



CORNERSTONE
INTERNATIONAL
GROUP

SPRING 2013
SENIOR MANAGEMENT
SURVEY RESULTS

WELCOME

RESULTS OF OUR CORNERSTONE SPRING 2013 SURVEY

As a world-ranked recruiting and leadership development organization, we seek to inform and advise businesses on a wide range of issues. This survey is just one of many ways of sharing the latest management opinions among our clients and potential clients.

This Annual Survey of Senior Management by Cornerstone International Group has three key attributes:

- It reflects the reality-based opinion of business leaders around the world.
- It represents a broad base in terms of business focus and company size.
- It is timely, released within one month of the conclusion of data gathering each spring.

The survey is distributed to the executive level at companies in the countries where we do business, covering all the major geographic regions of the world.

With over 70 offices worldwide, we are able to survey small, medium, and large employers – corporations and institutions, for-profit and non-profit – in Asia Pacific, Europe and Middle East, Latin America, United States and Canada.

THE 2013 SURVEY

This is our seventh annual survey. The data represents attitudes generally formed during the late 2012 and early 2013 calendar years. The Cornerstone Survey is completed each year over a four-week period around the conclusion of the first quarter. Findings are compiled and published in May.

This document consists of three sections:

- Participant Profile
- Survey Findings
 - The Economy
 - Corporate Governance
 - Talent Management
- Our Credentials

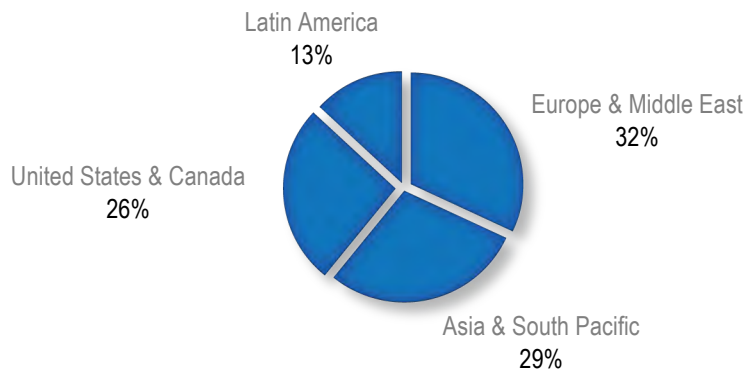
SECTION 1 – PARTICIPANT PROFILE

Each year, the composition of respondents shifts slightly.

GEOGRAPHIC REPRESENTATION

In 2013, respondents who completed the survey have their primary operations in the following regions:

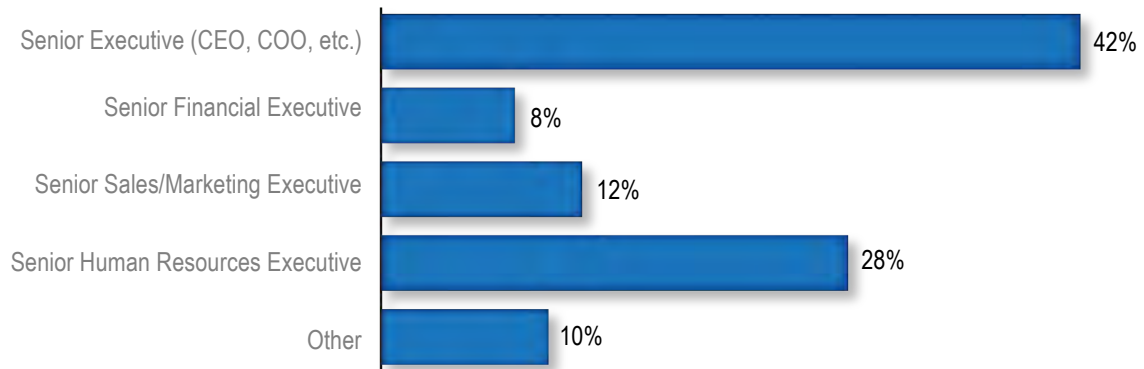
RESPONDENTS BY LOCATION



RESPONDENT POSITIONS

The survey is distributed primarily to C-level positions. The 2013 response breaks out as follows:

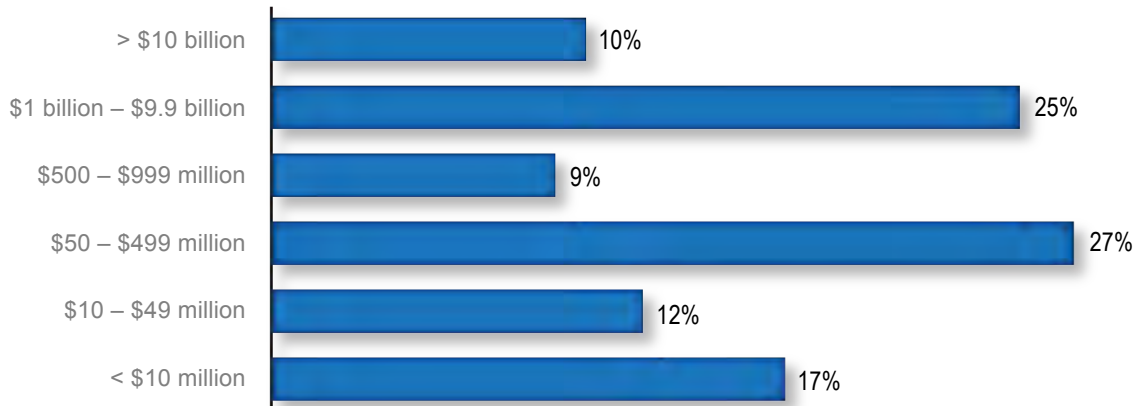
RESPONDENTS BY POSITION



SIZE OF ENTERPRISE

Responding firms this year were fairly evenly spread across the size spectrum. Mid-size firms between \$50 and \$500 million and bigger firms of \$1-10 billion comprised roughly 25% each of the pool. Small firms under \$10 million were the next largest group.

RESPONDENTS BY SALES REVENUE

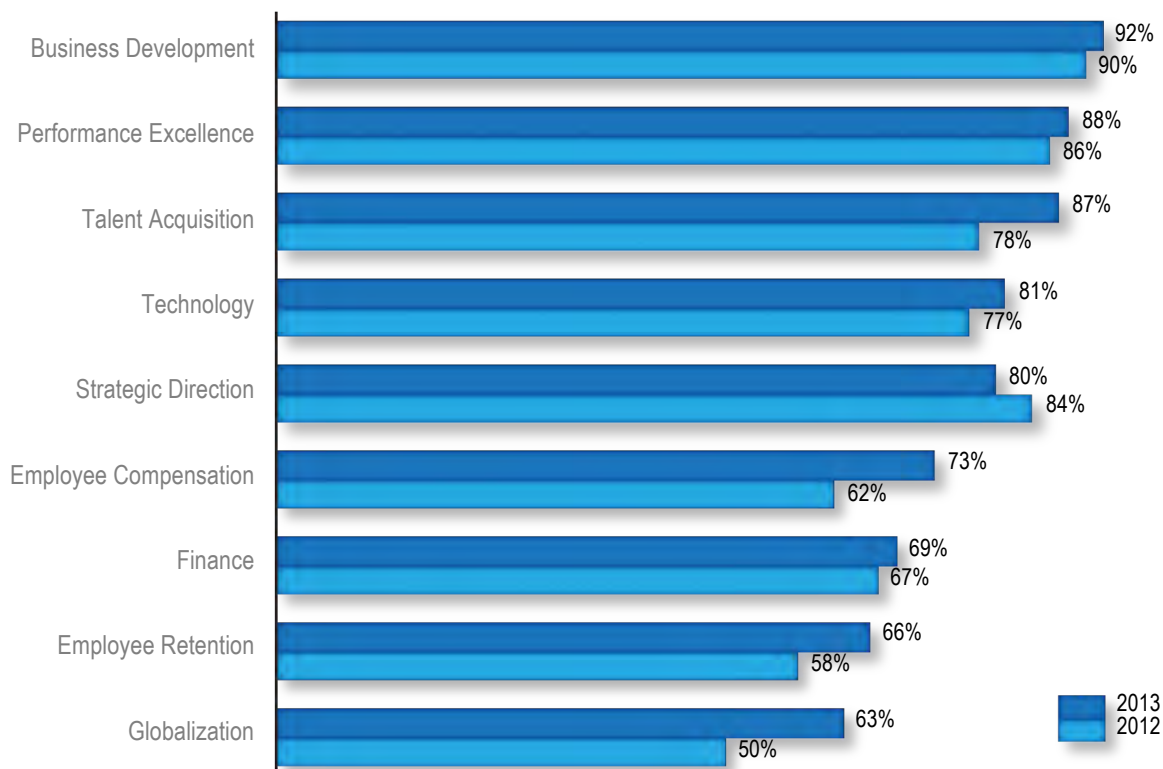


STRATEGIC PRIORITIES

The strategic challenges faced each year do not vary much. Survey respondents have consistently told us their most important challenge is Business Development, followed by Performance Excellence.

However, this year we see Talent Acquisition ready to nudge into second spot. While in third place overall on an aggregate of “modest” and “highest” degrees of importance, Talent Acquisition is actually rated the second most important in the “highest” degree category.

AREAS OF CHALLENGE



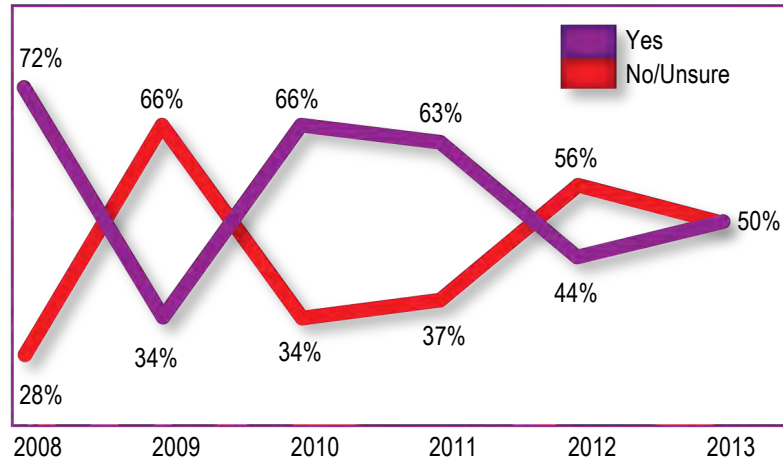
SECTION 2 – SURVEY FINDINGS

STEP RIGHT UP!

For the past six years, since the ground beneath their feet abruptly slid away, business leaders around the world have become accustomed to managing an unusually high degree of uncertainty.

Confidence levels, if interpreted by intent to hire, could induce motion travel sickness.

INTENT TO HIRE



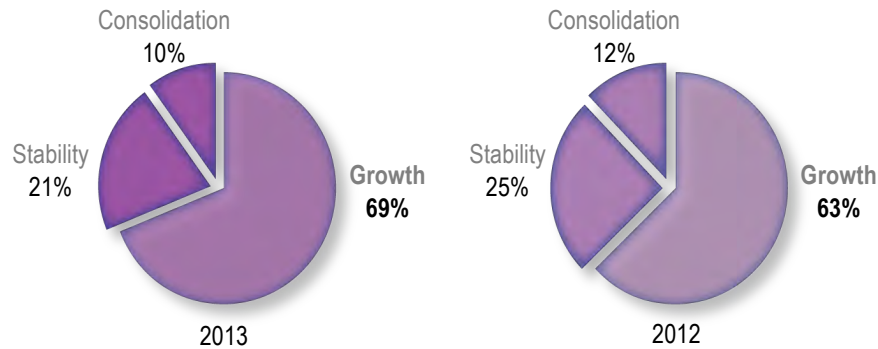
And where are we today? Suspended in mid-air: exactly 50% of our respondents see a glass half full and the other 50% see it half empty.

Are we sitting half way up the track? Or halfway down the other side? Welcome to the rollercoaster.

THE ECONOMY

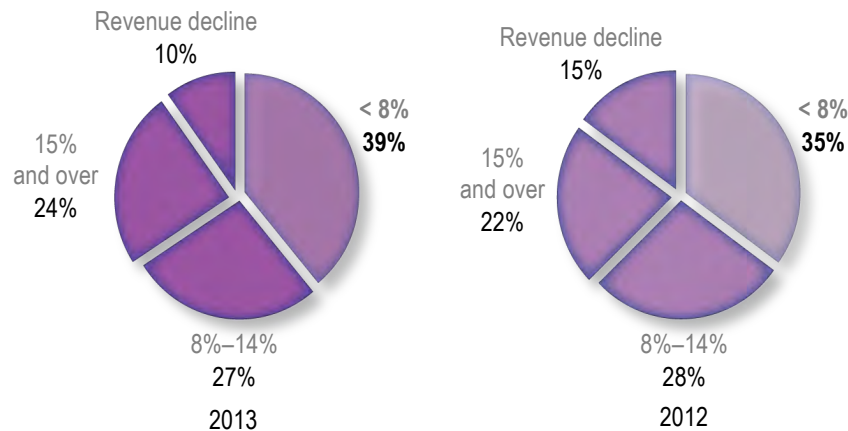
Business leaders this Spring have felt a bit bolder, but cautiously so. Just a shade over two-thirds claim a growth strategy, a 10% lift from the year before (but no repeat of the sudden enthusiasm that bumped the optimists over 80% in 2011).

BUSINESS PRIORITY



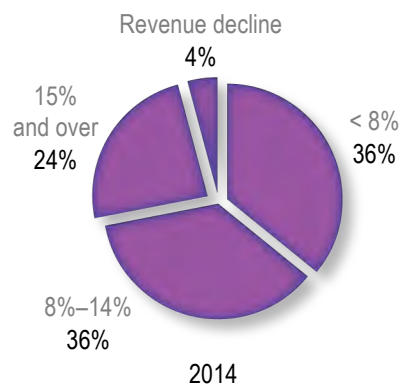
Growth expectations followed suit, with the largest group anticipating sales revenue increase of less than 8% for the second year in a row. Last year we introduced a new option, Revenue Decline, which still claims 10% of the sample.

PROJECTED GROWTH 2013



We also asked leaders how they felt about 2014. Better, it seems: 60% are looking for growth of more than 8% a year out compared to 51% this year.

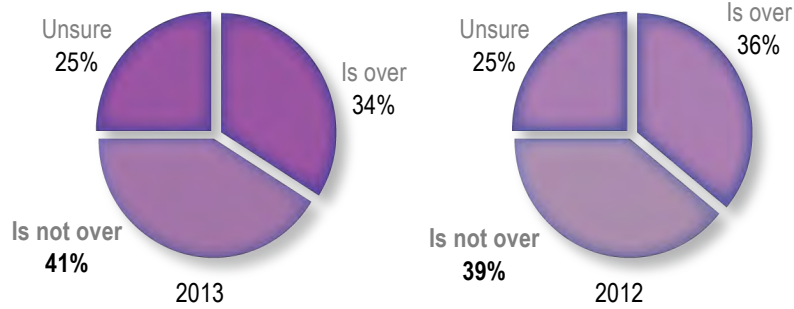
PROJECTED GROWTH 2014



SO. IT'S OVER?

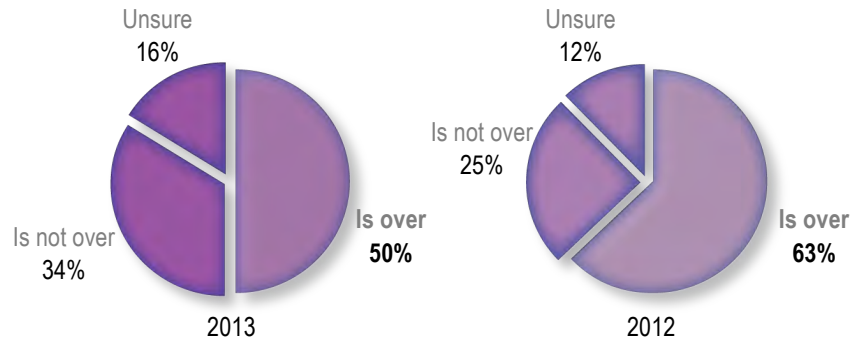
Not quite. Unfortunately, more business leaders each year come to the conclusion that we're still bumping along the bottom. Those who feel the global economic recession is not yet over increased this year from 39% to 41%.

GLOBAL RECESSION



Respondents have tended to view the local economy more optimistically but their optimism has also been tamped down – from 63% who felt the local recession was behind them last year to 50% now.

LOCAL RECESSION



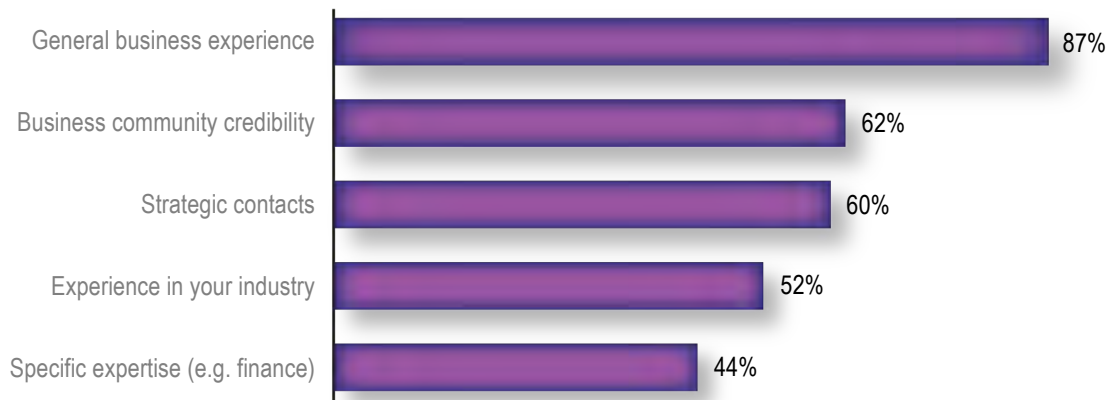
CORPORATE GOVERNANCE

Boards of Directors continue to evolve, according to our metrics, which probe demographic and functional composition. The trend for Boards to work actively with management in strategy development strengthened again in 2013 after a dip the previous year.

WHAT DIRECTORS BRING

Generalists appear to be prized over specialists. General business experience is rated the most important characteristic of a Director by 87% of participants. Specific expertise, such as Finance, came last.

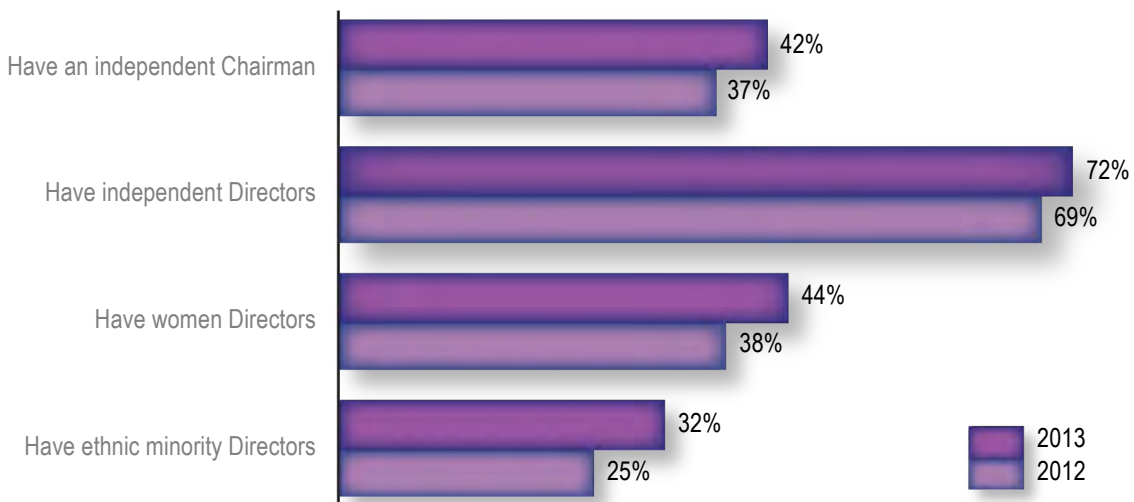
WHAT YOU WANT IN A DIRECTOR



BOARD DIVERSITY GROWS

Boards become more diverse each year as the numbers of independent directors, women and ethnic minorities continue to increase. Nonetheless, while 64% feel their Boards have the professional experience required, 43% feel they are still not sufficiently diverse in age, gender and ethnicity.

BOARD COMPOSITION



TALENT MANAGEMENT

SOURCING THE TALENT

Two issues are noteworthy in responses concerning executive talent, arguably the most important asset a company has.

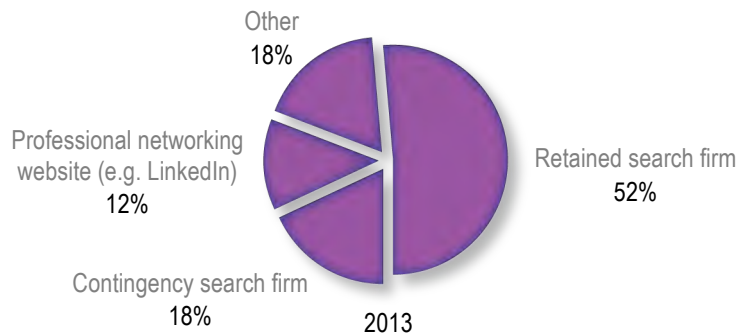
- The first is the notion that quality candidates may be no harder to find than they were five years ago, but are significantly harder to attract and sign.
- The second is that only 34% of respondents feel they have a healthy leadership pipeline. As an adjunct, only 43% feel that they have adequate vertical and horizontal advancement opportunity.

FINDING TOMORROW'S LEADERS



Given the above, it is not surprising that search professionals remain the go-to source for locating and engaging high-value talent, the growth of online recruiting notwithstanding. This critical task is highly relationship-dependent, resulting in retained search firms being almost three times as popular as contingency recruiters.

SOURCING HIGH-VALUE PEOPLE



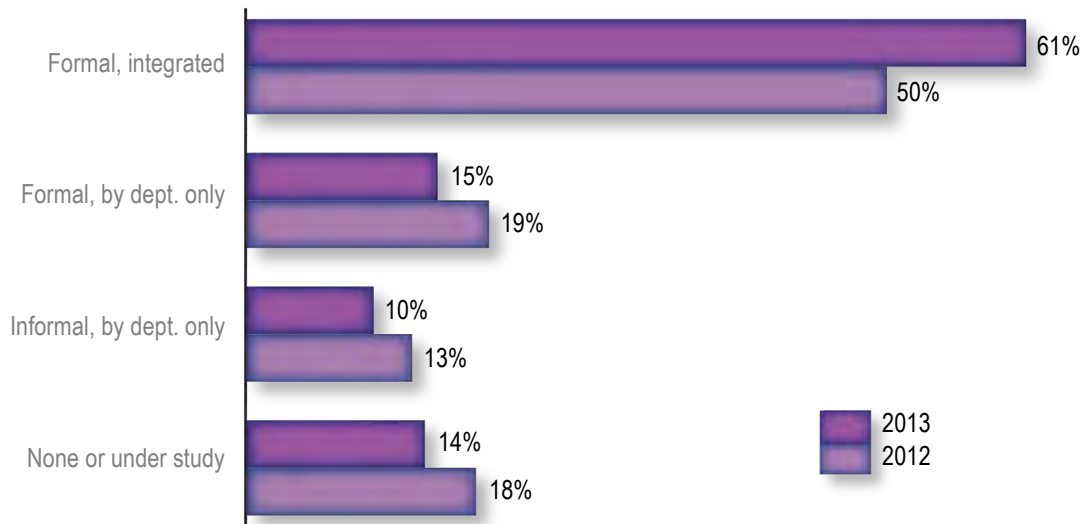
Leaders naturally place a greater priority on maximizing existing assets than seeking out the new. Talent and Leadership Development outrank all other sources of value development within the workforce and two-thirds of respondents see coaching as the key to unlocking value.

UNLOCKING THE VALUE



Maintaining the trend, significantly more firms this year have introduced formal performance measurement programs fully integrated across departments. This would appear to be an evolution of existing, non-integrated measurement processes (which have declined).

MEASURING PERFORMANCE

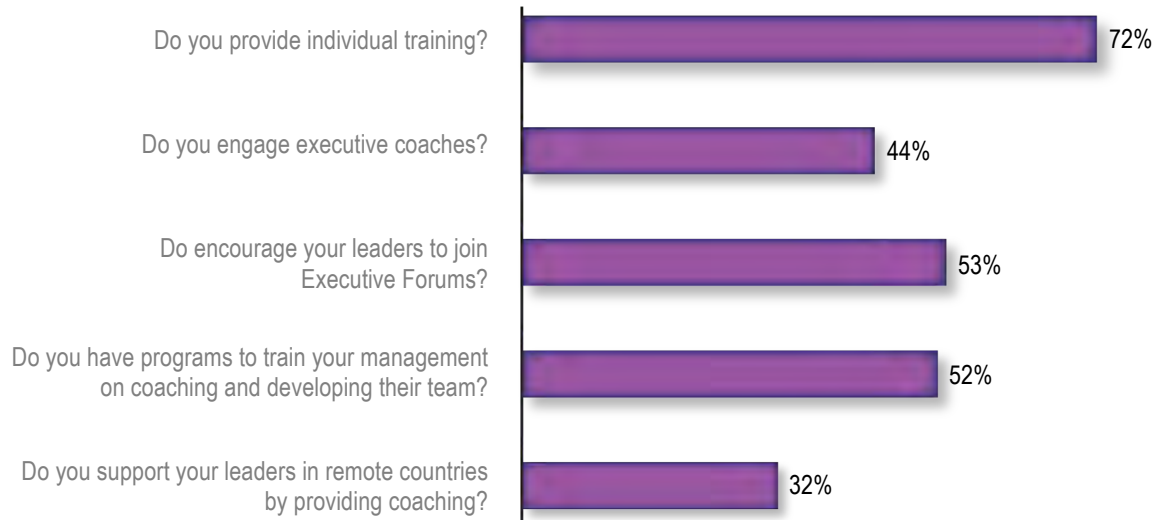


LEADERSHIP DEVELOPMENT

Specific attention to future leaders ranks high with respondents. Enabling functions include both internal and external resources.

Over 72% provide individual training and 52% have programs in place to train managers how to develop their teams. However, less than a third provide coaching specifically to support their leaders in remote countries.

RAISING LEADERS



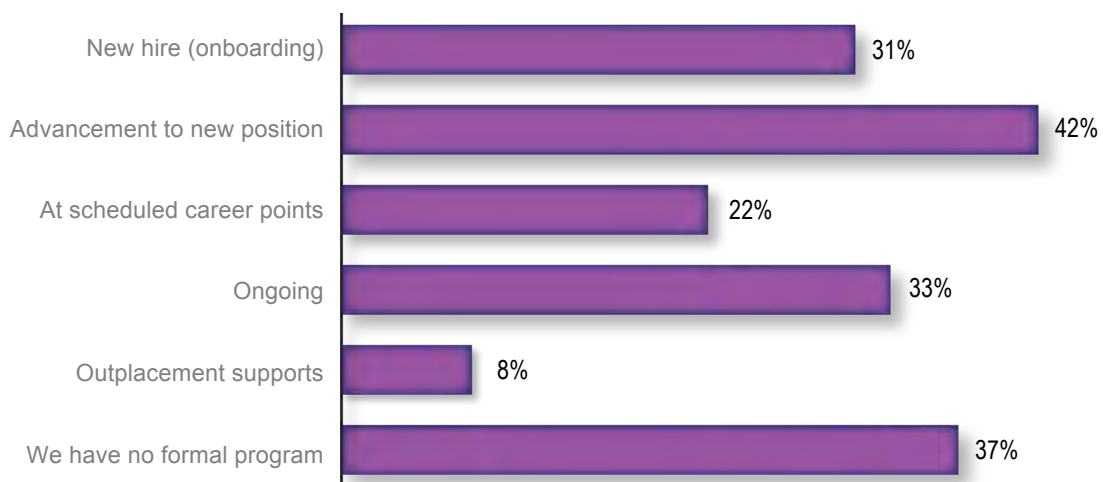
ROLE OF COACHING

This year we introduced a new series of questions in this category directed at coaching. Our purpose is to get a fuller understanding of the value of this third-party intervention in today's organization.

We found that coaching is still employed by most leaders on an ad hoc basis, such as the advancement to a new position. However, indications that coaching is becoming a strategic plank in asset enhancement can be derived from a significant percentage of firms with ongoing coaching commitments.

That said, over one third of respondents have no formal coaching program in place.

WHEN TO CALL A COACH



SECTION 3 – OUR CREDENTIALS

Our mission is to accelerate the success of our clients by providing top-quality consulting services in the field of talent recruitment and development.

Our organization of owner-managed firms combines global reach and networked resources with the personal service and undivided attention delivered by each of more than 70 local offices.

The diversification of our services and depth of experience is behind our claim:

“Achieve More with Cornerstone”

We represent organizations in almost every industry, every function, and every major geographical region.

Each of our offices commands a leading position in its local market for repeat and referral business, be it executive search, executive coaching, or CEO and Board Advisory services.

NOT THE BIGGEST, THE BEST

Our goal is to be a world leader and standard-bearer for retained search and executive development.

That doesn't mean being the biggest. It means being the best. That means the best service, the best value, and the best results – so our clients can attract and develop the very best senior management and the very best Boards in the world.

TO KNOW MORE

To find out more, we invite you to visit www.cornerstone-group.com.



CORNERSTONE PRACTICE GROUPS/DIVISIONS

Consumer Products/Services Practice Group	Real Estate/Construction Practice Group
Technology & Communications Practice Group	Diversity Practice Group
Apparel/Textile Practice Group	Board-Level Practice Group
Natural Resources/Energy Practice Group	CEO/Managing Director Practice Group
Healthcare/Pharmaceuticals/Biotech Practice Group	CFO/Chief Administrative Officer Practice Group
Retail/Hospitality Practice Group	CIO/CTO Practice Group
Franchising Industry Practice Group	Human Resources Practice Group
Entertainment/Sports/Leisure Practice Group	Leadership Assessment Division
Paper & Publishing Practice Group	Mergers and Acquisitions Division
Financial Services Practice Group	Turnaround Management Division
Not-for-Profit & Public Sector Practice Group	Executive Coaching Division
Manufacturing & Transportation Group	Compensation & Benefits Division
Aerospace & Defense Practice Group	Background Investigations Division
Professional Service Firms Practice Group	Executive Onboarding Division
Agriculture Industry Practice Group	Outplacement Division

