



The Automotive Industry's Accelerating Leadership Gap

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Where Are We Headed?



It's all about the **PRODUCT**
...and the **PEOPLE.**



Market Forces: A Perfect Storm



Growth

Valuing Human Capital

Workforce Demographics

Globalization

New Skills & Ways of Working

Every Challenge Presents an Opportunity



“Of the many powerful forces driving companies to develop leaders more effectively, the most important is the *world economy’s long-term shift from dependence on financial capital to human capital.*”

**Most companies
have to replace 50%
of top leaders every
5 years**

Executive Changes Within the Automotive Industry



Automotive: An Accelerating Leadership Gap

Auto companies expect 20-30% of their highest ranking executives to retire within the next 5 years and 40-50% of their executives to retire within the next decade

Start here

Supply
Of
Talent
Is
Getting
Smaller



Bigger

Getting

Are

Jobs

Start here

So, What's Happening?



**Younger People
Will Be Getting
Bigger
Jobs
Sooner**

The Young & the Clueless

“Promoting talented young managers too quickly prevents them from developing key *people* and *change* competencies – skills that come only with time and experience.”

HBR, 2002

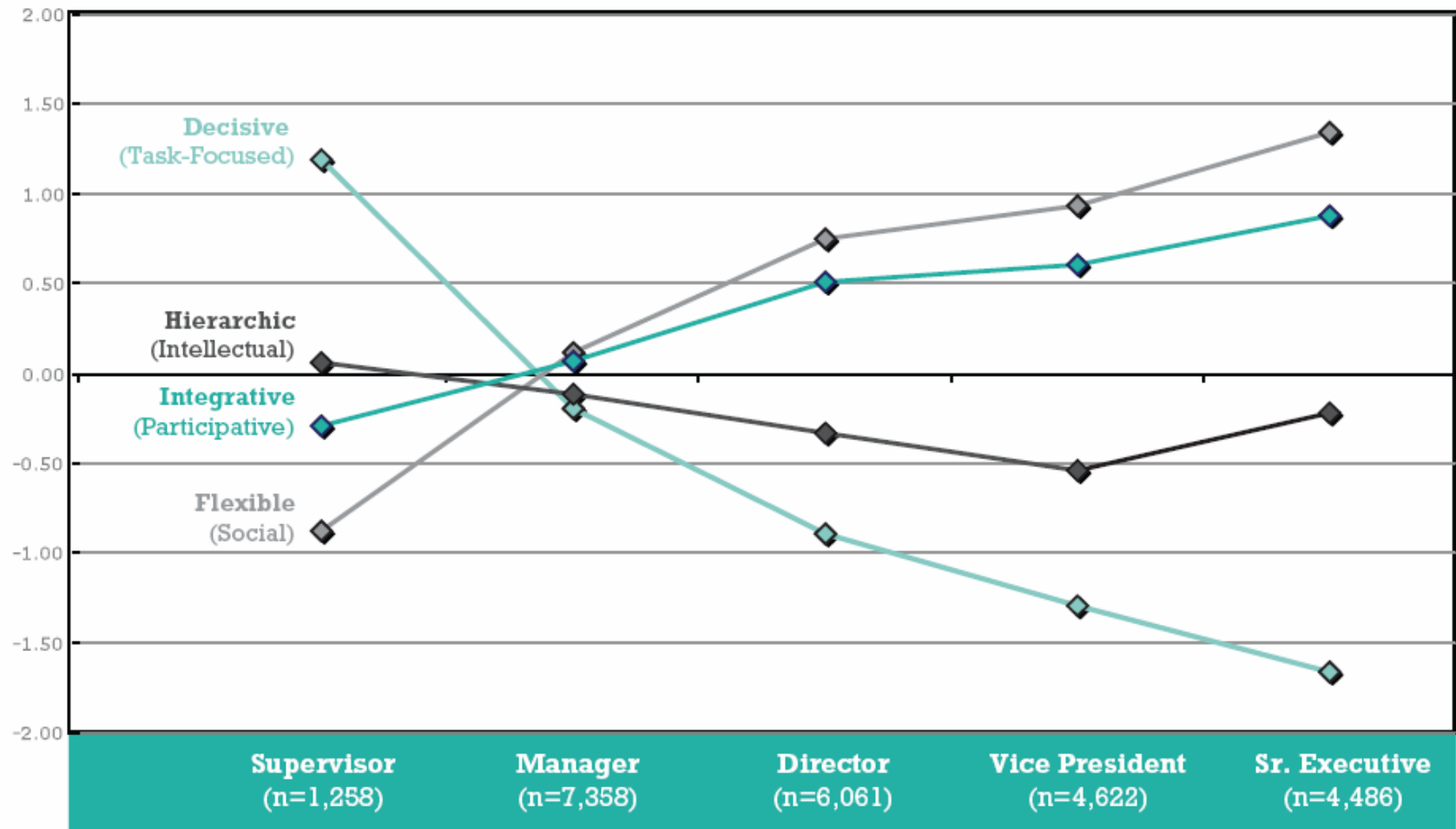
Derailed Leaders



40% of Executives Fail
Within the First 18 Months

Research indicates that past performance and technical skills are important, but they are not the things that often distinguish superior from inferior performance.

Leadership Styles by Management Level (most successful 20%)



What Do Leaders Need?

The 6 Qs

IQ - Intelligence Quotient – how bright and complex you are

TQ – Technical Quotient – how able you are to get things done

MQ - Motivational Quotient – how driven you are to achieve and grow

XQ – eXperience Quotient – how many of the requisite kinds of experiences have you had

PQ – People Quotient – how well you handle yourself and work with others (sometimes referred to as EQ)

LQ – Learning Quotient – how deftly you adopt new skills, behaviors and beliefs

Soft Skills Are Often Lacking

**The two biggest
challenges for managers
and leaders:**

People and Change!

Keys to Enhancing Leadership Effectiveness

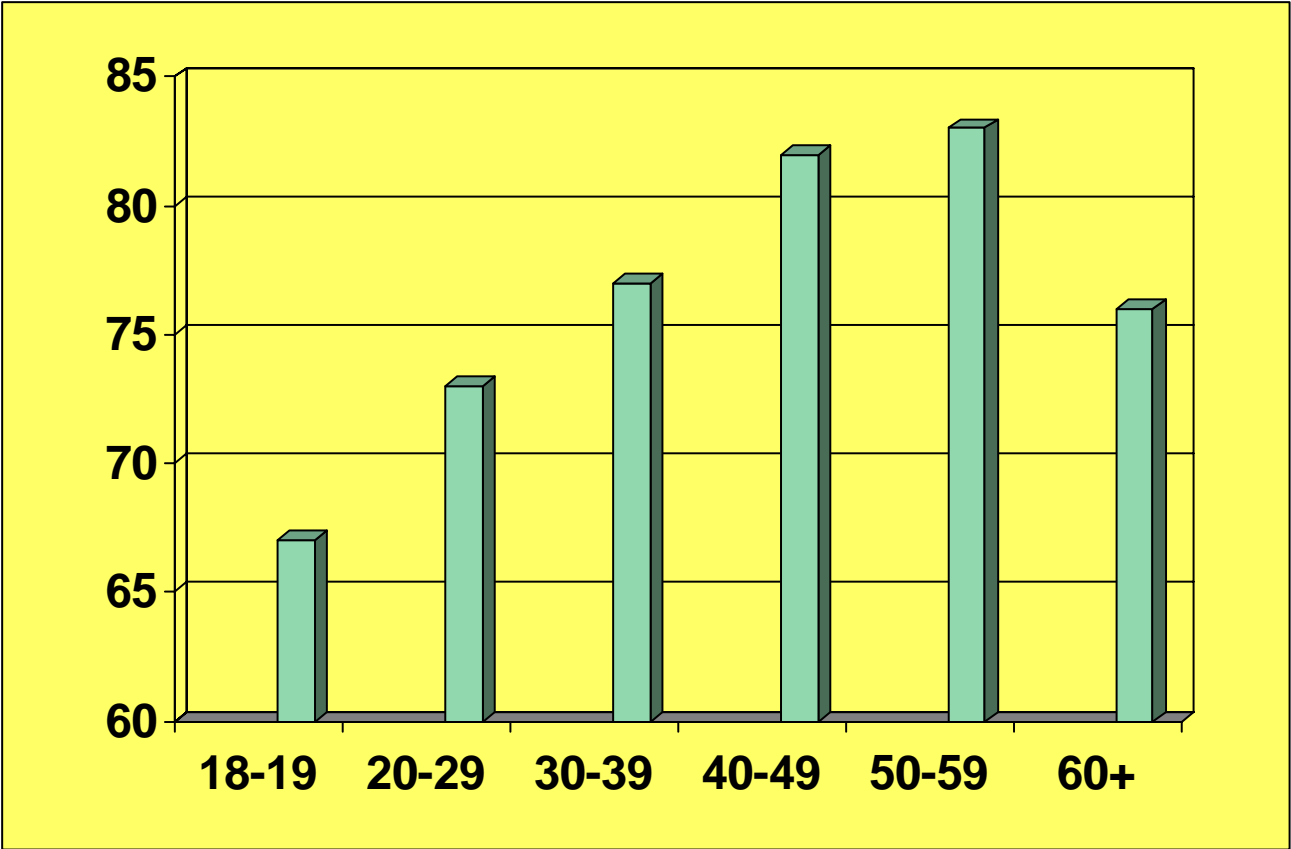
1. Self Awareness
2. Listening and EQ(Interpersonal)
3. Adaptability and Learning Agility

Self Awareness of What?

- Strengths
- Overused
- OKs (average)
- Weaknesses
- **Blind Spots**
- Untested
- Derailers

EQ Increases with Age

EQ Score



Years of Age

www.TalentSmart.com

Learning Agility

The ability and willingness to **learn**, **change** and **gain** from life experiences; use failures, successes, and feedback to form rules of thumb, models, maps, paradigms, or templates; apply learning effectively in other quite different situations.

Learning how to deal effectively with **first-time** or **changing** situations is **more predictive** of long-term success than **raw intelligence**.

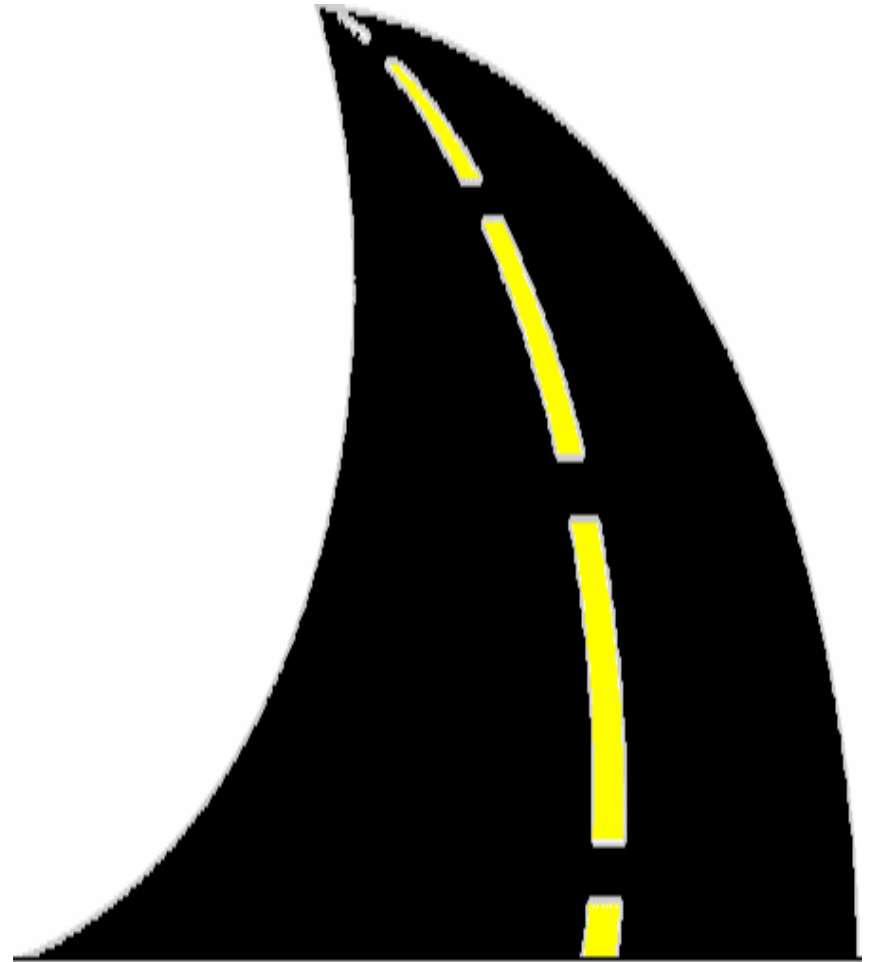
Even our Best Efforts Will Not Prevent Some of our Next-Generation Leaders from Failing

Are we ready???



Critical Issues

- 1. Retention**
- 2. Leadership Development**
- 3. Training**
- 4. Board/CEO Commitment**

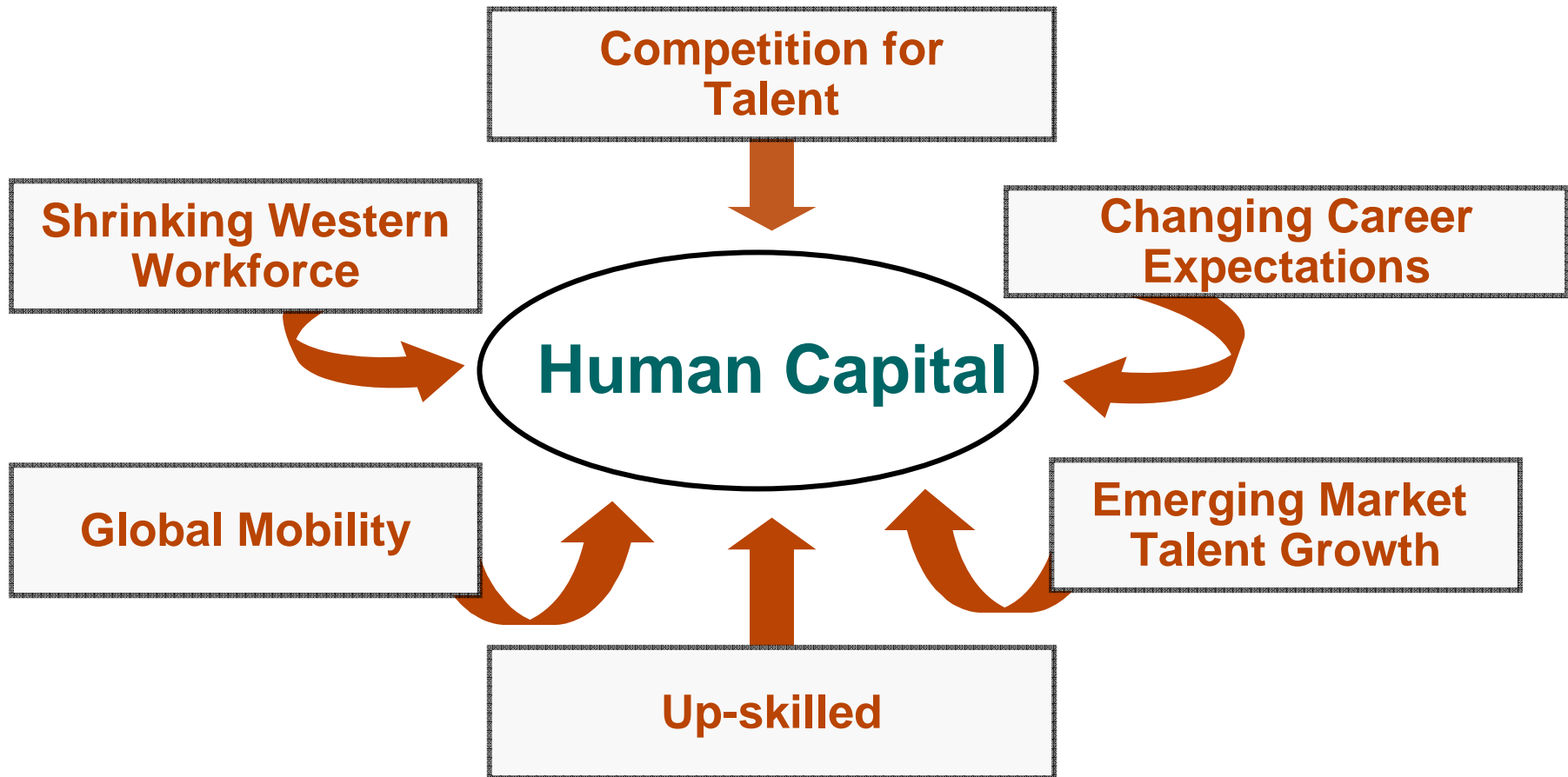


Retention a Growing Concern

- Retention issues are emerging in areas such as finance, purchasing, IT and HR
- The growing need for effective repatriation
- Rising leaders find their ascension to the top executive level hindered by senior executives
- Elimination of defined benefit plans, which has removed the notion of “golden handcuffs”
- Less commitment between employee to employer



The Case for a Holistic Talent Management Approach



The War for Talent

