



CORNERSTONE
INTERNATIONAL
GROUP

April 2014

**SENIOR MANAGEMENT
SURVEY RESULTS**

ARE WE THERE YET?

When is this global recession going to end? Will it end? Since the collapse began in 2007, we had a burst of encouragement in 2011 – and then the clouds rolled back in. It has now been seven years: statistics for the U.S. indicate it is taking twice as long to replace the 8.7 million jobs lost in the downturn than in the previous two recoveries combined.

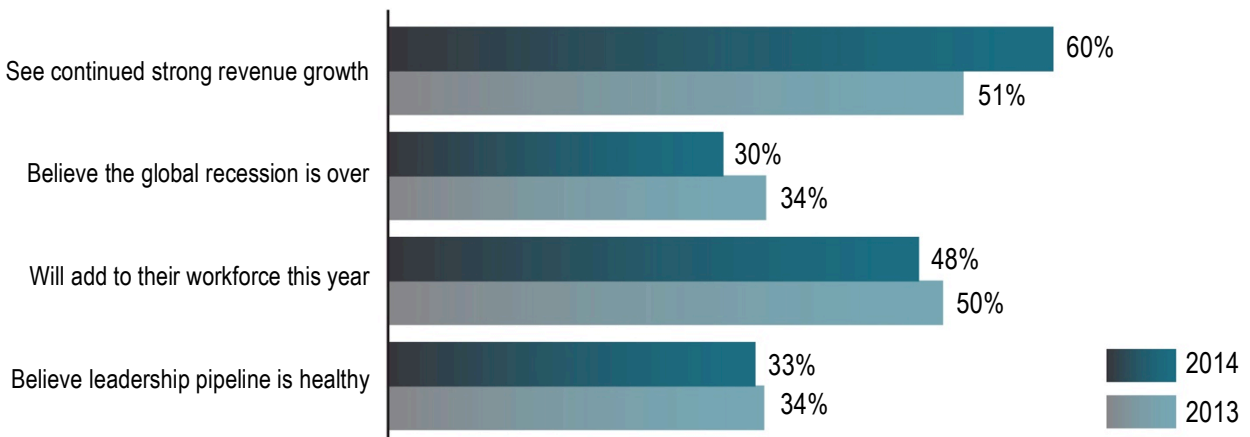
To the point where we are now asking: are they coming back?

In this, our 9th annual survey of senior management worldwide, we identify some growing disconnects that point to bigger issues than plans for the next 12 months. We don't know yet if they are transitory or structural, and thus possible harbingers of a new order. But they are inconsistencies that are repeating each year.

This year we also introduce *The Cornerstone Index* in a bid to benchmark the confidence level up front.

It's still a toss-up. Is the glass half full or half empty in 2014?

CORNERSTONE INDEX



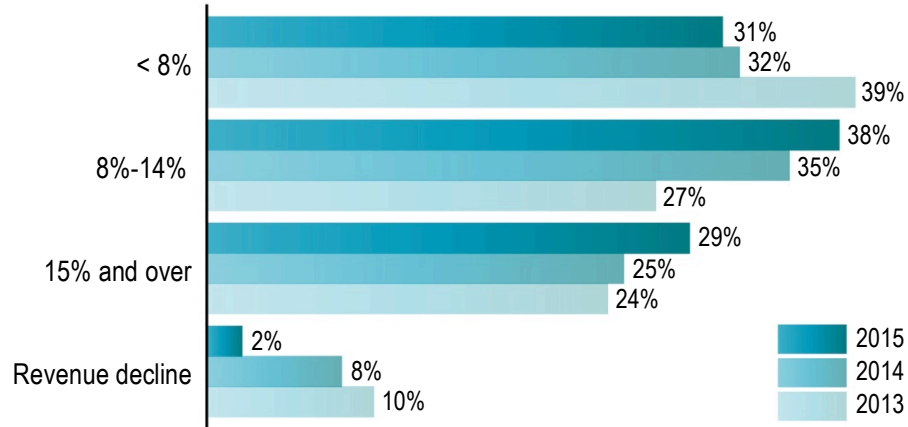
THE DATA

1. BUSINESS EXPECTATIONS

Participants remain bullish over revenue growth but the number willing to say the recession is over is the smallest in seven years.

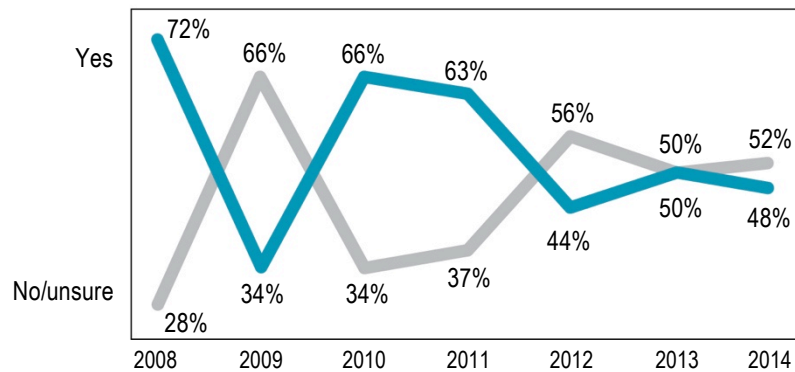
- Growth: 60% expect revenue growth of 8% and over this year, compared with 51% in 2013 (and 42% in 2012). The optimism runs on into 2015.

REVENUE GROWTH 2013-2015



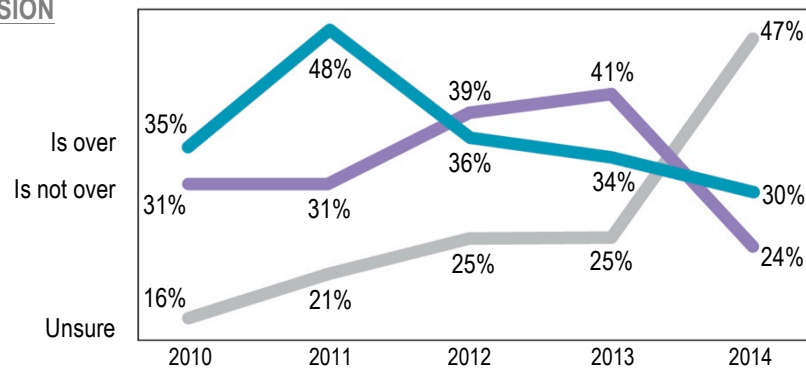
- Intent to Hire: a portrait in uncertainty. In 2014, the dark forces return.

INTENT TO HIRE



- Economy: only 30% believe the recession is over, the lowest yet.

GLOBAL RECESSION



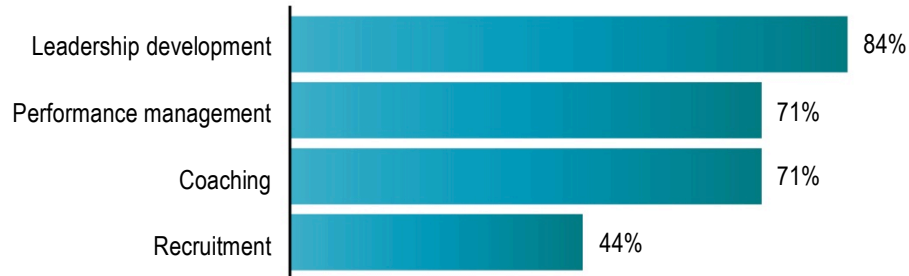
2. TALENT MANAGEMENT

Human capital strategy

Participants again believe they should focus on what they already have.

- 84% (unchanged) believe specific Leadership Development most important to unlocking value.
- 71% count on coaching.

HUMAN CAPITAL FOCUS

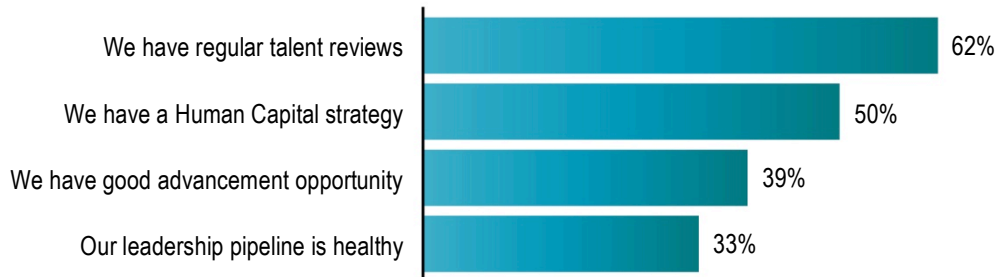


Leadership Development

The focus on Leadership Development does not appear to be adequately supported in practice.

- Only half have a Human Capital strategy.
- Only 33% consider their leadership pipeline to be healthy.

LEADERSHIP DEVELOPMENT



Power of Coaching

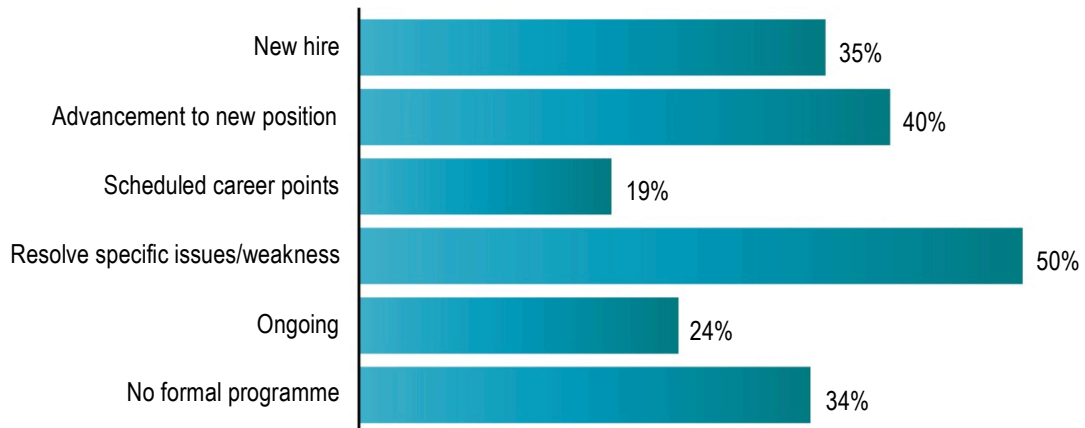
Business leaders use professional coaching strategically to improve productivity and accelerate individual development.

- High potential individuals and the manager/director level receive most of the coaching.
- Most frequent application is to resolve a specific issue/weakness (50%). Next is to support advancement to a new position (40%).

WHO TO COACH?



WHEN TO COACH?

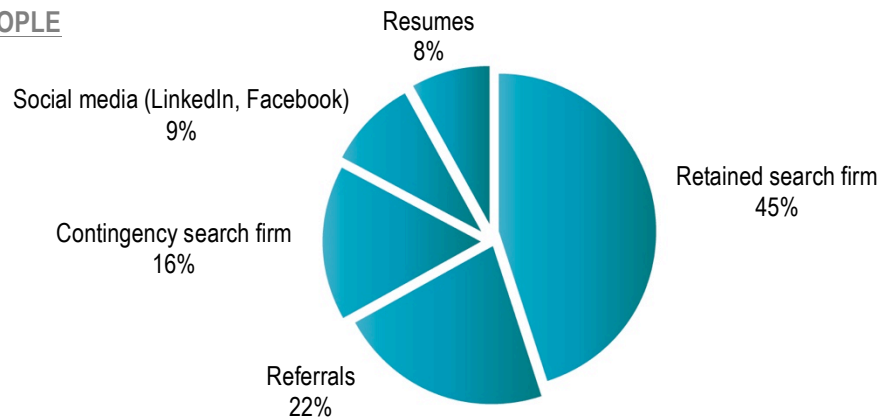


Sourcing high value employees

Retained search firms remain the preferred means of finding high-value people. The surprisingly low percentage for online recruiting may reflect limitations of a technology-driven approach in the high-value arena.

- 45% recruit through retained search firms, more than twice the nearest alternative.

SOURCING HIGH-VALUE PEOPLE

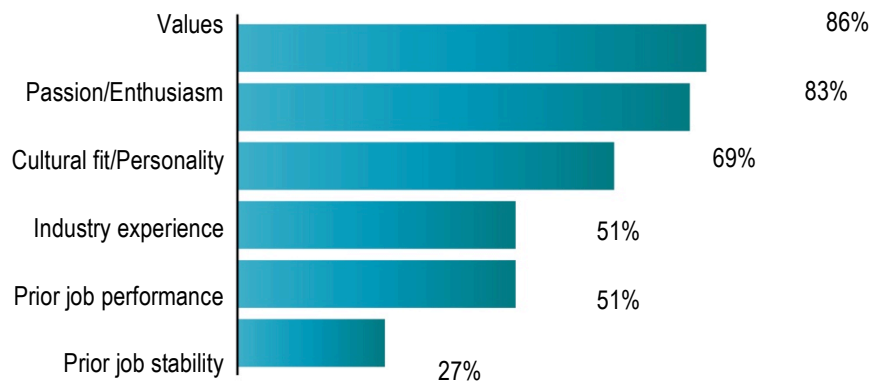


Focus on fit

A welcome development is the rapid change in evaluation criteria when sourcing employees. Traditional requirements such as specific industry and job experience have been overtaken by psychometric testing and cultural compatibility.

- Individual Values are considered the most important selection criteria by (86%) followed by Passion/Enthusiasm (83%) and Culture Fit/Personality (69%).

ATTRIBUTES



3. GOVERNANCE

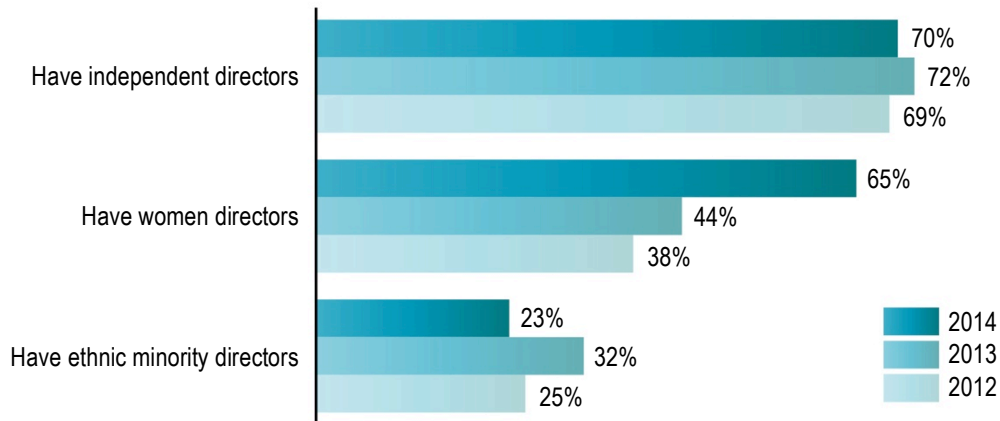
The role and responsibility of Directors have been core issues of this survey from the beginning. We continue to see significant change implemented each year.

Diversity

Although 30% of Boards still do not have any independent directors, ethnic and gender diversity improves each year.

- Representation by women on boards jumped by 32%. This implies growing recognition of the benefits of female analysis in corporate decision-making.

BOARD COMPOSITION

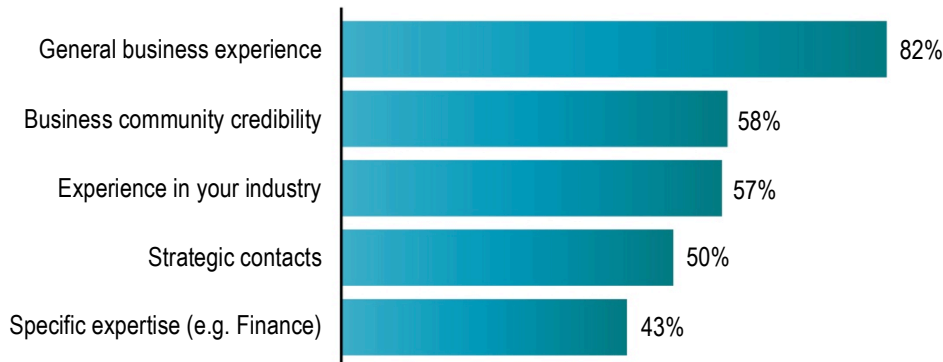


Experience

Since 68% of respondents feel their Boards are a strategic asset to the organisation, Director composition still has some surprises.

- Only 66% consider their Board sufficiently diverse in experience.
- Only 43% think their Board sufficiently diverse in age, gender and ethnicity.
- 60% do not have an independent Chairman.

DIRECTOR STRENGTHS



THE DISCONNECTS

Surveys in recent years have tended to present mixed signals when taken against the prevailing business environment.

Projected Growth: is it sustainable?

Business managers are projecting stronger revenue growth each year. In 2014, 25% see growth of 15% and more; in 2015, 29%. But the survey also tells us:

- The majority do not intend to hire in 2014 (for a second year).
- Some 70% think we might still be in a global recession.

Warning Flag

The danger here is that growth assumptions are based on the “work-more economy” of recent years. Work weeks have got longer. According to the Corporate Executive Board (CEB), employees worldwide who are identified as high potential now work on average 49 hours per week, up from 44 hours three years ago.

Demanding more of workers and relying more on technology has no doubt revised the cost basis for many companies and pushed many to record profits in recent years. But consulting firm Towers Watson cautions that workforces are now “maxed out”.

Talent Management: life-blood or lip service?

For four years, leadership development has been seen as the top priority of a Human Capital strategy. Our surveys reveal gaps between practice and intent.

- Only 50% actually have a Human Capital strategy embedded with the business strategy.
- Less than half have integrated, company-wide performance measurement.
- Only 33% consider their pipeline healthy, a decline from 2013.

Warning flag

Companies generally expect 65-70% of those in leadership development programmes to continue with the firm. However, research, again by CEB, showed this figure is now closer to 40%.

In a 2013 study, one in five left for jobs elsewhere and the largest group decided the potential benefits were not worth the added responsibility, which included moving to new locations and managing more people.

It is worth noting that only 39% of respondents to our survey believed their firm offered good advancement opportunities.

In future surveys we plan to dig deeper into these and other oddities of managing in the current “abnormal” environment.

ABOUT THE SURVEY

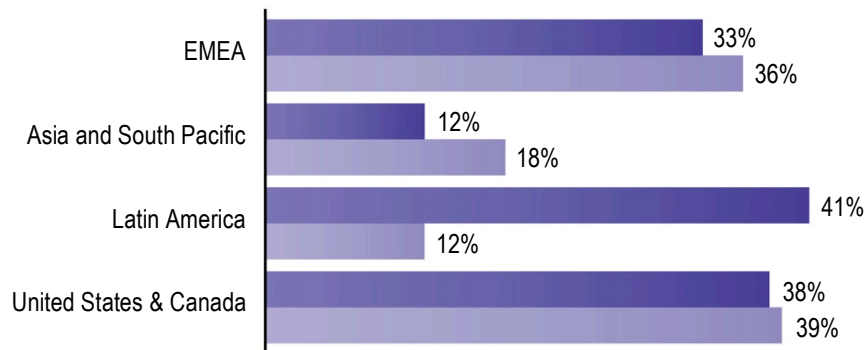
The Annual Survey of Senior Management by Cornerstone International Group has three key attributes:

- 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 three weeks of the conclusion of data gathering.

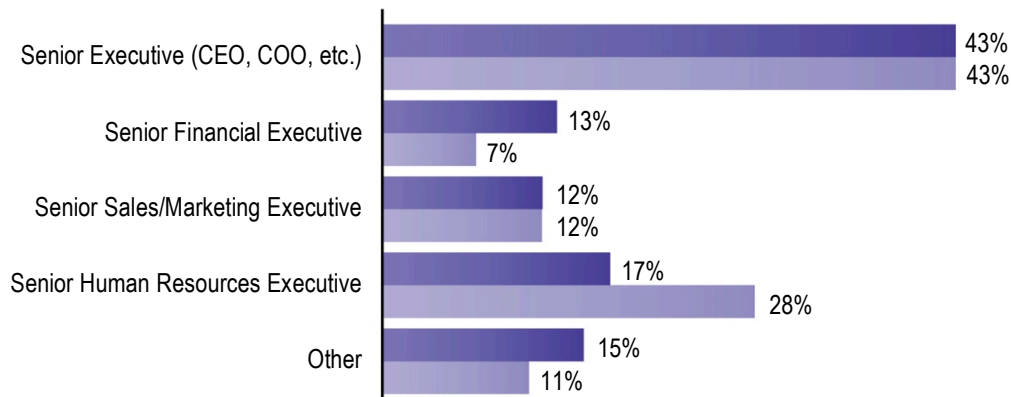
The survey is distributed to the executive level at small, medium, and large employers – corporations and institutions, for-profit and non-profit – in Asia Pacific, Europe and Middle East, Latin America, United States and Canada.

COMPOSITION OF THIS SURVEY

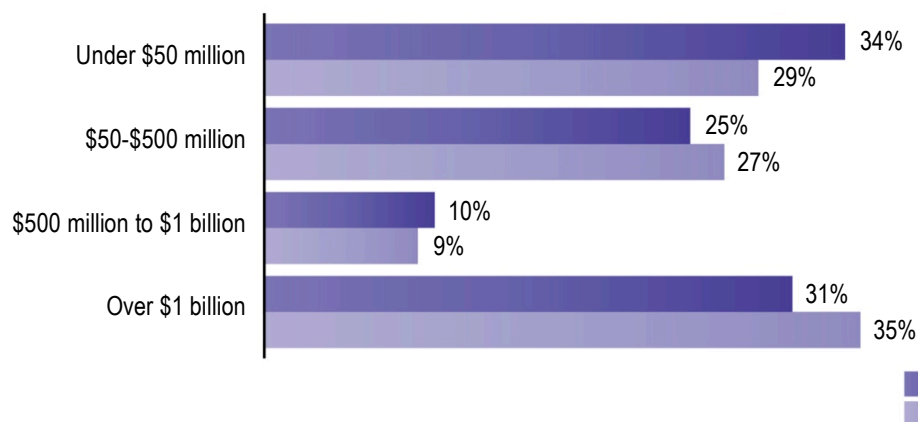
RESPONDENT PROFILE BY PRIMARY MARKET



RESPONDENT PROFILE BY POSITION



RESPONDENT PROFILE BY SALES REVENUE



2014
2013

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.

Cornerstone International Group is an organisation of owner-managed firms and 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”

Our clients include organisations in almost every industry 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

We are a member of the Association of Executive Search Consultants. The AESC is the official body representing retained executive search consulting firms worldwide with regional councils in the Americas, Europe and Asia/Pacific and an International Board of Directors. Its Code of Ethics and Professional Practice Guidelines are recognized as representing the highest level of service in our industry.

Our goal is not to be the biggest, but 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.

