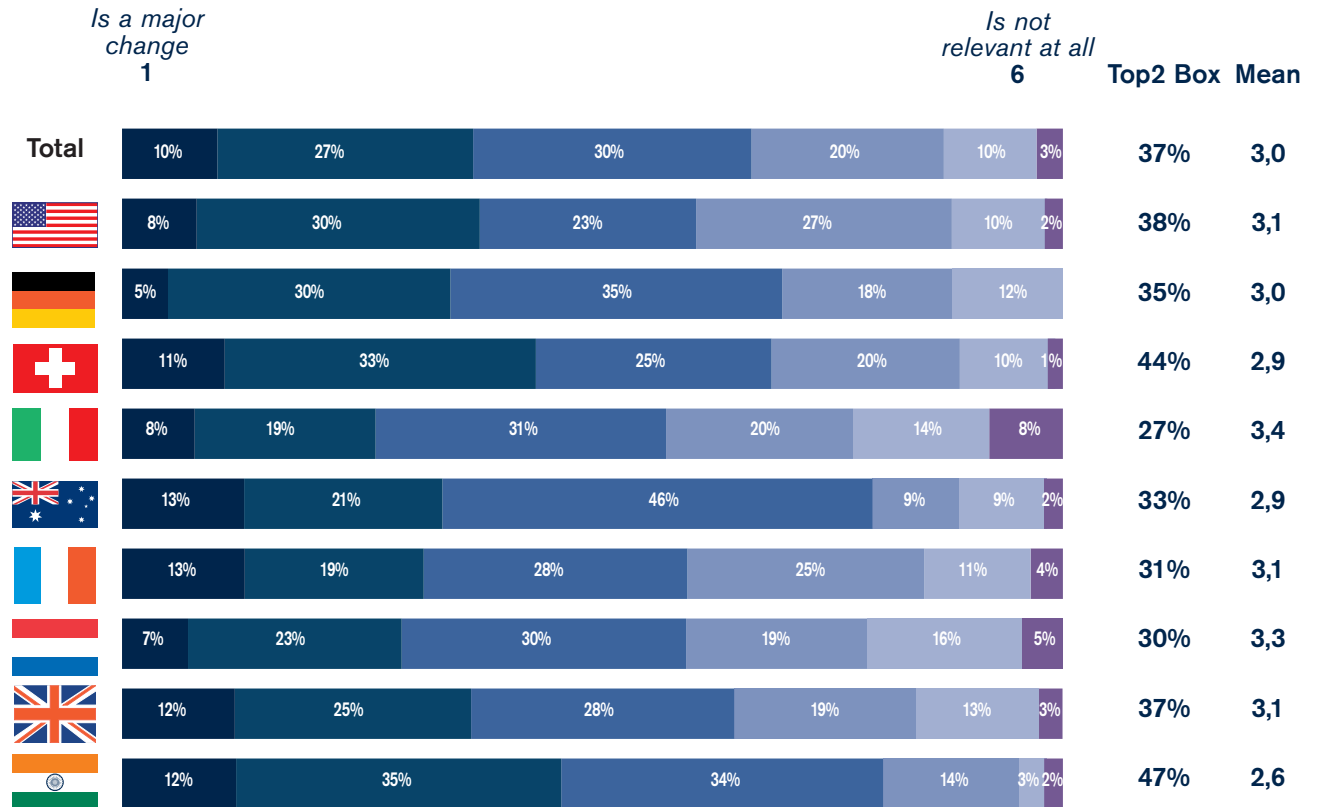


# 3

## The Findings – Relevance of changes in the business sphere

### Changes in customer behavior

Question: Which of the following changes in the business sphere do you consider the most relevant?  
Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”.

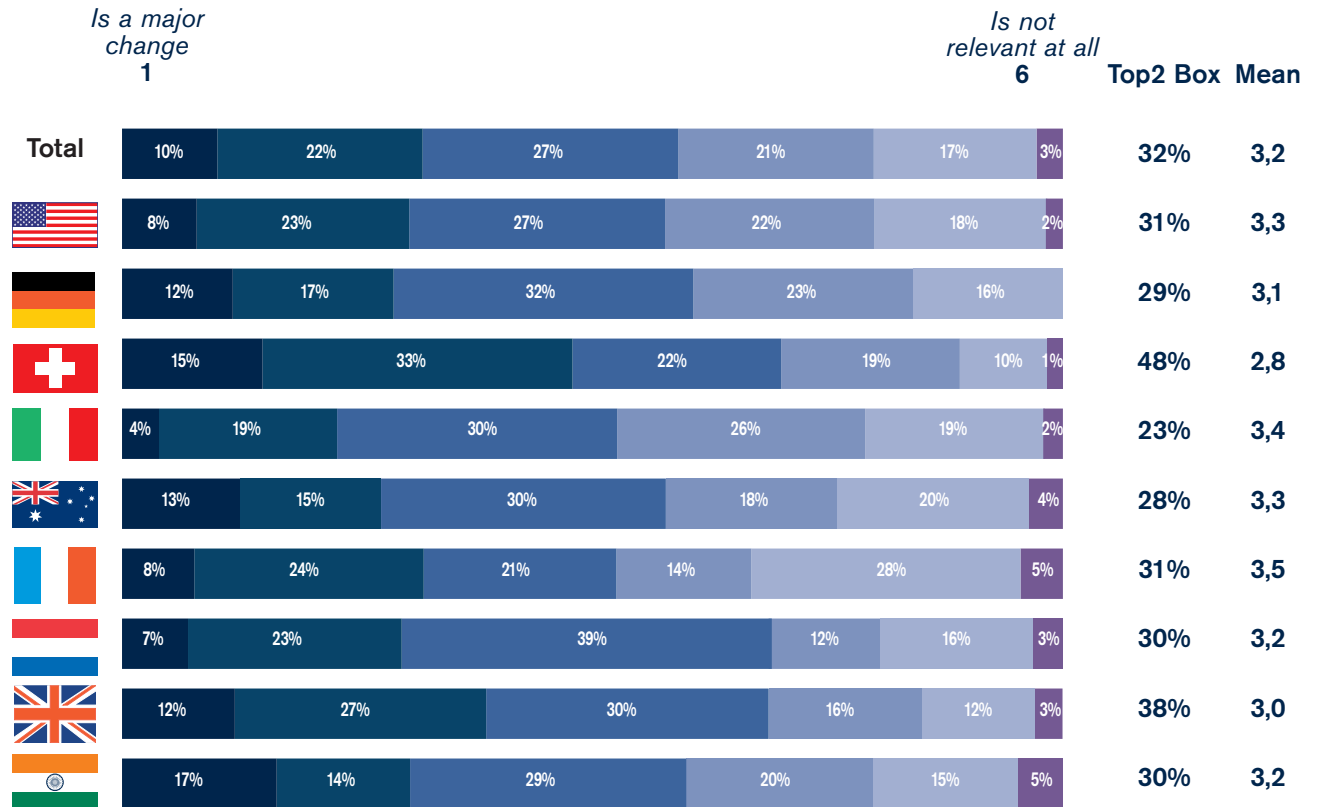


# 3

## The Findings – Relevance of changes in the business sphere

### Increasing laws and regulations

Question: Which of the following changes in the business sphere do you consider the most relevant?  
Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”.

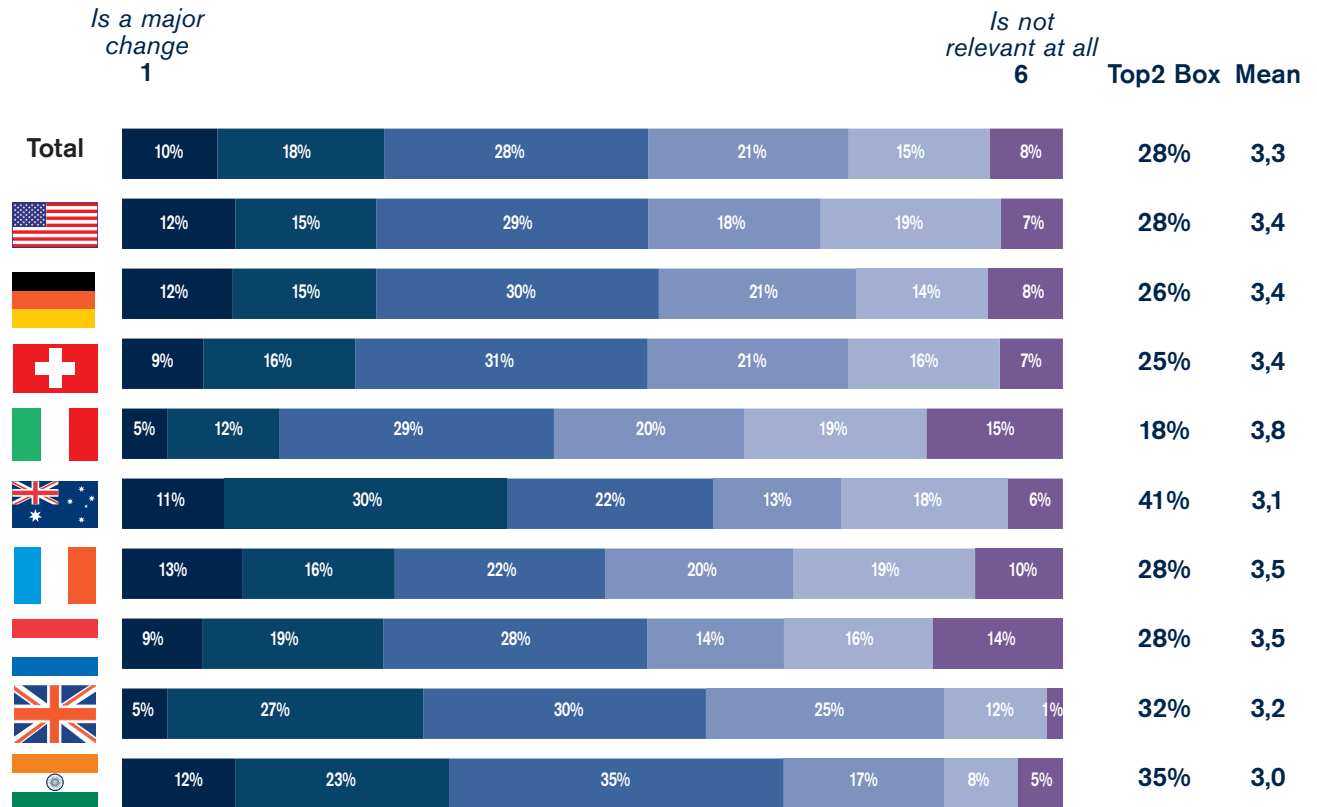


# 3

## The Findings – Relevance of changes in the business sphere

### The rise of the Internet

Question: Which of the following changes in the business sphere do you consider the most relevant?  
Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”.

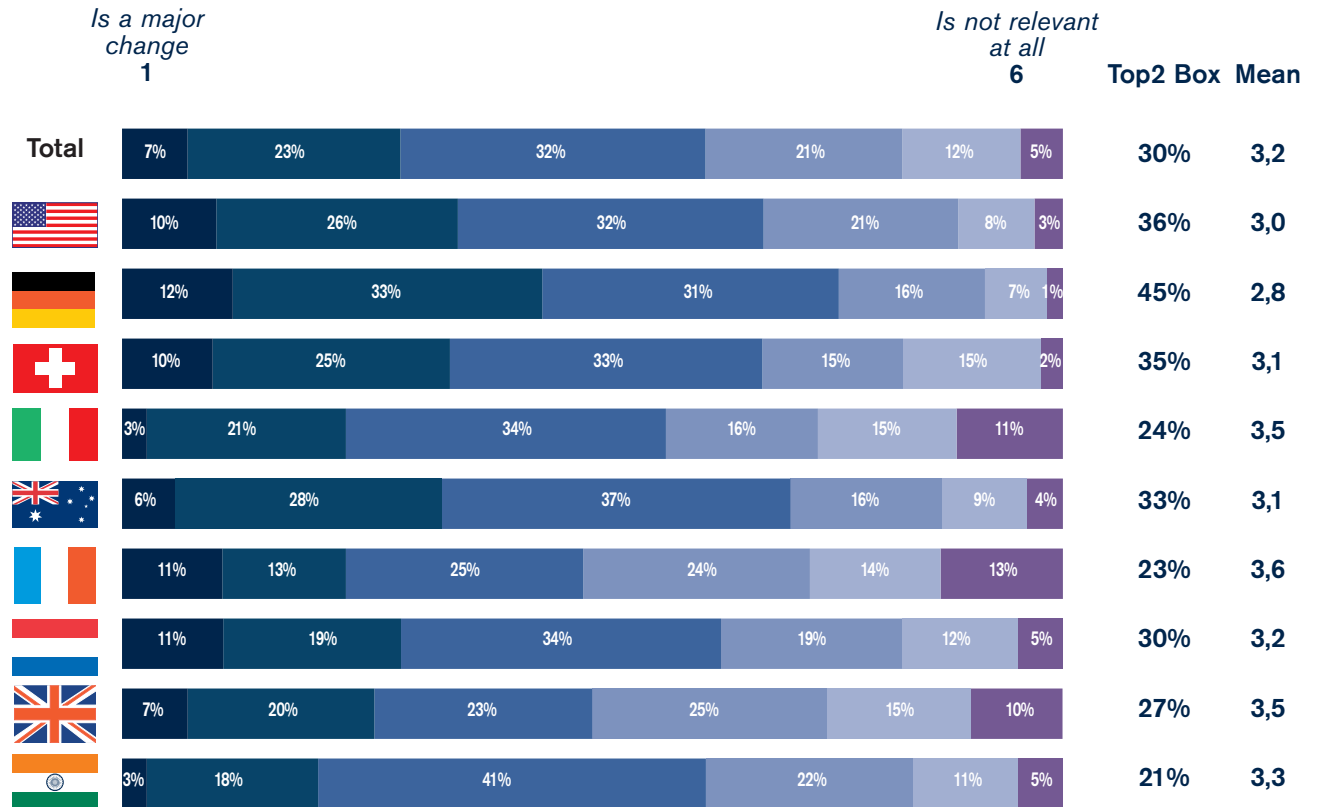


# 3

## The Findings – Relevance of changes in the business sphere

### Demographic change

Question: Which of the following changes in the business sphere do you consider the most relevant?  
Please rate the following changes on a scale from 1 “is a major change” to 6 “is not relevant at all”.












# 3

## The Findings – Most pressing challenges for the company

### Shares in %

Question: What are the most pressing challenges for your company?  
(3 answers maximum)

	Validation of business model	Maintaining capacity for innovation	Attracting adequate talent	Increasing pressure from the market	Cost reduction	Internationalisation	Succession planning
<b>Total</b>	<b>58</b>	<b>48</b>	<b>47</b>	<b>35</b>	<b>31</b>	<b>21</b>	<b>13</b>
	65	53	43	40	29	14	11
	59	38	44	37	37	24	10
	60	50	43	26	24	19	14
	39	73	36	45	36	26	8
	65	44	50	35	30	11	17
	61	50	44	39	28	31	8
	58	44	54	33	30	28	9
	65	42	45	30	38	28	12
	64	41	58	32	30	14	11

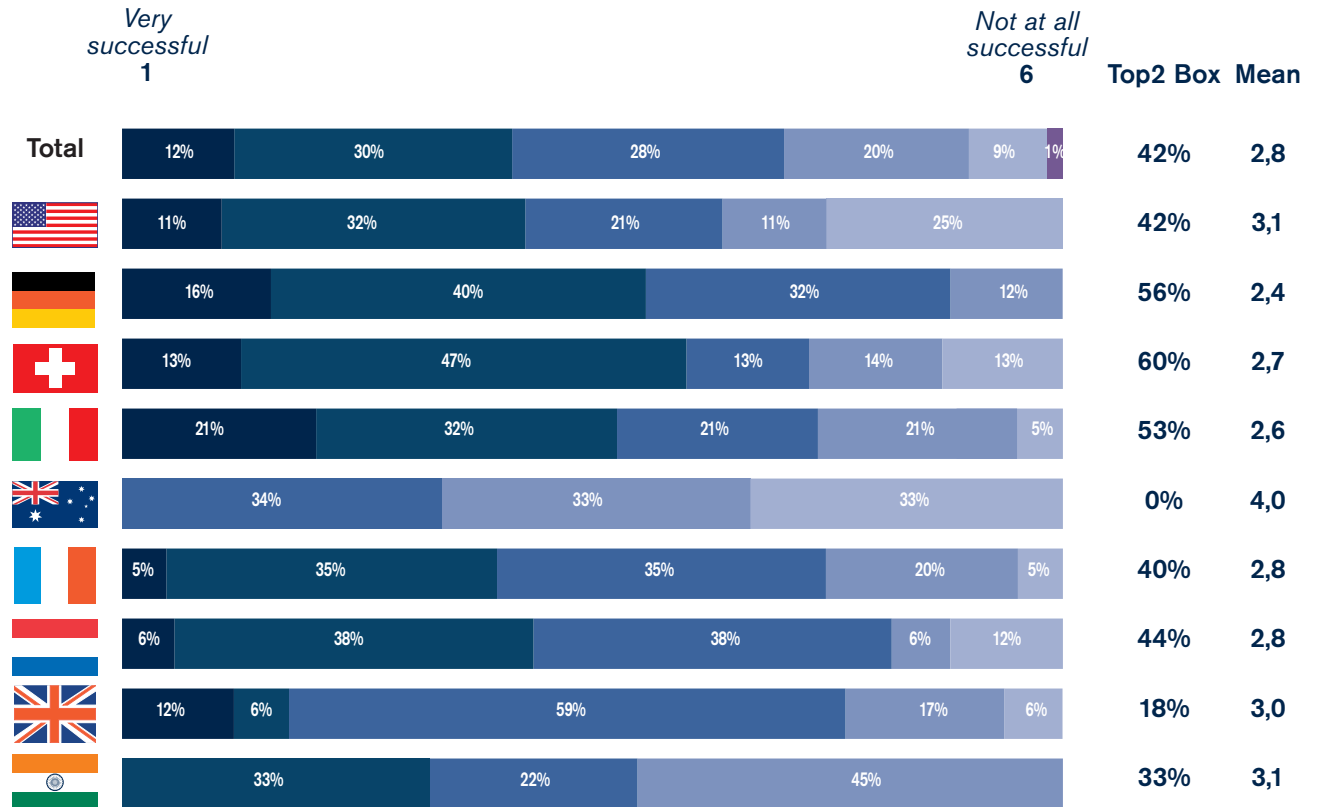


# 3

## The Findings – Mastering the most pressing challenges for the company

### Internationalisation

Question: What are the most pressing challenges for your company? How do you rate your success in mastering the selected challenges?

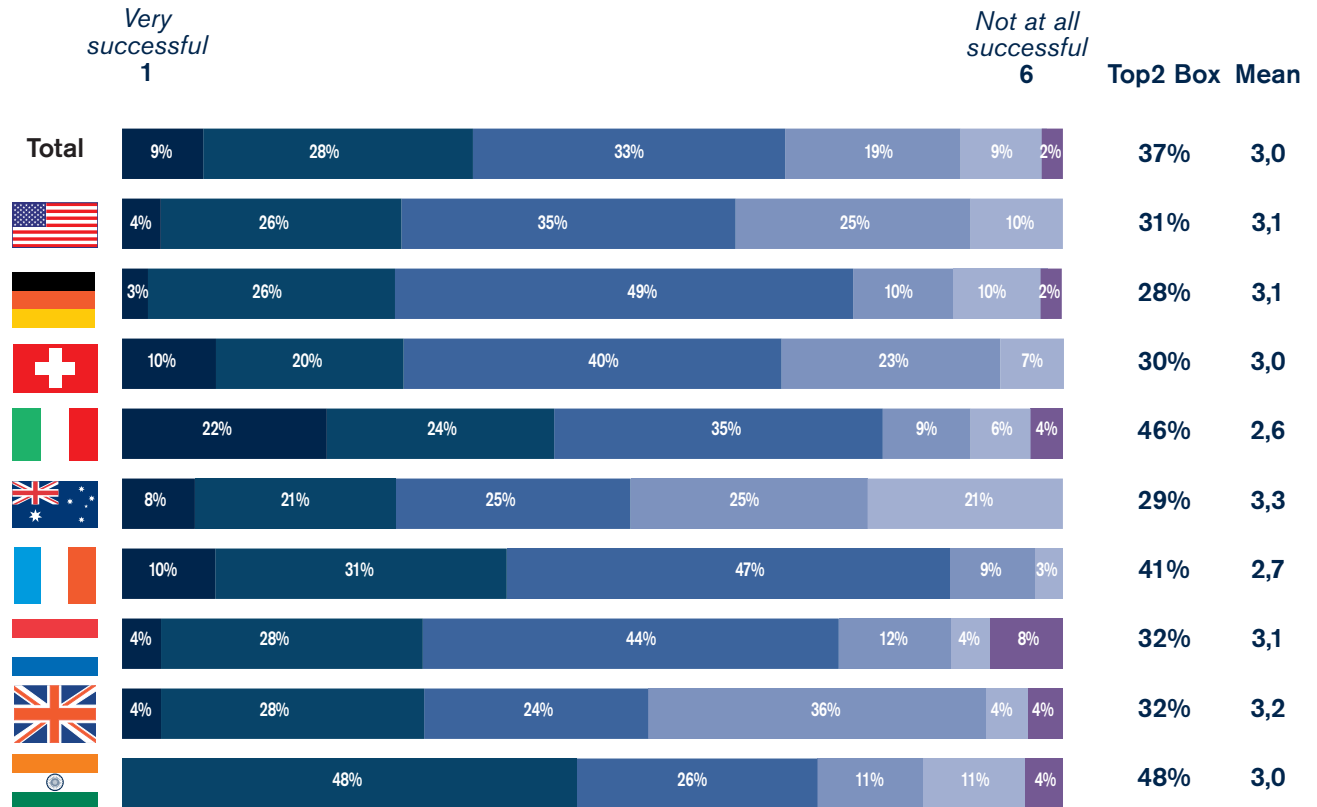


# 3

## The Findings – Mastering the most pressing challenges for the company

### Maintaining a capacity for innovation

Question: What are the most pressing challenges for your company? How do you rate your success in mastering the selected challenges?

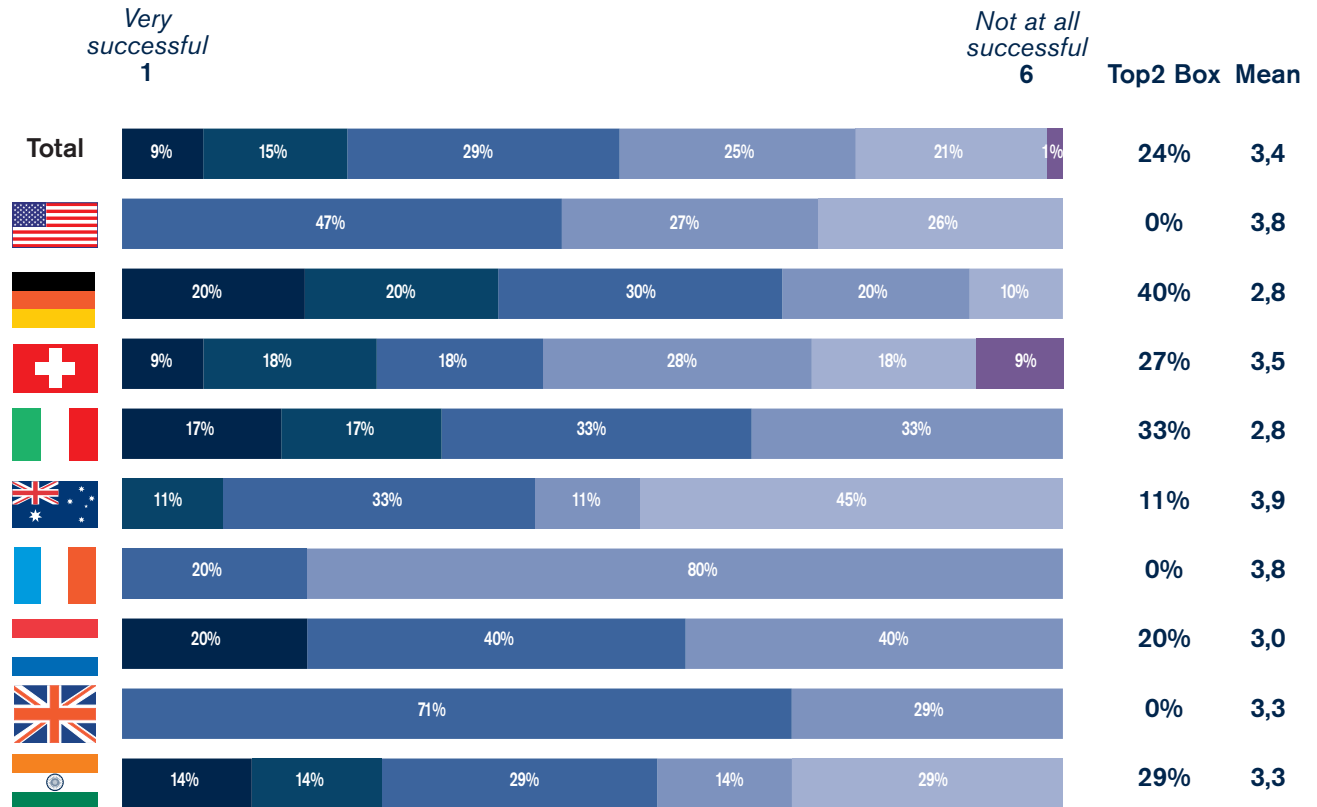


# 3

## The Findings – Mastering the most pressing challenges for the company

### Succession planning

Question: What are the most pressing challenges for your company? How do you rate your success in mastering the selected challenges?

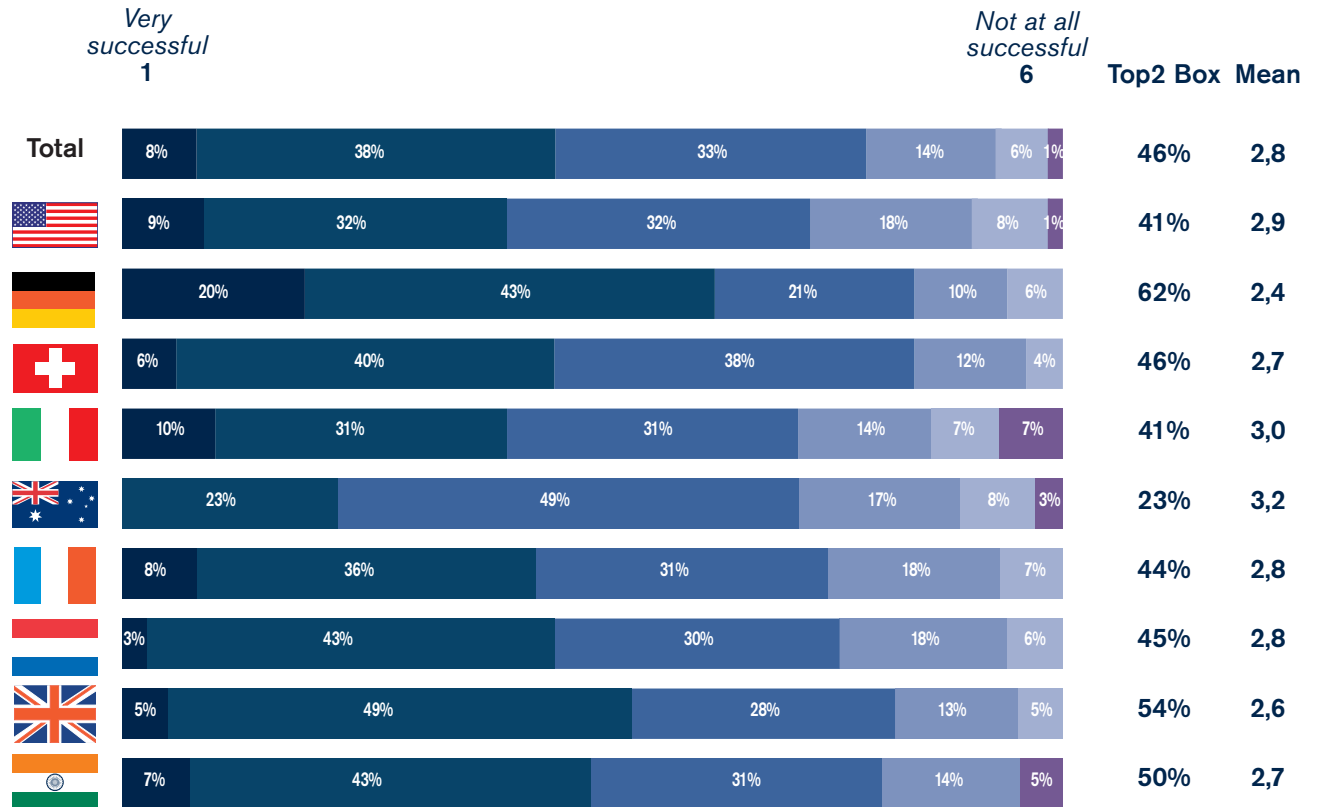


# 3

## The Findings – Mastering the most pressing challenges for the company

### Ensuring the business model will remain valid for the future

Question: What are the most pressing challenges for your company? How do you rate your success in mastering the selected challenges?

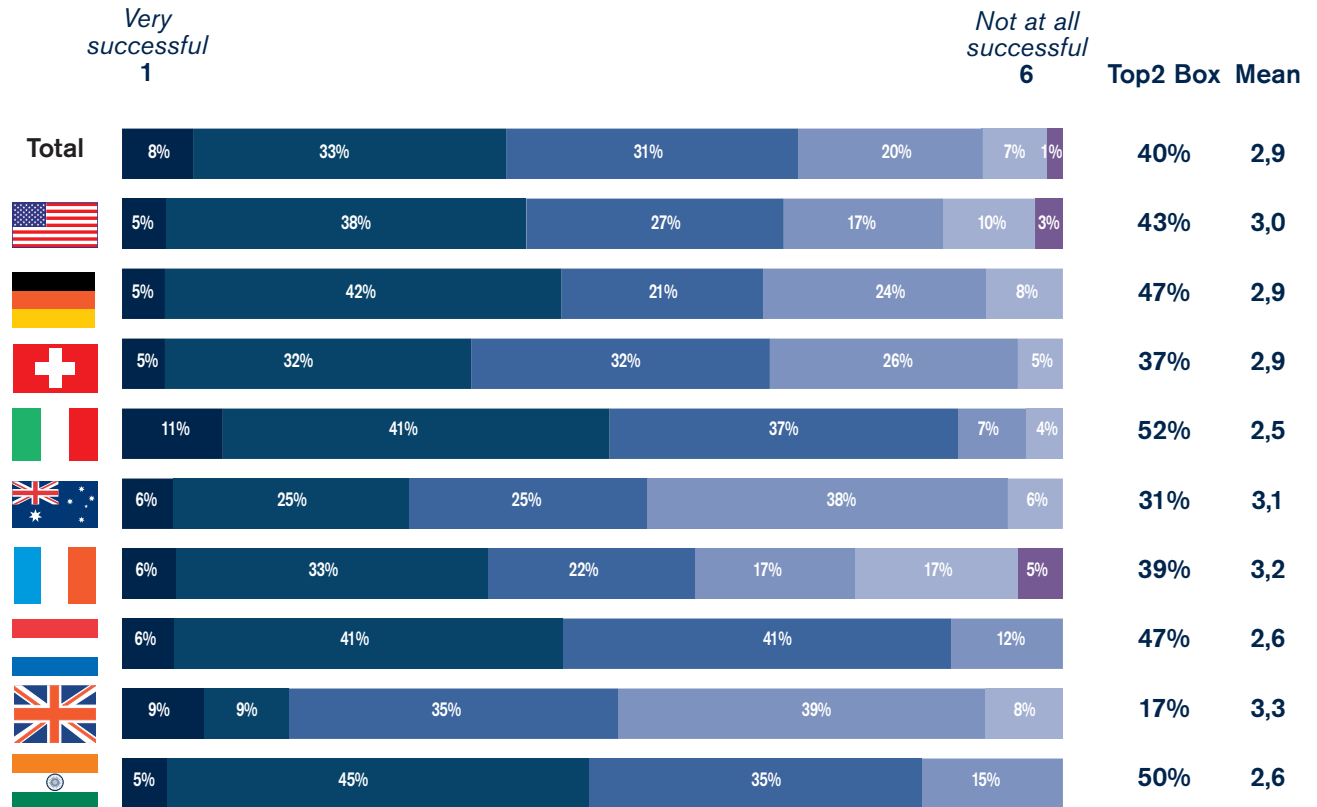


# 3

## The Findings – Mastering the most pressing challenges for the company

### Cost reduction

Question: What are the most pressing challenges for your company? How do you rate your success in mastering the selected challenges?

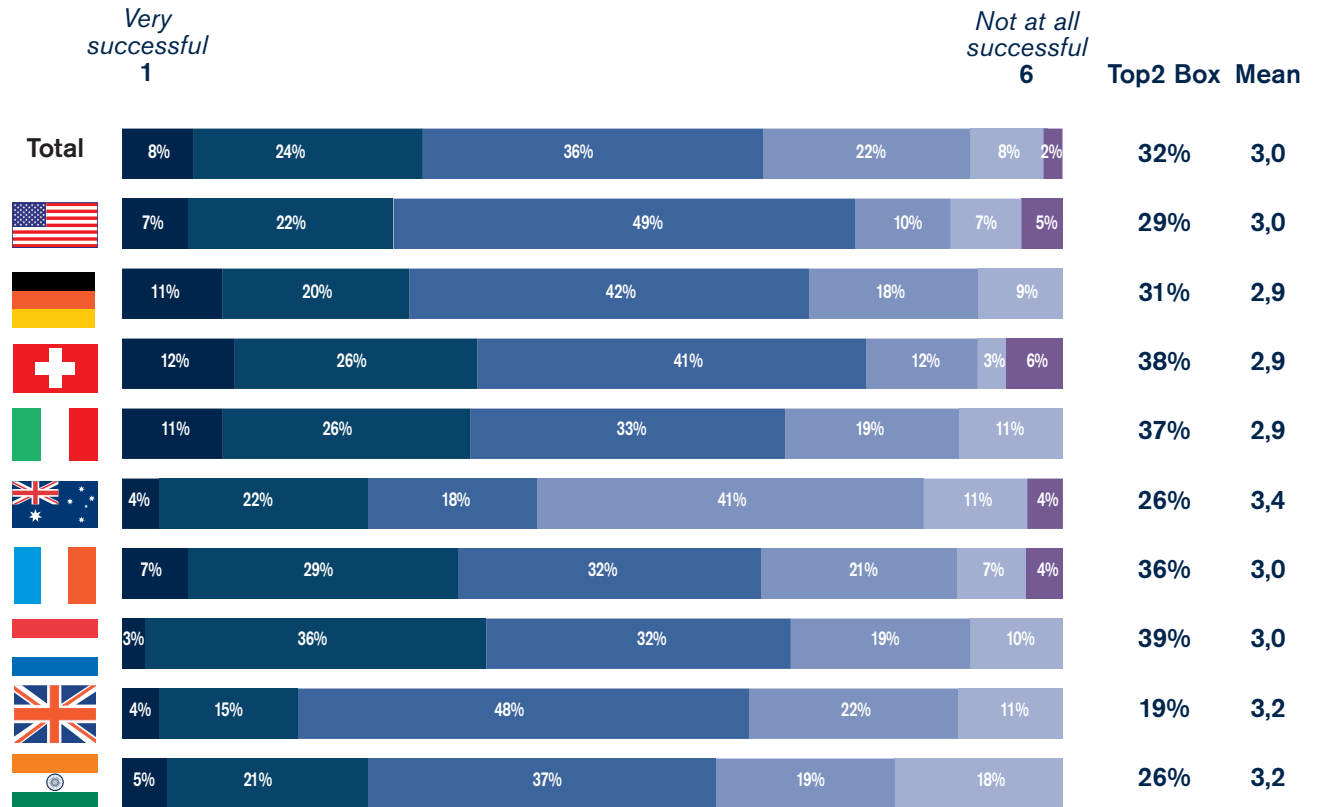


# 3

## The Findings – Mastering the most pressing challenges for the company

### Finding and attracting adequate talent

Question: What are the most pressing challenges for your company? How do you rate your success in mastering the selected challenges?

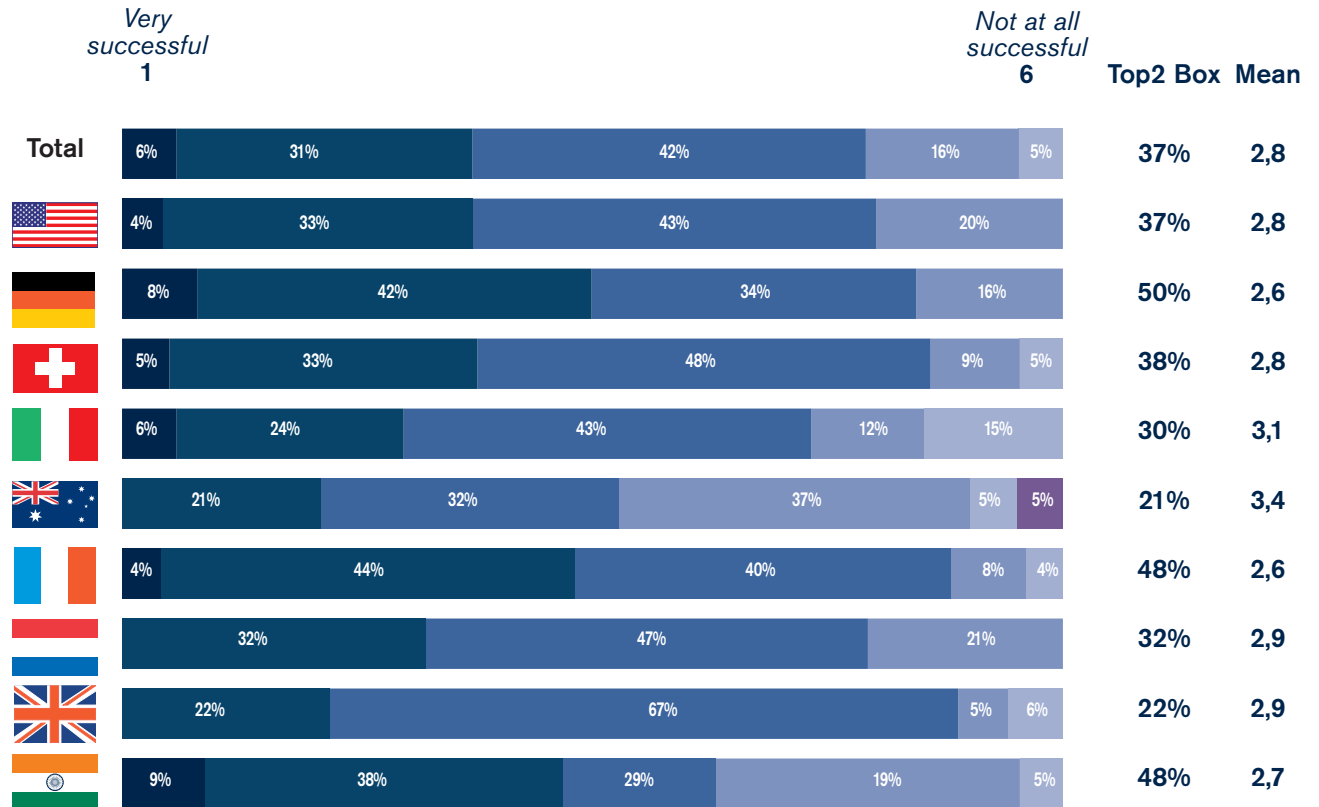


# 3

## The Findings – Mastering the most pressing challenges for the company

### Increasing pressure from the market

Question: What are the most pressing challenges for your company? How do you rate your success in mastering the selected challenges? 1,092 participants












# 3

## The Findings – Attitudes regarding transition phenomenons

Shares in %

Question: Do you agree to the following statements?

	Transition is never completed	Creating workforce diversity is key for the future	A company will run into difficulties without strong employer brand	In our market we expect paradigm shifts short term	In order to foster adaptivity, you have to create insecurity within your organisation
<b>Total</b>	<b>97</b>	<b>82</b>	<b>67</b>	<b>45</b>	<b>26</b>
	99	74	67	51	27
	99	83	67	41	24
	100	81	68	44	19
	97	68	57	43	18
	98	89	61	46	33
	92	94	69	47	28
	98	91	67	35	32
	98	70	62	42	23
	97	86	76	41	21

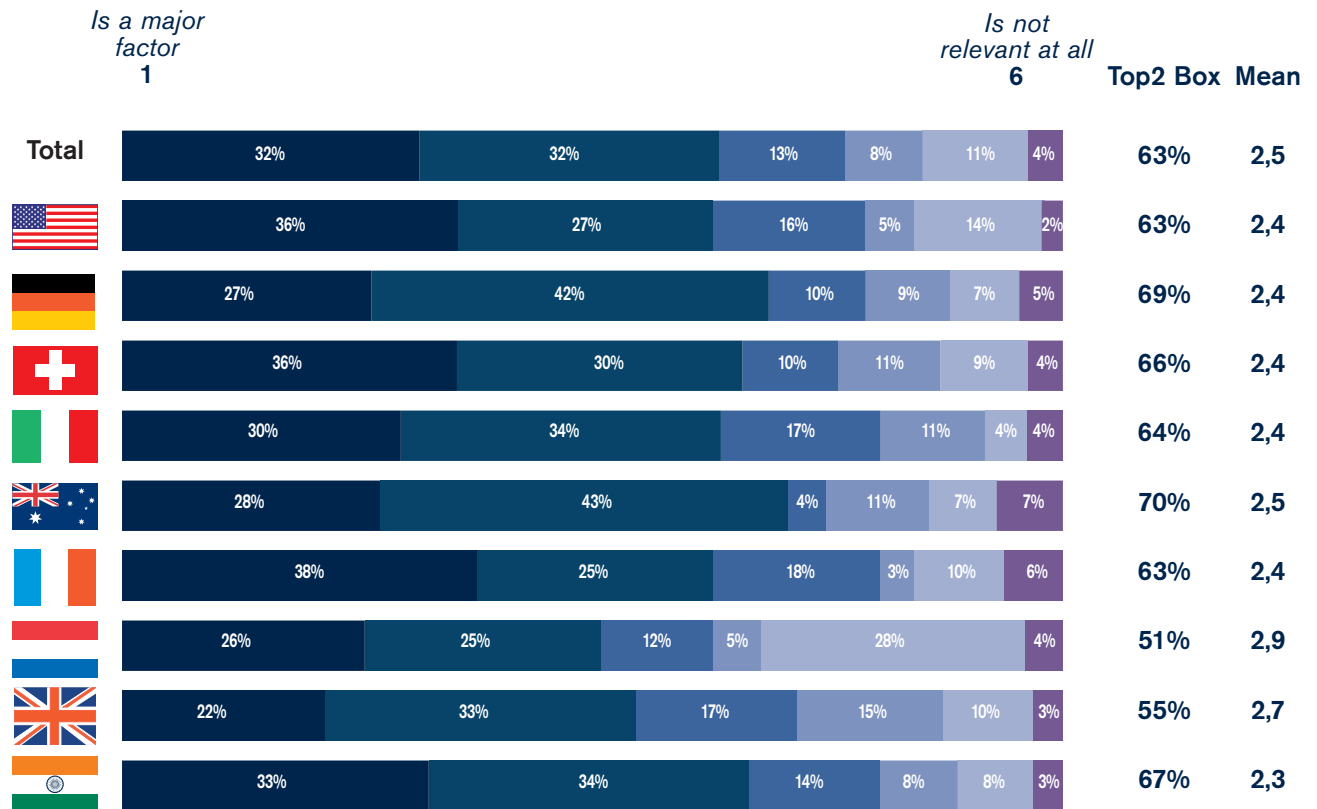


# 3

## The Findings – Obstacles constraining transitional processes

### Lack of leadership

Question: To what extent do you think the following obstacles do constrain transitional processes at your company? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

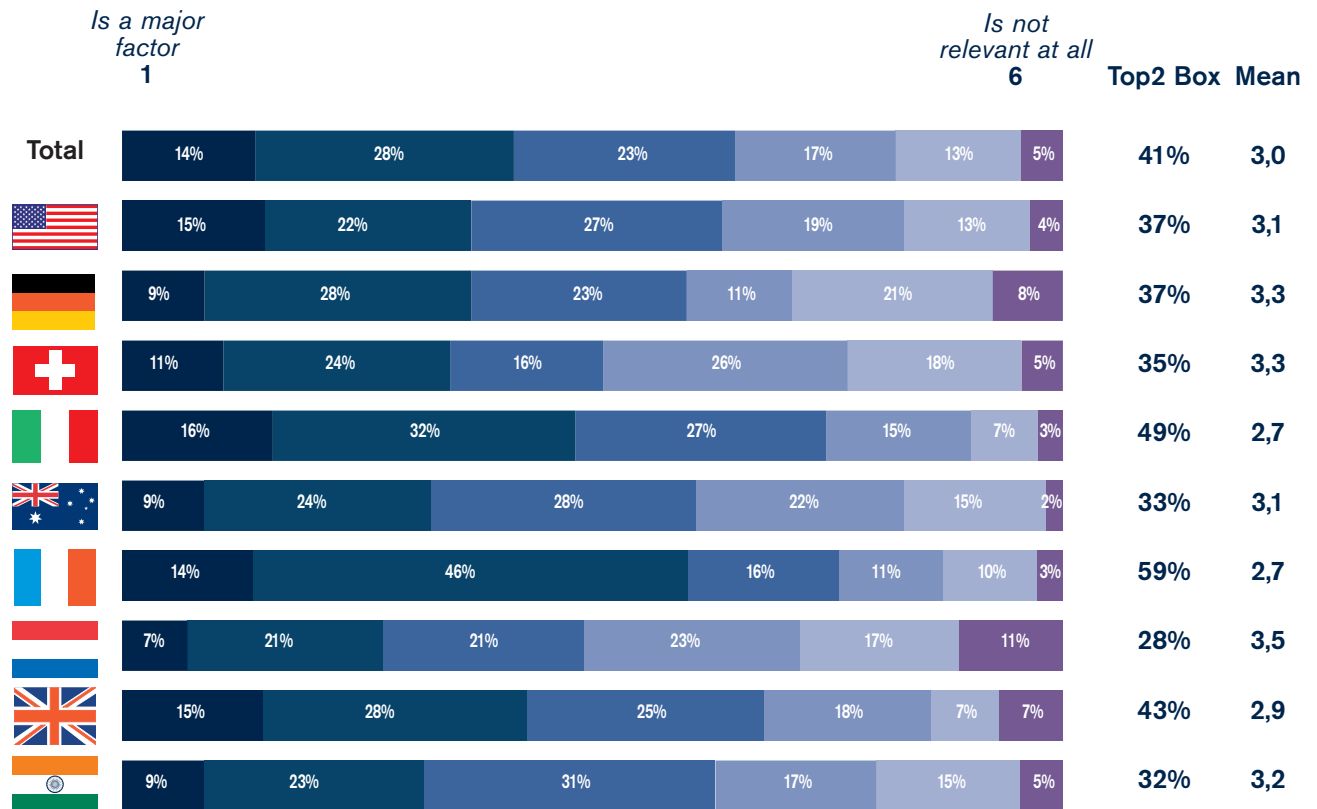


# 3

## The Findings – Obstacles constraining transitional processes

### Open resistance to change

Question: To what extent do you think the following obstacles do constrain transitional processes at your company? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

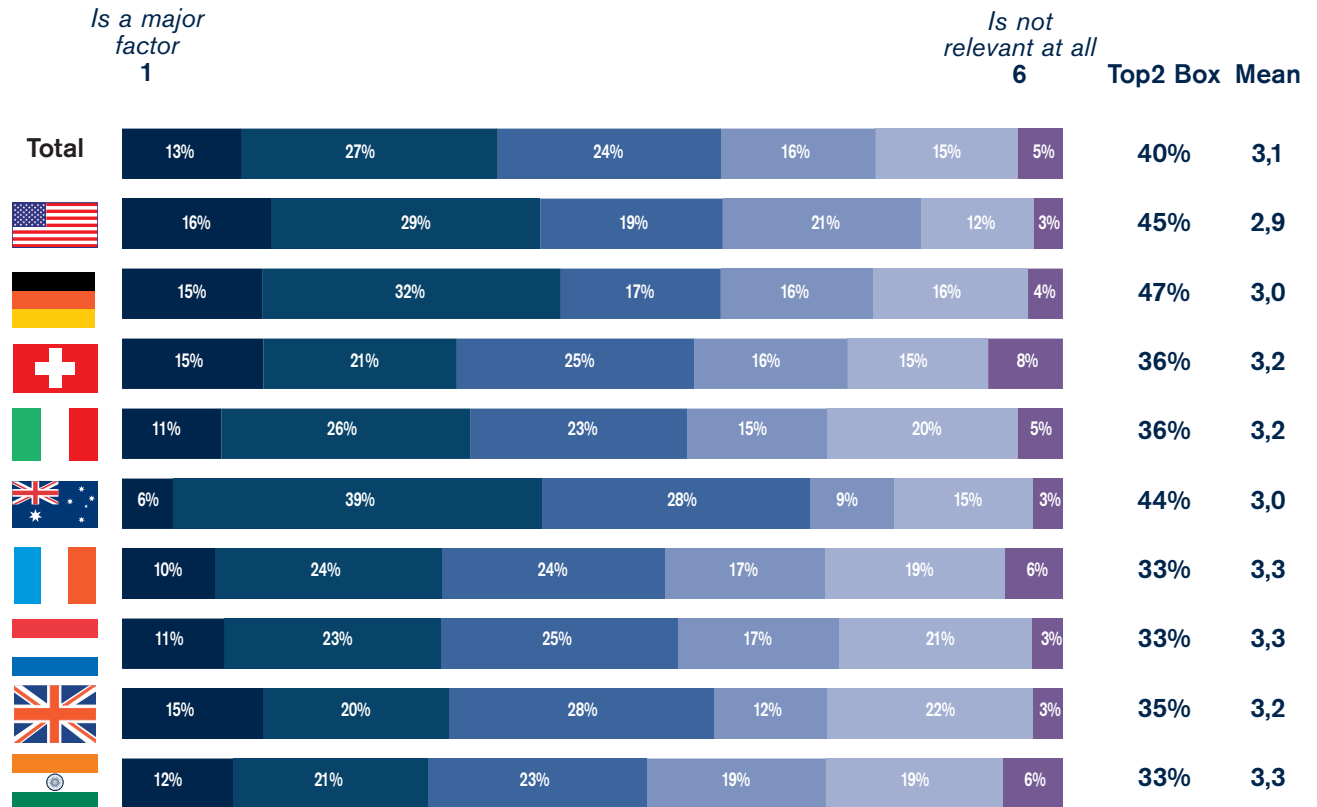


# 3

## The Findings – Obstacles constraining transitional processes

### Lack of resources

Question: To what extent do you think the following obstacles do constrain transitional processes at your company? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

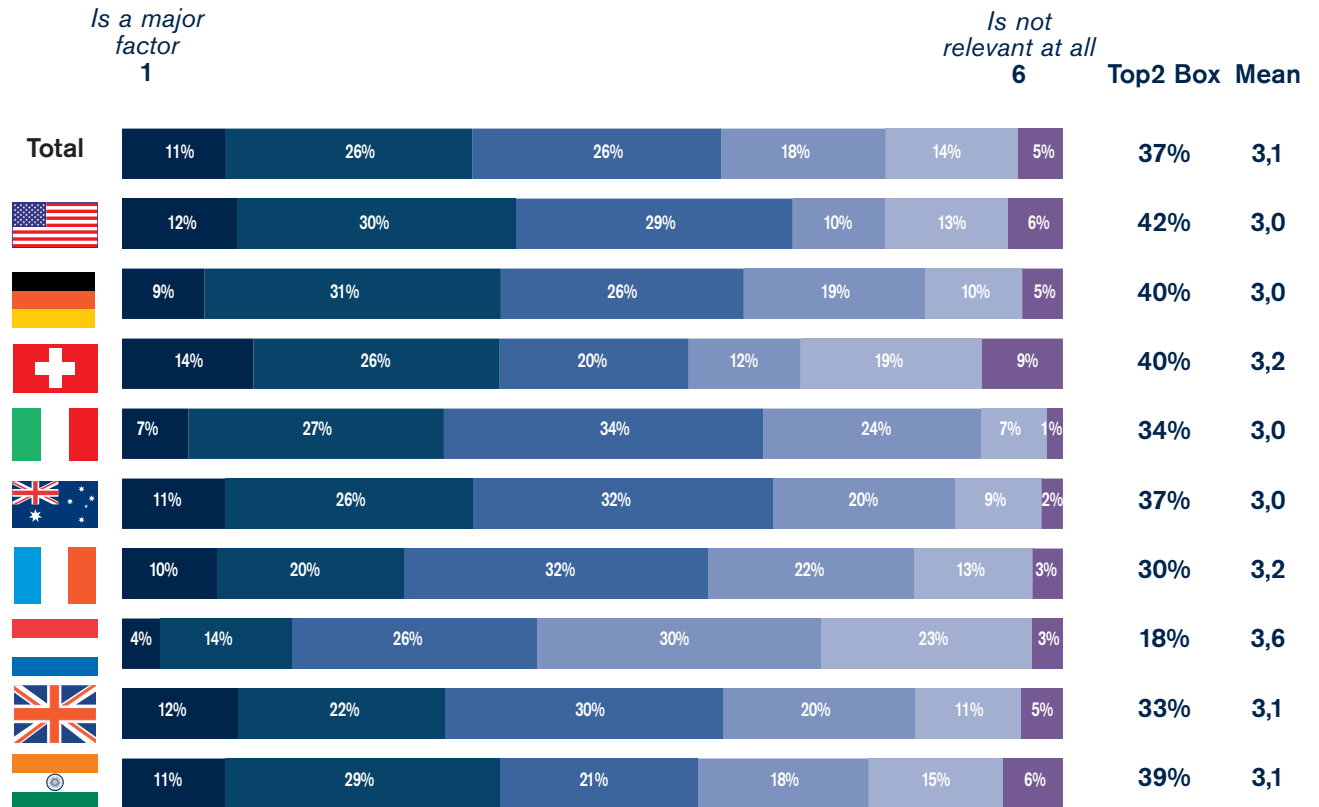


# 3

## The Findings – Obstacles constraining transitional processes

### Fear and insecurity

Question: To what extent do you think the following obstacles do constrain transitional processes at your company? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

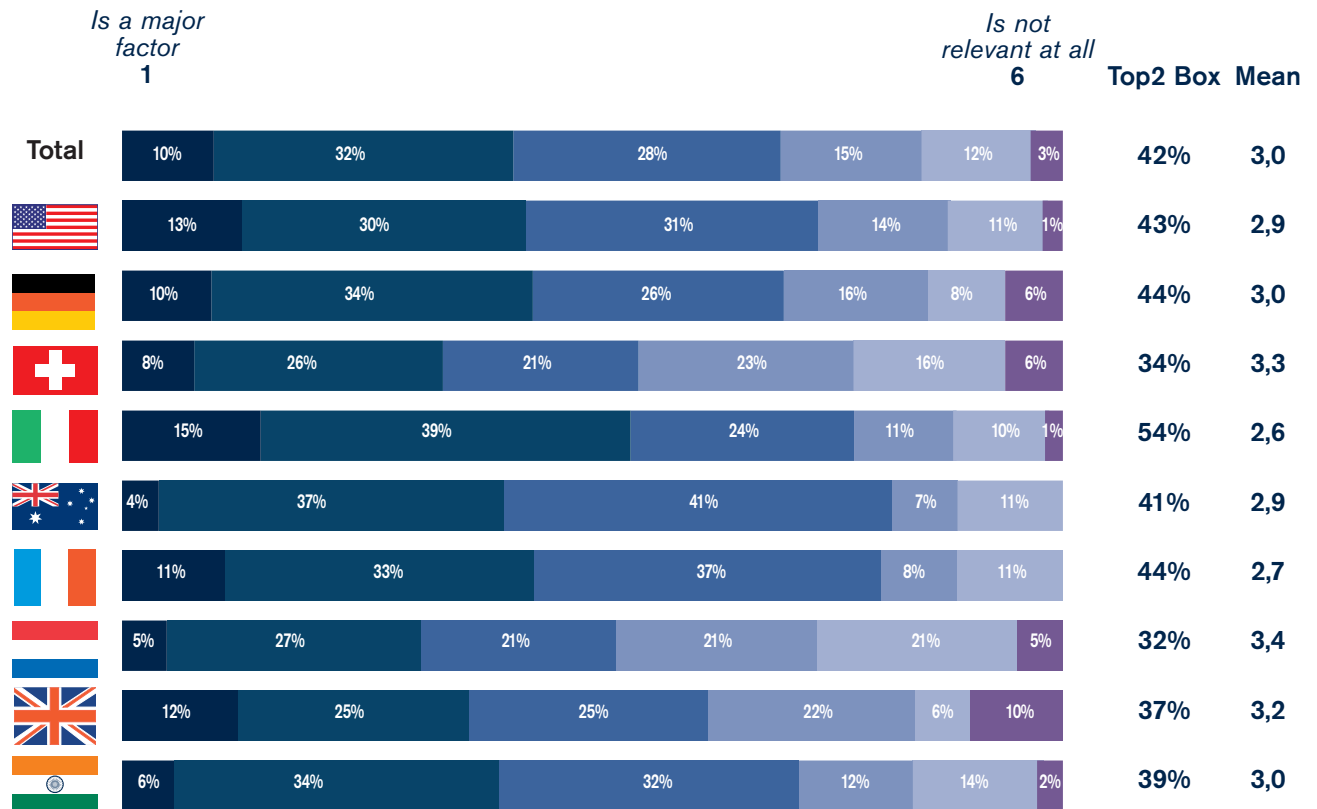


# 3

## The Findings – Obstacles constraining transitional processes

### Lack of flexibility

Question: To what extent do you think the following obstacles do constrain transitional processes at your company? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

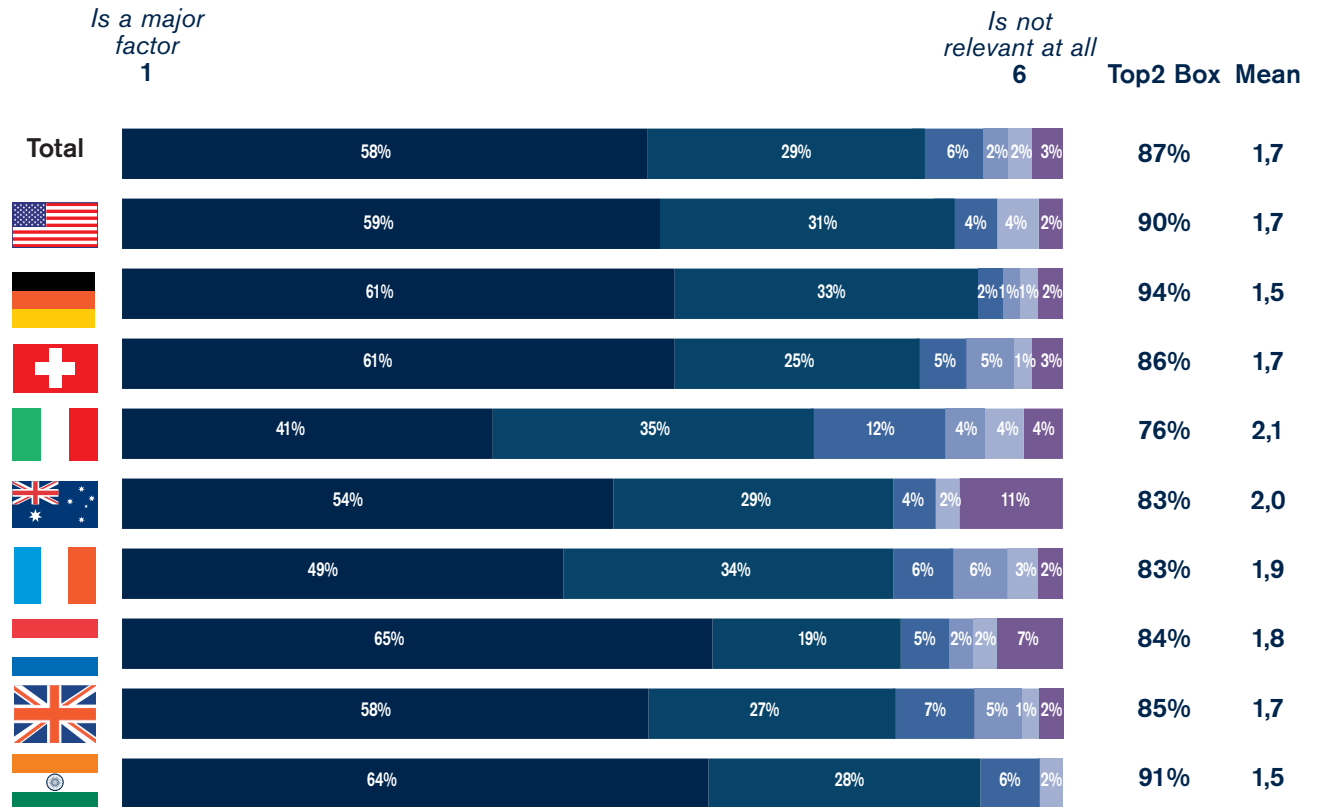


# 3

## The Findings – Core instruments to master transition

### Communicating openly

Question: What are for you the instruments to master transition? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

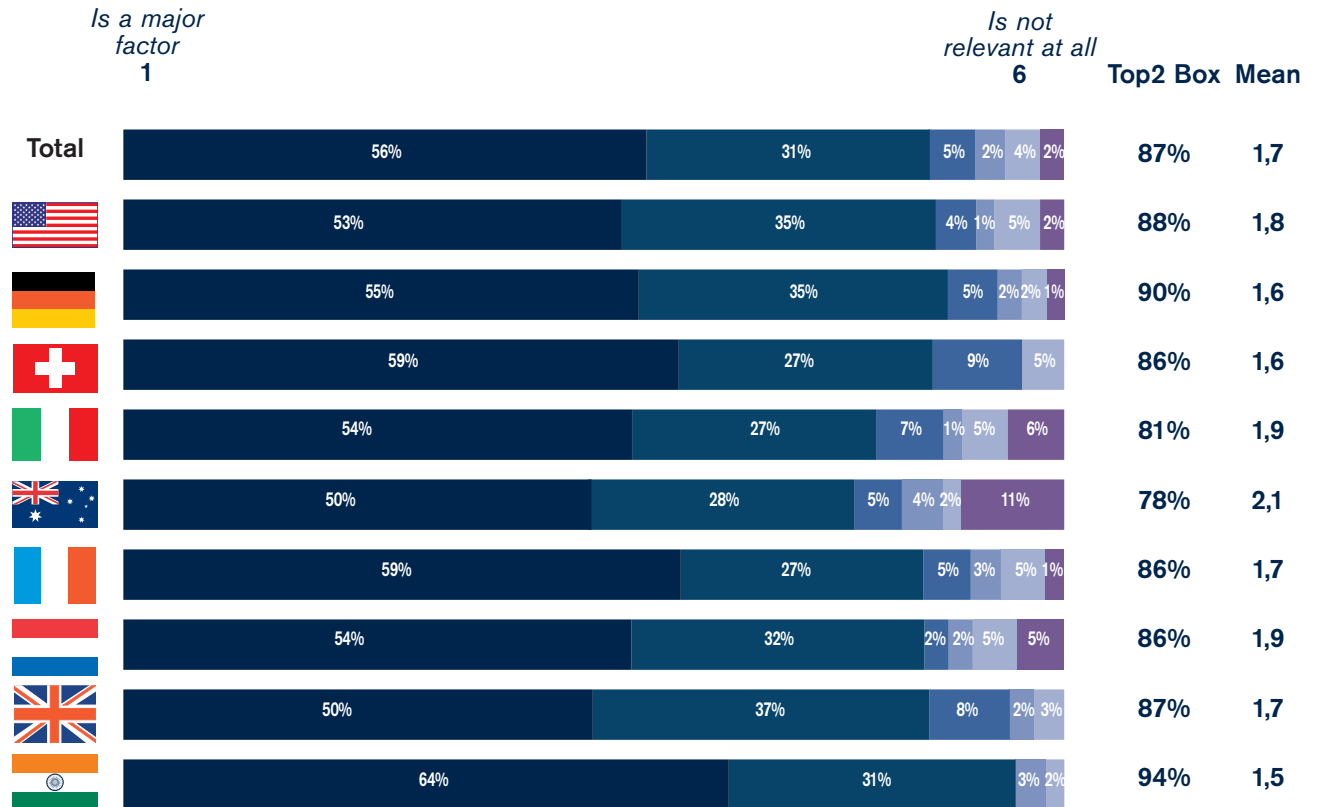


# 3

## The Findings – Core instruments to master transition

### Motivating people by sharing your visions

Question: What are for you the instruments to master transition? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

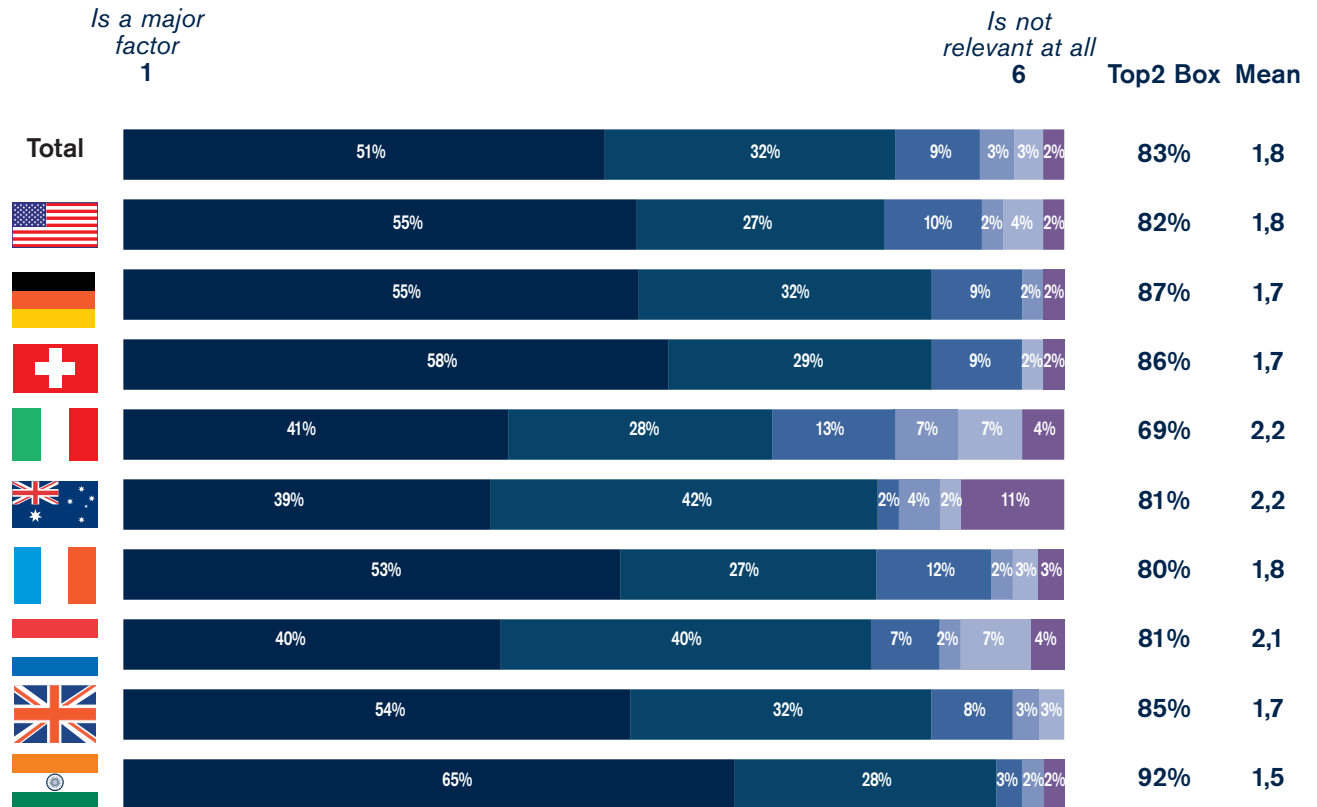


# 3

## The Findings – Core instruments to master transition

### Creating a culture trust

Question: What are for you the instruments to master transition? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.



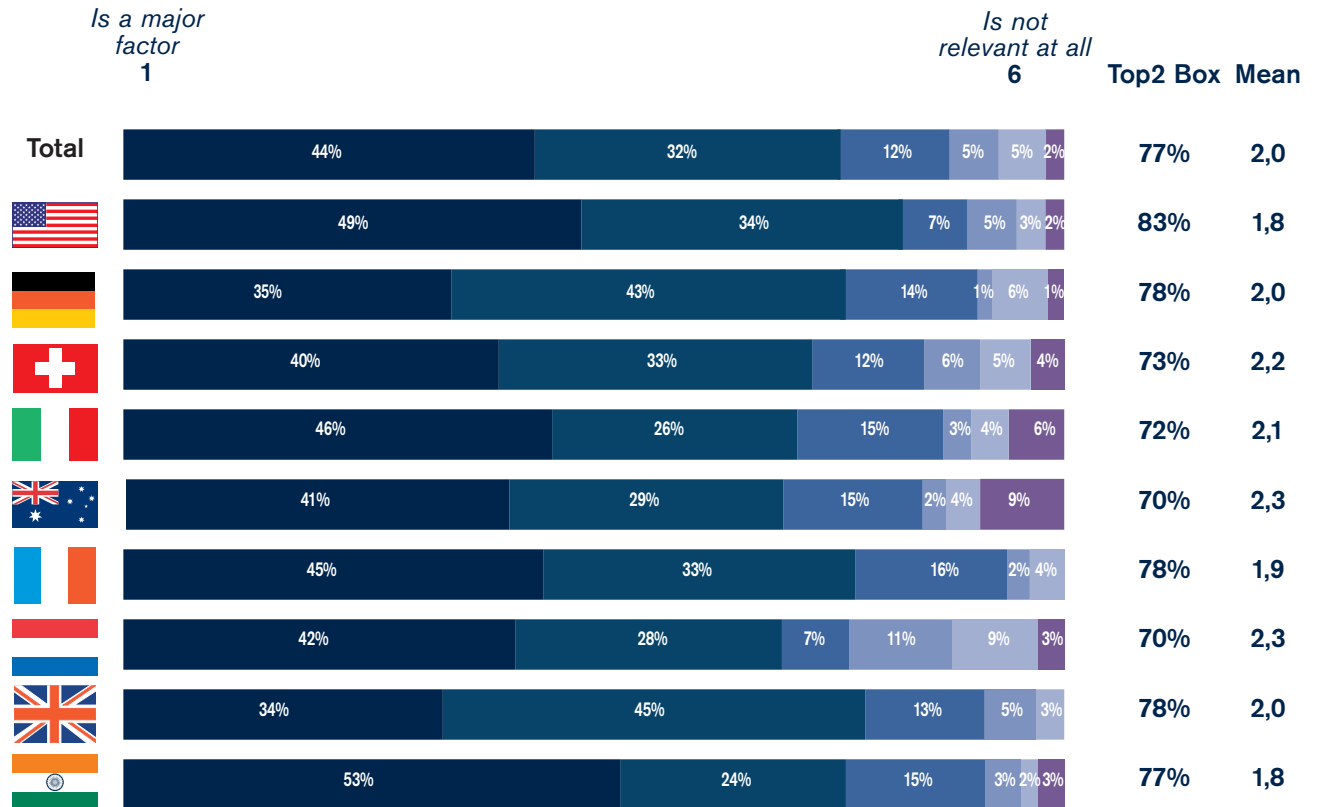


# 3

## The Findings – Core instruments to master transition

### Setting clear goals and controlling them tightly

Question: What are for you the instruments to master transition? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

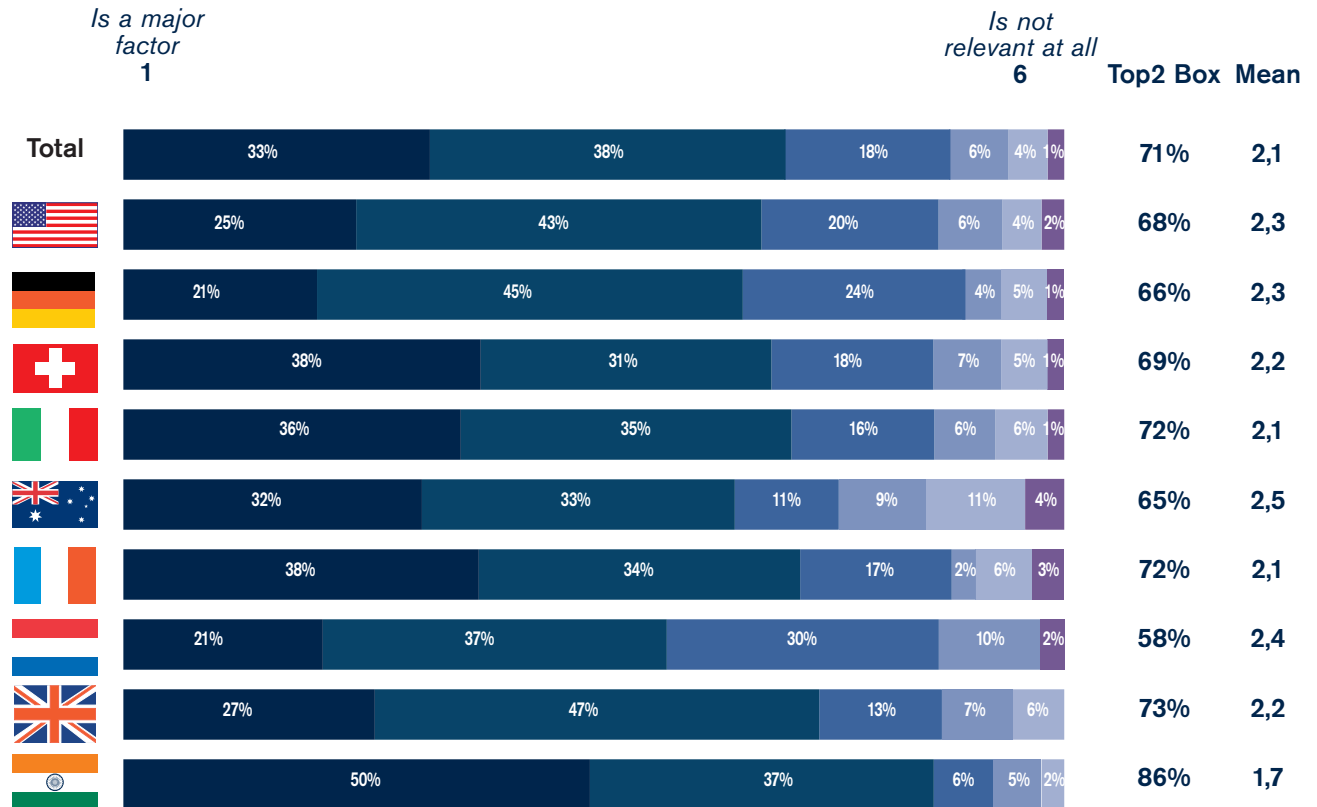


# 3

## The Findings – Core instruments to master transition

### Strategic talent management

Question: What are for you the instruments to master transition? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

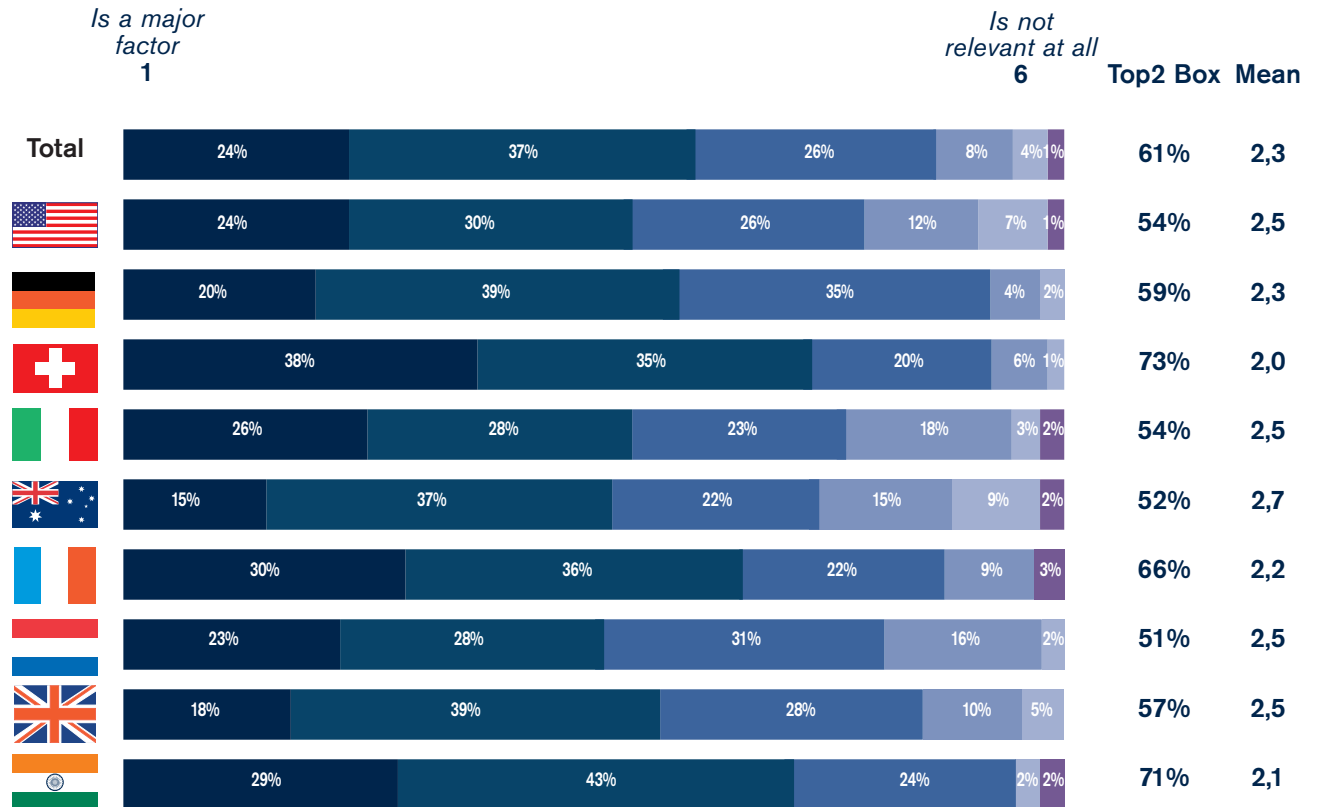


# 3

## The Findings – Core instruments to master transition

### Creating career perspectives

Question: What are for you the instruments to master transition? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.

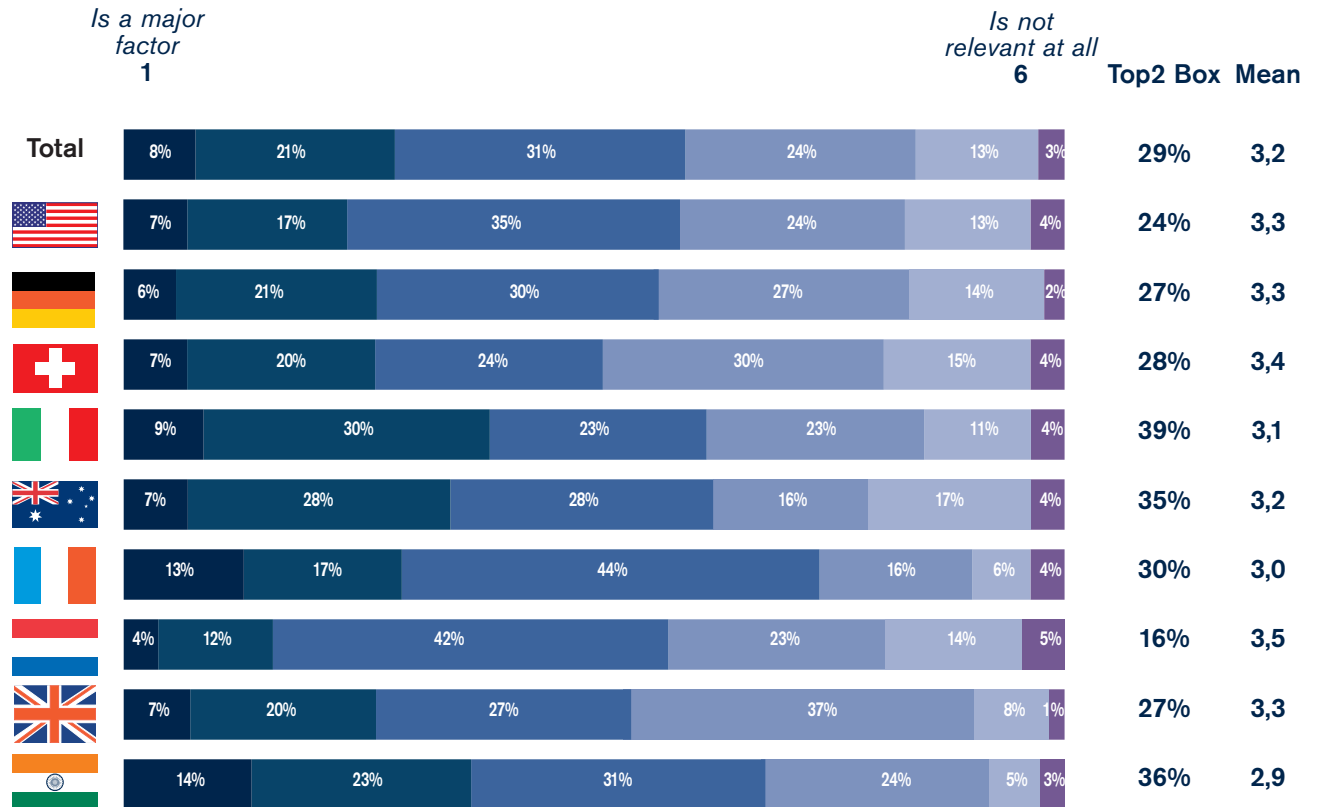


# 3

## The Findings – Core instruments to master transition

### Stressing the negative consequences of inertia

Question: What are for you the instruments to master transition? Please rate the following factors on a scale from 1 to 6, where 1 means “is a major factor”, and 6 means “is not relevant at all”. The values in-between allow you to grade your assessment accordingly.












# 3

## The Findings – Corporate values in times of transition

### Shares in %

Question: Focussing now on the role of corporate values in times on transition, which of the following statements best reflects your opinion?










	Strong corporate values help to master transition	Corporate values must be adapted to new circumstances	Corporate values can be an obstacle in phases of transition	Corporate values are not relevant at all
<b>Total</b>	<b>68</b>	<b>26</b>	<b>3</b>	<b>2</b>
	78	16	4	1
	65	28	5	2
	74	16	5	5
	66	27	3	4
	72	24	2	2
	59	36	0	5
	79	14	4	4
	67	28	3	2
	70	27	2	0

# 3

## The Findings – The most important corporate values

### Shares in %

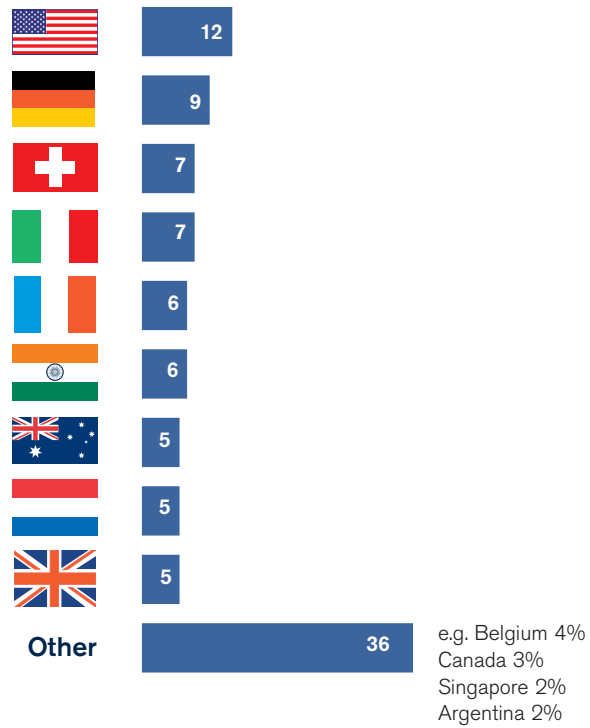
Question: Which corporate values are the most important in mastering upcoming changes and phases of transition? (3 answers possible)

	Customer focus	Trust	Transparency	Innovation	Responsibility	Entrepreneurship	Flexibility	Collaboration	Continuity	Diversity
<b>Total</b>	<b>56</b>	<b>43</b>	<b>40</b>	<b>34</b>	<b>29</b>	<b>29</b>	<b>28</b>	<b>23</b>	<b>8</b>	<b>5</b>
	57	46	44	32	24	21	29	32	5	5
	57	50	43	26	38	41	24	12	4	3
	56	46	41	21	30	44	20	19	14	4
	51	24	31	45	35	35	30	26	8	8
	56	50	43	26	22	13	31	35	13	2
	61	39	23	31	45	34	23	27	5	8
	49	47	37	26	42	37	23	14	14	7
	55	57	32	42	28	23	33	30	7	3
	64	36	59	42	15	24	9	26	12	2

# 3 Demographics

## Country

Question: In which country are you living and working at present?

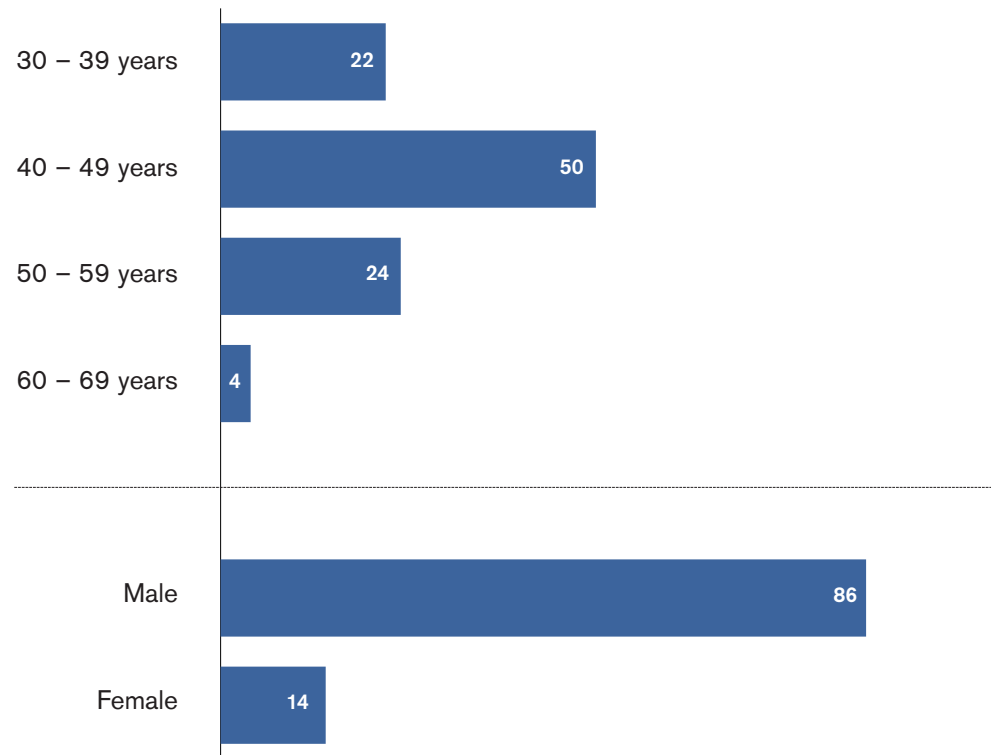


# 3 Demographics

---

## Age and gender

Question: Age and gender



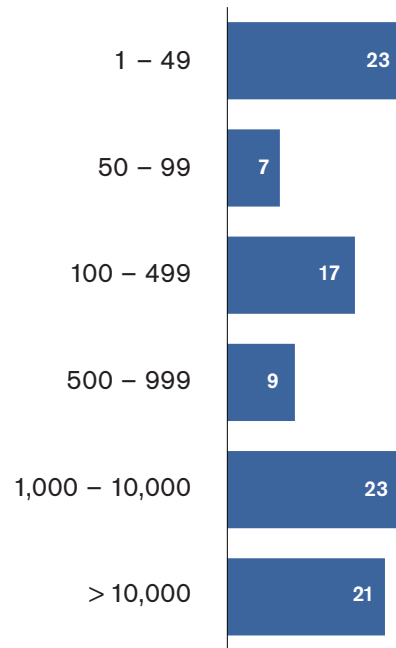


# 3 Demographics

---

## Number of employees

Question: Number of employees

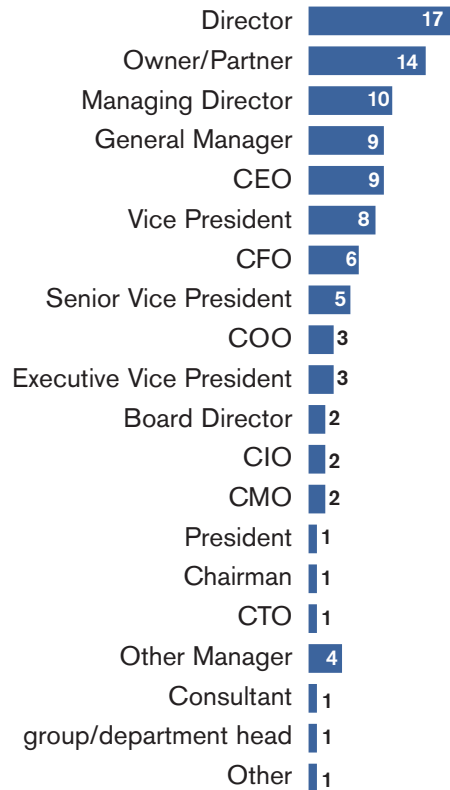


# 3 Demographics

---

## Present position

Question: Present position

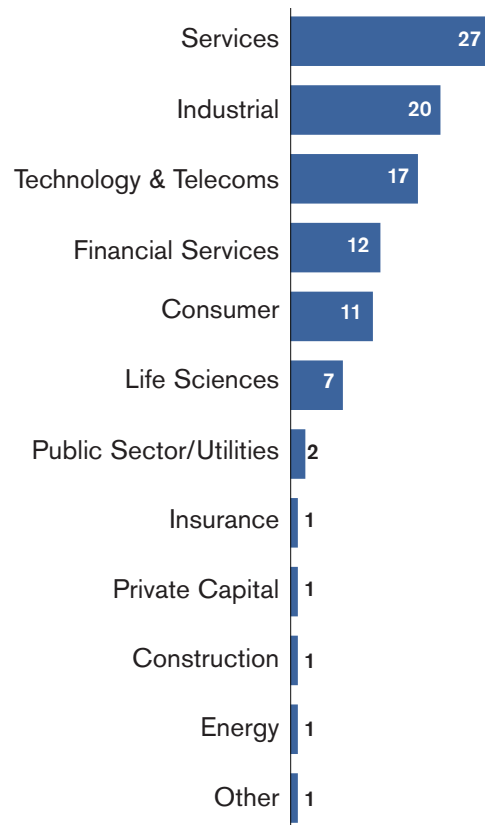


# 3 Demographics

---

## Branch

Question: Branch



---

## Concept and implementation

Egon Zehnder International  
Corporate Communications

Project manager: Markus Schuler

[www.egonzehnder.com](http://www.egonzehnder.com)