



**Deloitte CHRO Survey**  
**The challenge of leadership**



# The challenge of leadership

We are proud to present our 2011 survey of Chief Human Resources Officers in the Netherlands, as part of the Deloitte CHRO Initiative.

Today, the head of HR is increasingly required to act as both strategist and steward: a leader who not only orchestrates day-to-day HR operations, but is also expected to set a clear and challenging HR vision that helps to shape and implement overall strategy. Leadership is one of the burning topics on the agenda of the CHRO. The CHRO has to deal with leaders who are unwilling to visibly change their behavior, and is responsible for the recruitment and retention of young talent in an ageing population.

What are the strategic challenges for this and next year, and what is the role of leadership? What are the strengths and weaknesses of the current leaders? What are the key themes for leadership development? We posed these questions to 173 executives and others, to explore the key themes and trends in leadership and leadership development.

## The CHRO is of crucial importance in leadership development

High-performance organizations need high-performance leaders. But different organizations require different leadership styles. Organizations focused on globalization need leaders with international experience and a global perspective. Organizations pursuing a low-cost strategy need leaders who live and breathe efficiency, while organizations with a focus on innovation need leaders who think creatively and push organizational thinking. Given the strategic developments, it is crucial to have the right type of leadership in the right place in the organization. CHROs can play a central role in cultivating the right kind of leaders, partly by designing and implementing leadership development programs to identify, assess and develop the right top talent. Leadership is one of the most important elements for successful organizational development. If an organization lacks shared values and competences, it will be difficult, if not impossible, to create a consistent performance culture. This CHRO survey gauges the vision of executives on leadership, the current leadership in their organization and leadership development, and provides recommendations to improve leadership development in organizations.

## Leadership is leading and following, based on the inner compass

What, exactly, is a leader? What does he or she do, and how does a leader adapt to different circumstances? In 'The Dialogical Leader. Developing Leaders for the Future (2010)', Rens van Loon gives us more insight in the characteristics that define the true leader:

"A leader tries to get something done from a certain vision, with, for and through other people in a context, making use of different styles (vision, push, pull) and sources (rational, intuitive, non-verbal) in a multiplicity of roles (entrepreneur, manager, coach). The context is determined by the organization and its culture, but also by the leader's own personal values. The process of influencing takes place in the tension between the values and strategic ambition of the organization and the personal values of the leader. We therefore get a double relationship of tension in the process of influence: to the outside in the relationship with the organization; to the inside in dealing with individual preferred styles and personality. Our assumption (and experience) is that effective and successful leadership implies that he/she is able to reconcile dilemmas, involved by incongruities, by moving flexibly between roles, styles and sources. By moving along these lines he/she is able to reconcile obvious opposites. The most important factor for success is that the leader is able to think, feel and act 'out of his box' (script, behavioral, emotional and thought pattern). Good leaders are flexible in this sense, without losing the relation with the guiding principles, core values or true North. It is simple to describe it here, it is most difficult to achieve because of the complexity of daily business life with so many unseen agendas, ambitions and politics. Recently a colleague of mine formulated the principle like this: 'lead and follow, based on my inner compass'. Reconciling head and heart in new habits, for many modern leaders very difficult. Short term pressure is so huge!"

<sup>1</sup> Rens van Loon, The Dialogical Leader - Developing Leaders for the Future, 2010

### Different types of organizations have the same segmentation between leadership styles

We distinguish three styles of leadership. A leader's style is partly determined by the context of the organization and its culture.

#### Visionary leadership

A visionary leader creates an image and perspective for the future, both for himself and for the people in the corporation. He knows what he wants based on that vision; his dream is the compass for his daily actions. A clear idea is a sort of guiding principle for a good balance between authenticity (this is what I want) and effectiveness (this is what I can do); between push (getting things done) and pull (engaging other people to cooperate). A visionary leader runs the risk of becoming a dreamer, if he gets disconnected from reality.

#### Results-oriented leadership

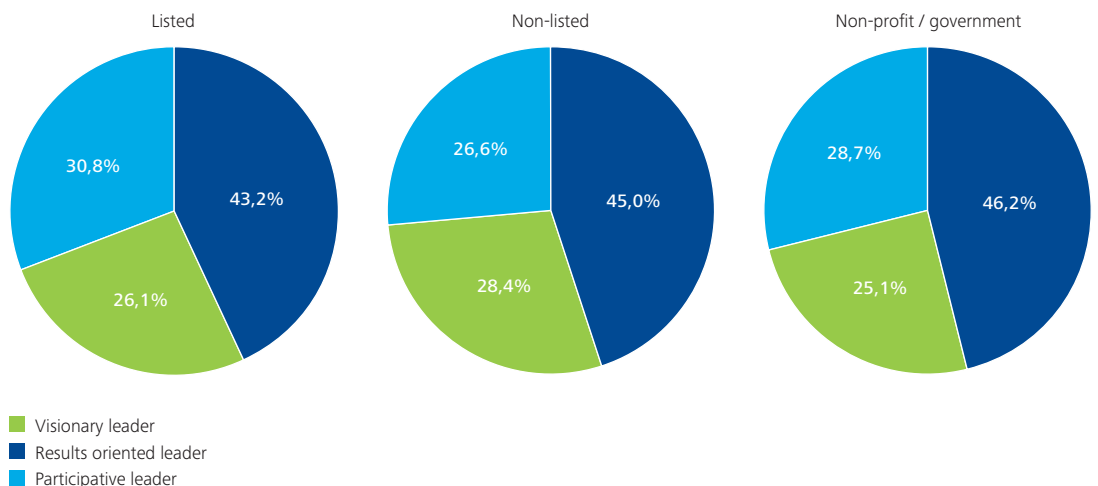
A 'pushing' leader brings people and processes into motion by his strong outgoing energy and autonomy. He shows his power to persuade the organization and the environment. This comes down to decisiveness and strength.

#### Participative leadership

A 'pulling' leader works primarily from his engagement with the organization. He tries to move people and processes. This comes down to a sort of passionate energy that brings the masses into motion. The executives indicate that the three leadership styles are distributed evenly within their organizations. The results-oriented leadership style has the upper hand by a slight margin.

Result oriented leadership is the most dominant leadership style for listed, non-listed and non-profit organizations. This is also the case when the organizations are segmented to revenue. This means that different types of organizations have the same perception of leadership styles.

Chart 1: Segmentation between leadership styles



‘Given the strategic developments, it is crucial to have the right type of leadership in the right place in the organization.’

### Focus and required competences are different per leadership role

How do you know the leaders you're preparing are the ones your organization will actually need to execute your current strategy and create new possibilities for your business? Many organizations seek out leadership development solutions without first exploring what their future - or their future leaders - should look like. In doing so, they put the cart before the horse. They focus on leadership development programs, often with an emphasis on effective leadership development practices, but without enough focus on their industry, their business or the emerging reality. For those organizations, leadership development solutions are the starting point - where they should be the final piece. That is not to say that an organization's future should be built on its current configuration of solutions without clear direction. That would be like planning to host a big dinner and going to the supermarket without a shopping list, or even a first idea of what you'll be cooking. What you end up making for dinner will then be determined by the ingredients you happened to buy or have in your pantry - if you even bought enough for a dinner at all. Leadership by design is key.

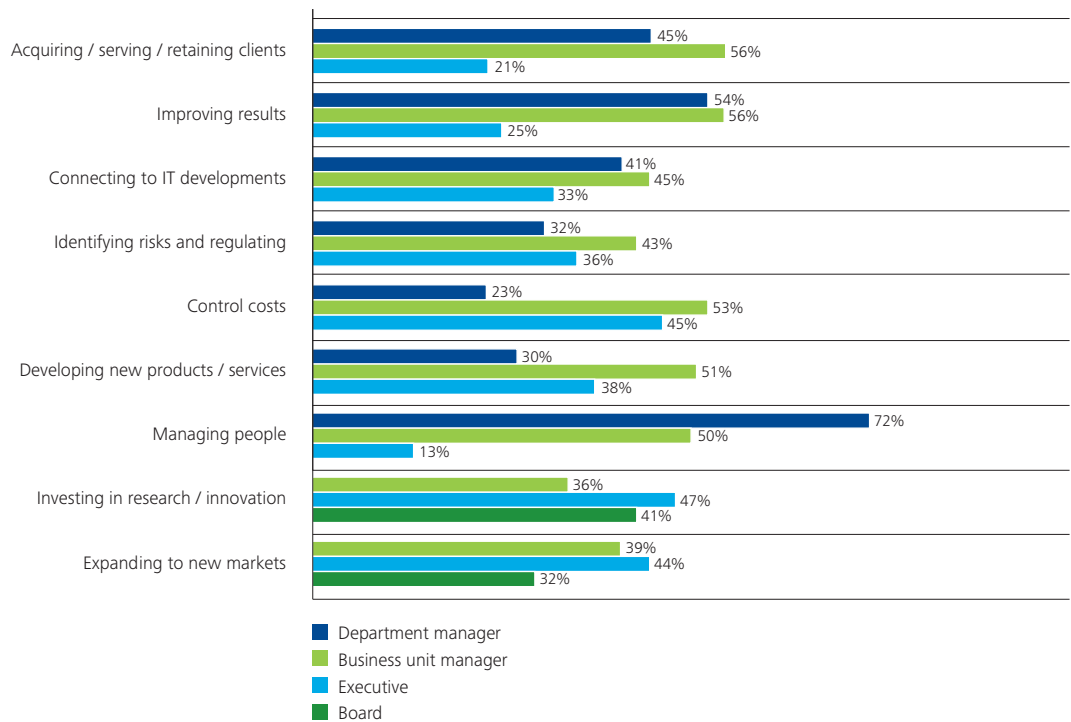
---

‘Many organizations seek out leadership development solutions without first exploring what their future - or their future leaders - should look like. In doing so, they put the cart before the horse.’

To focus on the right development solutions it is important to be aware of the different challenges the leaders in your organization will have to face. In the survey, organizations indicate that they see different challenges for different leadership levels. The business unit manager has a number of strategic challenges, and so have the executives and departmental manager. The challenges of business unit leaders are day-to-day and medium term challenges, like client services (56%), improving results and control costs (56% and 53%) and development of new products and services (51%).

The challenges of a departmental manager are mainly focused on managing people (72%) and improving the results (54%). Executives and Board mostly face long term challenges, like investments in research (47% and 41%) and innovation and expanding to new markets (44% and 32%). This difference in strategic priorities means that these leaders need different leadership capabilities. Leadership development programs with a focus on these specific capabilities are crucial to create value.

**Chart 2: Strategic challenges per leadership level**



**Strengths, development areas and core values of current leadership**

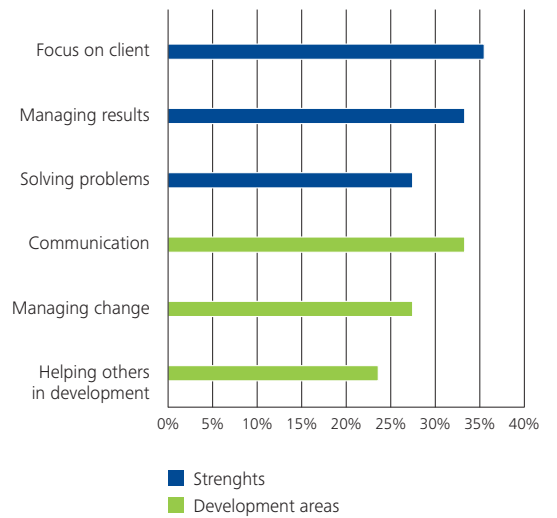
**Strengths and development areas of current leadership**

The strengths of the current leadership are relationships with clients, managing results and the ability to solve problems. During the crisis strengths like these helped to keep organizations afloat. Although the threat of a second crisis is not averted yet, issues regarding retention and attraction of talent are still arising on the agenda of executives. 34% of the executives in this survey indicate that a key developmental area is communication, for 28% managing change needs development and 24% indicate that helping others in their development is a development area. There are no significant differences between listed, non-listed and non-profit organizations except for communication: 44% of the non-profit organizations indicated that this is a developmental area (as opposed to 35% and 28% for profit organizations). Where the strengths are mainly focused on the client and results, the characteristics that need to be developed are focused on communication and development. These characteristics are required to handle the issues that leaders are facing in the near future.

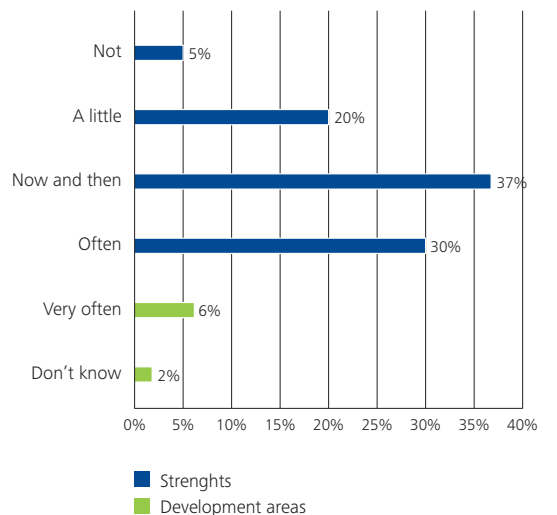
**Definition of core values and the compliance with it of leadership**

About 50% of the organizations have defined core values. Customer orientation, result orientation and integrity are the most frequently named core values. In 60% of the cases, these core values are translated in behavioral protocols, rules and regulations. The core values should be visible in communication, meetings, proposals, corporate strategies, client relations and example behavior. However, only 36% indicated that their core values are 'often' to 'very often' clearly visible in the leaderships' behavior.

**Chart 3: Strengths and development areas of current leadership**



**Chart 4: Core values are visible in behavior management**



**‘Only 36% indicated that their core values are clearly visible in the leaderships’ behavior.’**

### Leadership development: becoming better all the time

#### The facts

50% of the organizations have a leadership development program. The average grade they give their leadership program is a 6.7 (on a scale from 1 to 10, with 10 being the highest).

---

## ‘Results leadership programs unknown’

Of the organizations that have a leadership program, 40% has an annual investment in leadership development of up to € 250,000. 16% has an annual investment between € 250,000 and € 750,000 and 9% invests over € 750,000. Remarkably, 35% does not know what their investment in leadership development is.

Only 10% of the organizations that invest in leadership development measure the return on investment. It is at least noticeable that organizations that invest in leadership development quite heavily do not measure the return. No development program however, can drive value creation by itself. Therefore it is important to pay attention to the connection between business strategy and leadership strategy. The focus should lie on configuring a complete leadership development system that supports your leadership strategy.

---

## ‘Only 10% of the organizations that invest in leadership development measure the return on investment.’

### Goals and competences in leadership development

The three main strategic goals of leadership development are improving communication, developing future leaders and increasing client satisfaction. It is noticeable that image building is more often a goal for the non-profit sector, while short term profit versus long term sustainability is an important issue for non-listed organizations.

Indicated competences needed to accomplish the strategic goals are effective communication, helping others to develop themselves and focus on the client. Next to these competences, non-listed organizations indicate more often that building relations is a goal, whereas organizations from the non-profit sector more often indicate problem-solving as a competency they need.

The areas that executives indicate as development areas are clear and effective communication, managing change and helping others in their development (as described earlier in the report). The goals and competences indicated as key goals and competences for leadership development are consistent with these development areas.

---

## ‘The three main strategic goals of leadership development are improving communication, developing future leaders and increasing client satisfaction.’

### Key themes in leadership development

It is possible to work on the development of leaders in the organization in various different ways and for many different reasons. All varieties of leadership development require working in a disciplined way on people, their way of thinking and the results they achieve<sup>2</sup>.

### Results leadership development

Organizations that want to change the way results are achieved, often focus on developing leadership at the operational level. Actions taken on this level are sufficient for this purpose. The development is usually focused on the results-oriented manager, often the operational leader.

### People leadership development

A change in the staff of the organization is primarily brought about by developing people within the organization. Here, there is a clear relation with the axis in the leadership model of feeling, pull and vision. Development is focused more on the people-oriented coach, often the tactical leader.

### Thought leadership development

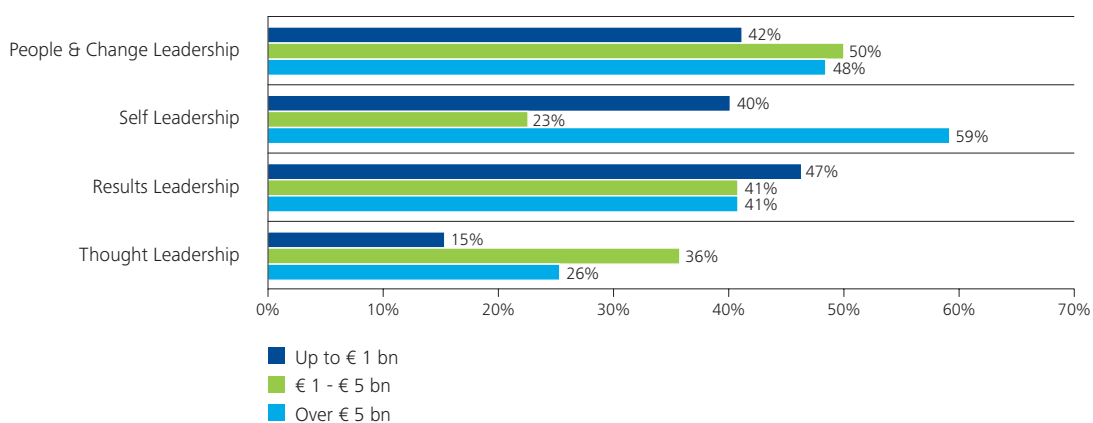
A change in the field of thinking focuses primarily on developing a strategic vision and mission. This often has more to do with the 'what', i.e. with developing leadership on the strategic level. Here, we see a relationship with the rational aspect of influence, often along the lines of vision, thinking, and push. Knowledge-intensive organizations often focus on this sort of thing, but need to realize that the results of these developments are only effective if they are applied in an integrated way, i.e. in combination with feeling and acting. Development is focused more on the visionary, strategic leader, habitually working at top management level.

### Self leadership development

A change in acting, thinking and feeling is the foundation for further development. If leaders do not give a good example themselves, they are probably not in a position to achieve any desired change. An integrated development of head, heart and hands makes the connection with the development of the change leader on the levels of self, team and organization.

The results show that people and change leadership (45%) and results leadership (39%) are key themes in leadership development. If the results are broken into revenue segments, it is noticeable that organizations with a revenue above 5 billion euro indicate 'self leadership' as a key theme in leadership development.

Chart 5: Key themes in leadership development



<sup>2</sup> Rens van Loon, The secret of being a leader. Searching the essence, Assen, 2006

### Learning experiences

The executives who followed a leadership development program indicated which learning experiences they found most valuable. About 20% of the executives experienced focus on communication as most valuable. Also self-awareness and focus on steering towards results were frequently mentioned learning experiences.

---

**‘For sustainable development it is crucial to make sure leaders’ experiences don’t happen by chance but are the right ones at the right times.’**

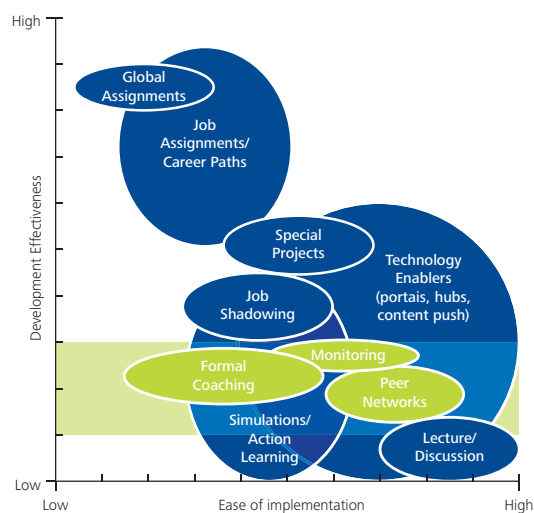
### Anchoring of the development of competences

For sustainable development it is crucial to make sure leaders’ experiences don’t happen by chance but are the right ones at the right times. It sounds obvious: people learn primarily through experience. But seldom do organizations have the systems, tools and culture needed to create the kinds of stretch assignments and other developmental experiences that facilitate real growth. The majority of the organizations indicate that, instead of offering experiences, they facilitate ongoing development of competences by making use of training methodologies, such as:

- Training / courses
- Leadership development programs
- Coaching, specific for competence development
- Performance interviews

If we take a look at how adults learn and develop, the approach of these organizations is ‘upside down’. Adults learn primarily (for 70%) through ‘stretch assignments’ via on-the-job experience (career pathing, job rotation, special projects, and the like). They then leverage networks and formal programs to accelerate on-the-job development. 20% is learning from others and only 10% is learning by training and courses<sup>3</sup>. Buying training programs is easy, while sharing talent across organizational boundaries is hard. Yet the companies producing an oversupply of leaders have built a culture over time to break down organizational barriers and focus on giving leaders experiences, then engineering programs as accelerators for support. Companies who don’t figure this out tend to overinvest in the 10% of learning by training and courses.

**Chart 6: Adults learn primarily through the 70:20:10 model**



<sup>3</sup> Deloitte, Leadership by Design; an architecture to build leadership in organizations, 2011

### Conclusions

- Result oriented leadership is the most dominant leadership style in all types of organizations
- Current leaders are mainly strong in focus on the client, managing of results and solving problems. The three main strategic goals of leadership development are improving communication, developing future leaders and increasing client satisfaction.
- 50% of the leaders indicates that the organization has defined core values, but only 36% of the respondents clearly recognizes these values in the leadership's behavior
- Results of leadership programs are often unknown. Only 10% of the organizations that invest in leadership development measure the return on investment.
- For sustainable development it is crucial to make sure leaders' experiences don't happen by chance but are the right ones at the right times

### A note on methodology

The method used for this survey is online quantitative data gathering. The questionnaire was built by Deloitte and Blauw Research programmed it.

173 executives completed the survey. The conditions for participation were:

- The participant is executive with focus on HR
- The organization has at least 1,000 employees

#### Dr. Rens van Loon

Director  
rvanloon@deloitte.nl  
+31 (0)6 1004 2442

#### Drs. Kees Flink

Director  
kflink@deloitte.nl  
+31 (0)6 1234 4741

#### Drs. Astrid Nijkamp

Consultant  
anijkamp@deloitte.nl  
+31 (0)6 8355 5106

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170,000 professionals are committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.