

Consulting
Talent & Rewards

The Preparation Game



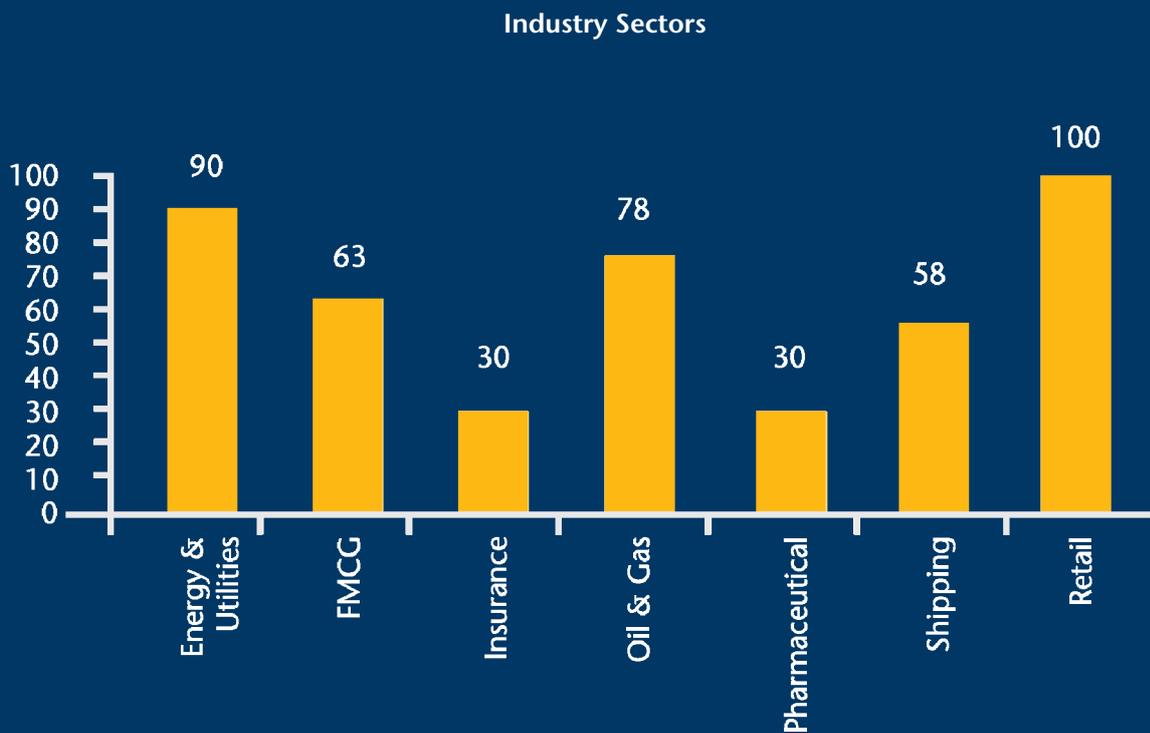
AON Hewitt

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This research paper is based on a sample of 450 professionals from 8 different organizations operating in various countries in Southeast Asia including Malaysia, Thailand, Philippines, Singapore and Taiwan.



Coffee Summary

In our coffee summary, the Aon Hewitt Leadership Consulting Practice has regular dialogues with top CEOs and HR Directors in building leadership capabilities "early on" and "deep within" their organizations.

The key insight derived from these dialogues and partnerships is that most Hi-Potentials have the "Will to Lead" and organizations rally around that aspect to create career plans. However, the organizations that have been successful in creating leaders at multiple levels of the organization have focused on creating a "Will to Prepare" in their Hi-Potentials.

Based on our research, Leadership Potential is based on three key dimensions:

- **Foundational Dimensions** - consistent and stable, unlikely to develop or change
- **Growth Dimensions** - facilitate or hinder growth and development in other areas
- **Career Dimensions** - early indicators of later career skills

In this paper, we share our findings based on our research from the Aon Hewitt Assessment Centers across different industries and countries in Southeast Asia.

The key for organizations, as well as leaders, is to not only focus on assessing development needs but also ensure that these Hi-Potentials have the "Leadership Bandwidth" and "Will to Prepare" for the future.

Drivers of Aon Hewitt Insights



Assessing Leaders for the Future

Organizations have Competency Models that are well defined, articulated and communicated. Based on our study across multiple industry sectors and organizations, the following are the most convergent competencies: Change Management, Strategic Thinking, Business Acumen, People Development, Accountability, Communication and Collaboration.

The key question to ask is, "How these most commonly used competencies be made relevant to each organization's future and thereby used to assess leaders accurately?" The challenge is in assessing future capabilities, not so much of finding strengths and development areas on an as-is basis. Therefore, the ability to customize and design Leadership Assessments and deploy them consistently over a period of time is a critical success factor in identifying future leaders.

Based on the assessments done by Aon Hewitt in Southeast Asia, there are three key areas for leaders to focus on for future success.

The top 3 competencies in terms of development needs for Emerging Leaders are:

- People Development
- Accountability
- Collaboration

Similarly for Top Leaders the 3 competencies where the largest gaps are:

- Change Management
- Business Acumen
- People Development

Average Score for Emerging and Top Leaders



1=Needs Development, 2=Developing, 3=Competent, 4=Master, 5=Expert

Source: Aon Hewitt Assessment and Development Centers (2009 – 2011)

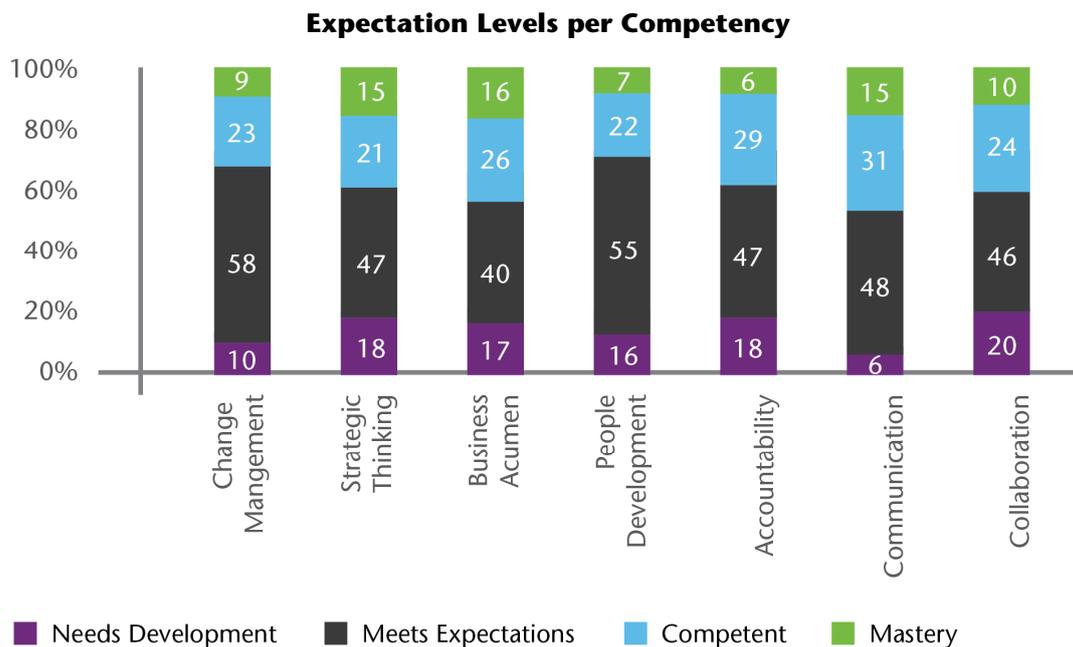
These development needs are fundamental to meet the challenges in an uncertain world. The 3 key challenges for the future that leaders need to prepare for are - Leading Change, Managing Complexity and Collaboration.

The Development Emphasis

“Competencies and associated behaviors are not one time efforts to be tick-marked on the Leadership checklist. They always need to be relevant to the current and future state of an organization. As with any great strategy, competencies need to be simple enough to be articulated well by all leaders, regardless of levels and functions, and free from all HR jargon.”

Leonard Ding, Leadership Practice Lead, Malaysia

Among the leaders assessed 20% need development in Collaboration, similarly, 18% of leaders assessed need development in Accountability and Strategic Thinking, and 17% in Business Acumen.



Source: Aon Hewitt Assessment and Development Centers (2009 – 2011)

Accountability and **Business Acumen** are the two areas where a significant number of leaders have a development need.

Effective leaders have the ability to drive collective accountability by involving teams in goal-setting, challenging and motivating teams to assume ownership to achieve agreed goals. They preserve and maintain objectivity on the shared accountabilities in the face of failure or difficult and complex situations. In today’s rapidly changing world, it is important for leaders to remain consistent to ensure clarity of communication in order to reinforce accountability.

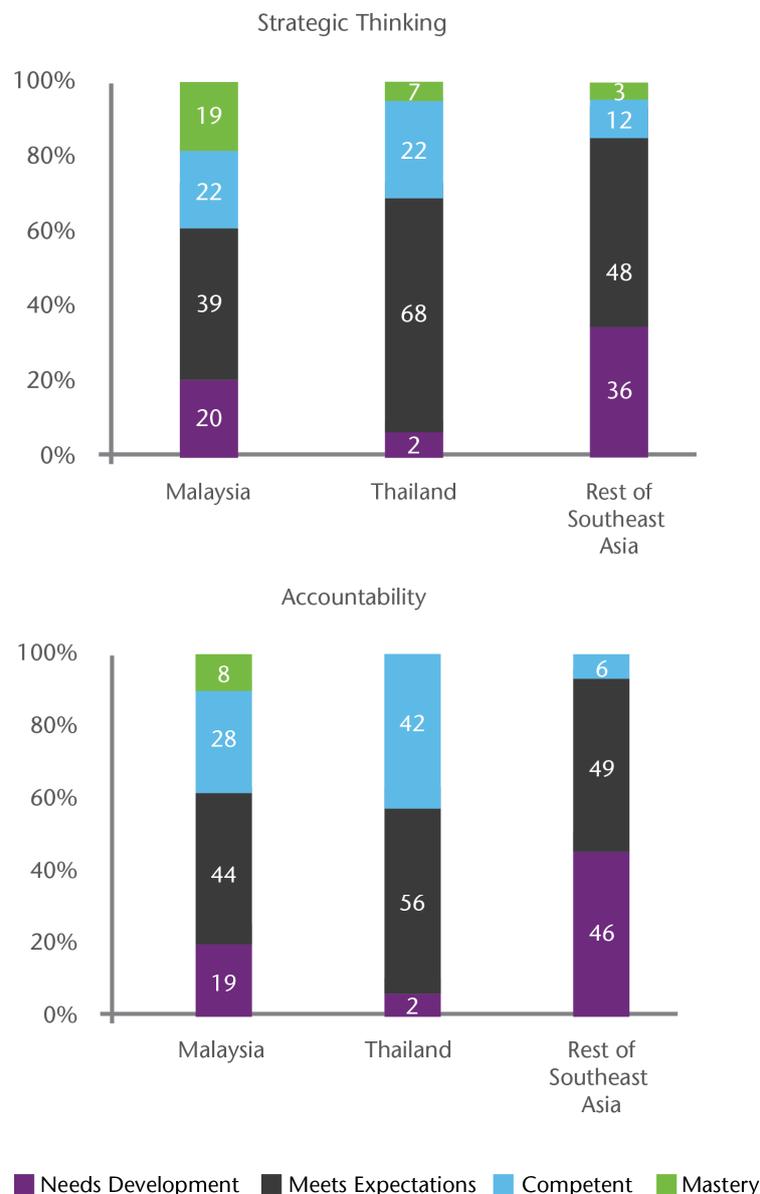
In Business Acumen, leaders observed are successful in promoting business growth and balancing the need to drive growth, cost control and risk management, with the view of maximizing shareholder value. The key development area is to look beyond the obvious and identify opportunities today to create a business stream in the future. Also, the ability to shape business acumen with learning from other industries limits or enhances a leader’s ability to drive growth.

Critical Leadership Competencies: Country Perspective

The four competencies critical to success in any organization that continue to be on the top agenda for leadership success are: Strategic Thinking, Collaboration, People Development and Accountability. In the past year, Aon Hewitt has partnered with 5 CEOs and their top teams based in South East Asia on building capabilities in Strategic Thinking, Collaboration, People Development and Accountability.

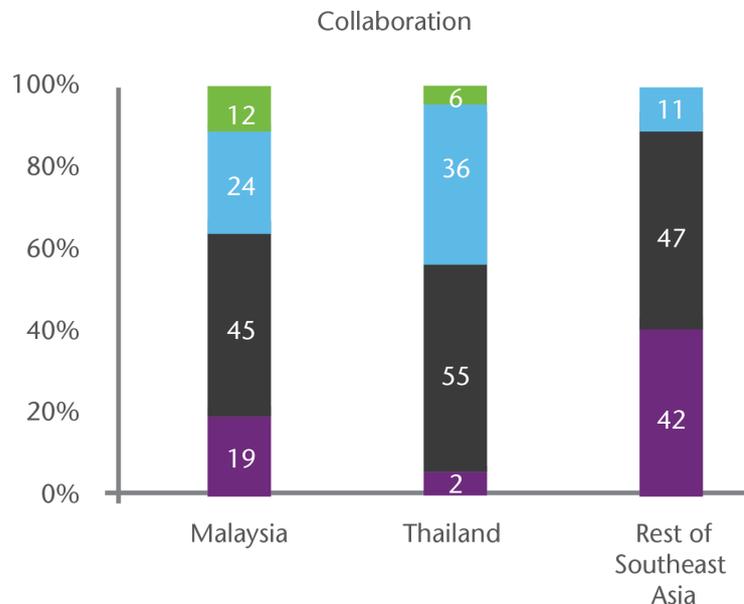
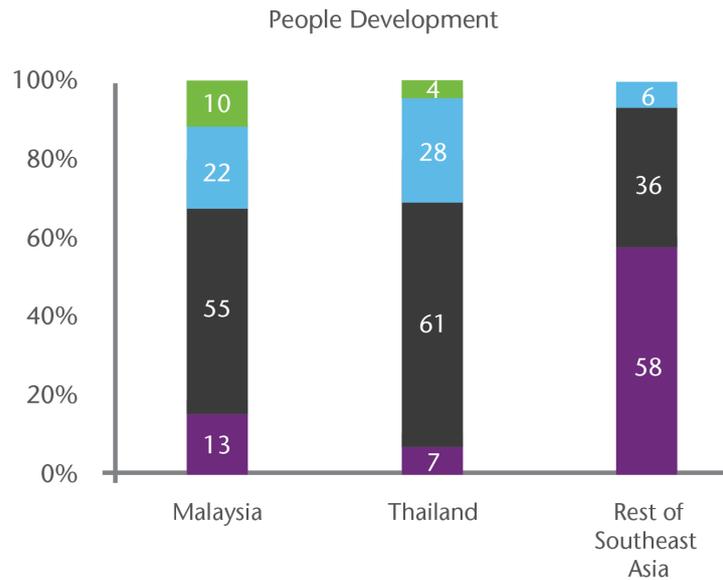
In Malaysia, a significant number of leaders have development needs in all the 4 competencies and that's one of the reasons, the CEO's of most Malaysian companies are concerned and want to invest in the development of their people in these competency areas. In Thailand, we find majority of the leaders meeting expectations on these competencies. However in the range of meets expectation it is possible that there would be Leaders who need investment in these competencies.

Critical Leadership Competency by Country



Source: Aon Hewitt Assessment and Development Centers (2009 – 2011)

Critical Leadership Competency by Country



■ Needs Development ■ Meets Expectations ■ Competent ■ Mastery

Source: Aon Hewitt Assessment and Development Centers (2009 – 2011)

Collaborative Leadership emphasizes of the leader’s ability to leverage resources and capabilities from multiple geographies, functions and expertise areas to deliver superior value to the customers. The leader in this process builds and maintains positive, long-term relationships with internal and external partners including customers; utilizes customer knowledge and information to develop distinctive customer experiences; and seeks mutual benefits in achieving business results.

“Leaders, who are truly collaborative focus on the greater good of the company, celebrate the successes of any individual and any team and encourage others to do so. Collaborative leaders break down barriers across teams and organization levels in order to forge stronger relationships and team spirit, create greater synergies. A collaborative leader shares talent through strong support of talent mobility so as to benefit the company as a whole.”

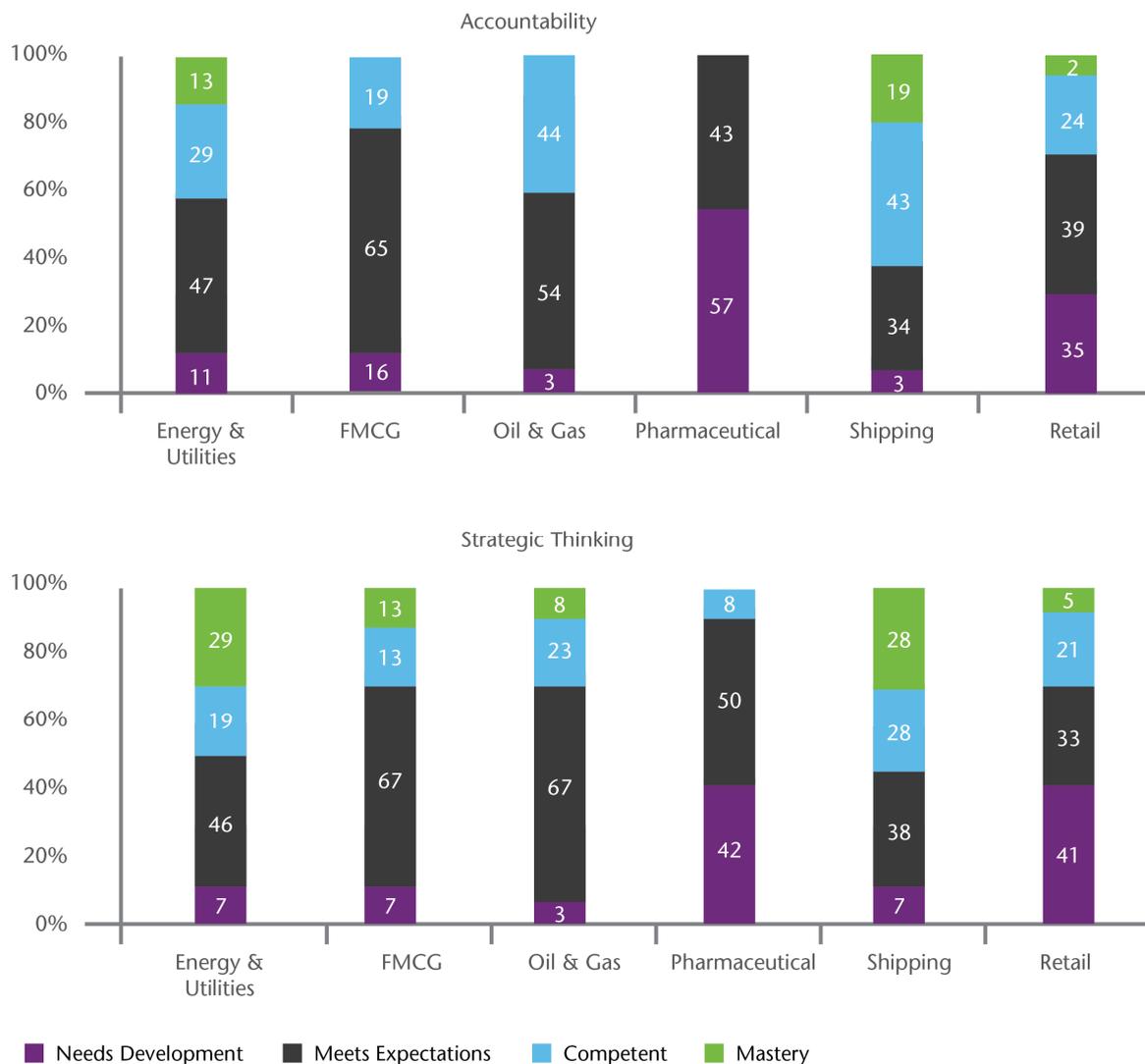
Eileen Keng, Leadership Practice Lead, Singapore

Critical Leadership Competencies: Industry Perspective

Leaders in Retail and Pharmaceutical Industry have the lowest ratings in Strategic Thinking and Business Acumen as compared to leaders from other sectors. In FMCG, when comparing across all competencies, the lowest score for Emerging and Top Leaders is People Development and should be a focus area for development.

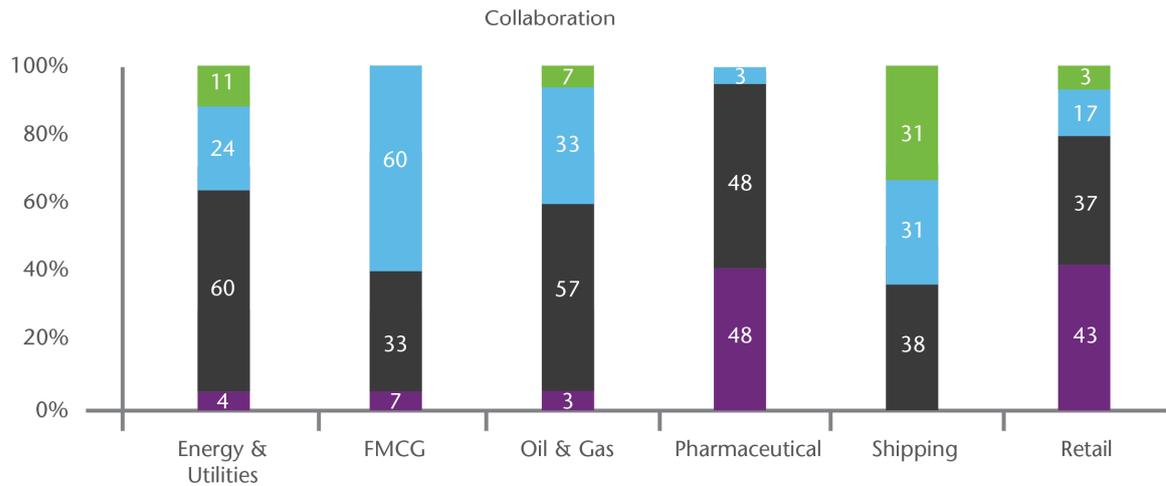
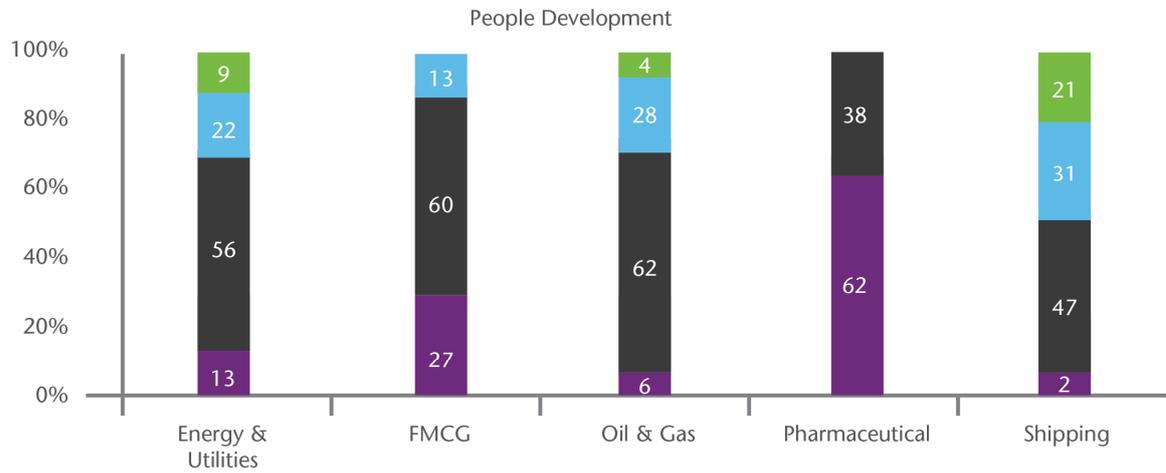
In Pharmaceutical and Retail, the positive aspect is the growth of talent internally into mid management roles. In these industries it is possible for internal growth into related or cross functional roles. This flexibility and opportunity however creates a challenge for these Organizations in having to ensure that the internal growth is supported by strong development process to ingrain leadership capabilities. As a Medical Representative or Team Leader in a Store continues to grow and moves up into mid management roles, it is important that there are processes and systems in place that have ensured that these individuals have got the necessary knowledge and skills to be in leadership roles. In the journey of internal growth of employees from the entry level jobs, the skills around Strategic Thinking and Business Acumen need to be imparted through multiple modes and interventions.

Critical Competency Levels by Industry



Source: Aon Hewitt Assessment and Development Centers (2009 – 2011)

Critical Competency Levels by Industry



■ Needs Development
 ■ Meets Expectations
 ■ Competent
 ■ Mastery

Source: Aon Hewitt Assessment and Development Centers (2009 – 2011)

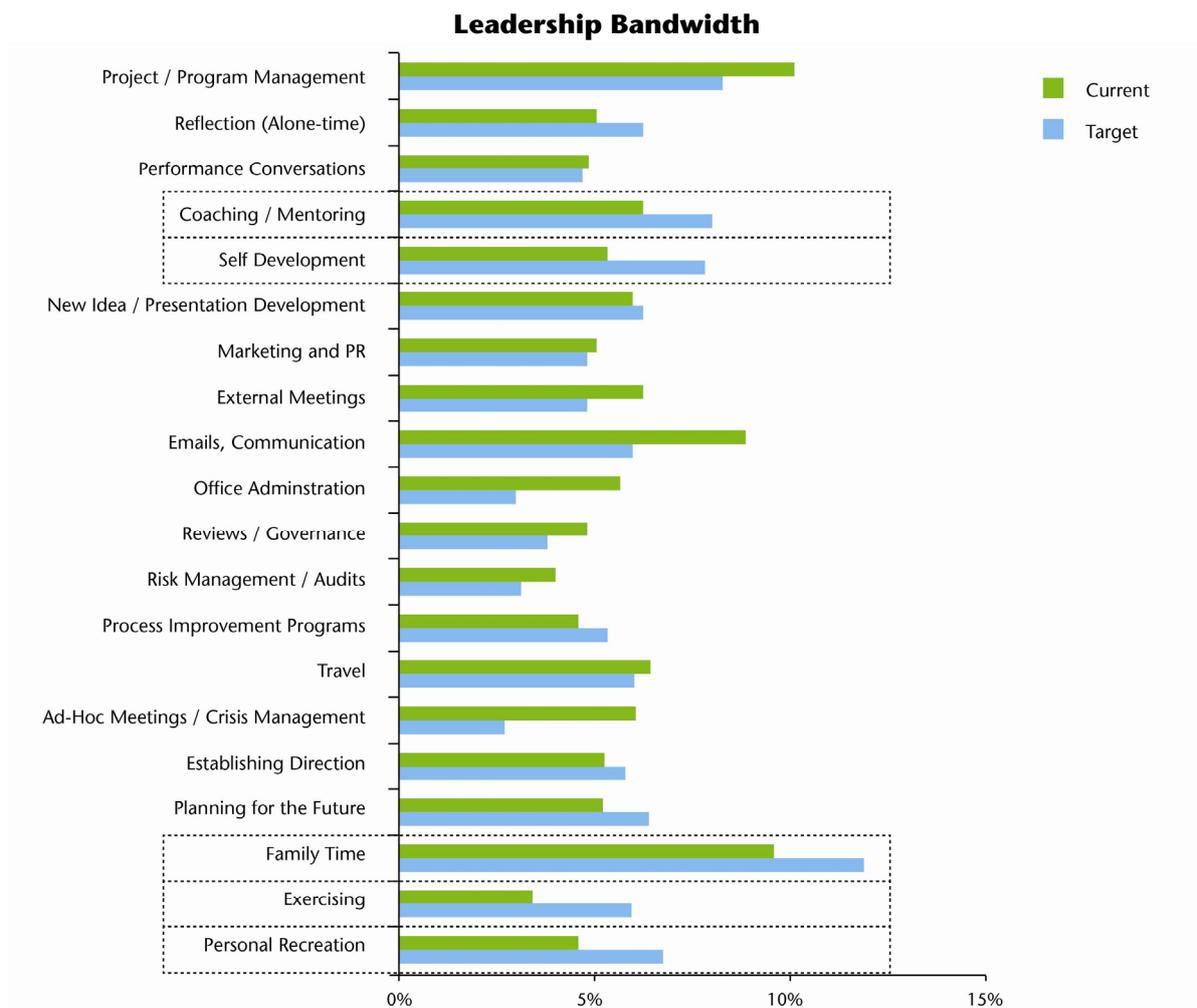
Managing Leadership Bandwidth is Essential to Building Tomorrow's Leaders

When it comes to Strategic thinking and change management there is no flip-switch which can suddenly be turned on when you reach a certain job responsibility. These competencies and behaviors must begin "early on" and "deep within" the organization to continuously grow leaders for the future.

Aon Hewitt Leadership Bandwidth™ identifies the ability of leaders to make choices that give successful results. During the course of developing 200 Leaders across Southeast Asia it is interesting to note that the leaders want to spend more time and effort on:

- Self development
- Coaching and developing people
- Family time
- Physical fitness and exercise.

This clearly indicates two broad areas that are critical for leaders – the intent to prepare for the future and work-life balance. However, they recognize the reality that most of their time is spent on "below operational level" activities. The ability to pick up new focus areas and to let go of non-value adding activities creates bandwidth to incorporate development into the daily lives of leaders.



Source: Aon Hewitt Leadership Bandwidth™ from 200 CEO, CEO-1 & CEO-2 professionals

Aon Hewitt Client Experiences

How have our clients benefited from assessing Top and Emerging Leaders

Top Leaders

Our Client's Needs:

A global consumer goods client engaged Aon Hewitt to help with its succession management. The client was assessing the readiness of the potential successors at the C-suite level.

Aon Hewitt's Approach:

With this understanding of the new strategic direction and future business challenges, Aon Hewitt defined the key competencies required for its future leaders aimed at positioning current leaders into different levels for the future. Two key assessment tools were used to help enhance the predictive accuracy in leader spotting:

- **Critical Experience Discussions**
- **Hogan Lead Potential Assessment**

Aon Hewitt developed and executed individual development plans for each potential successor which provided unique opportunities to increase their "readiness".

Impact:

The client managed to build a healthy pipeline of potential successors, ready to step into a leadership role when required.

Yap Yoke Wah
Senior Consultant
Malaysia



Emerging Leaders

Our Client's Needs:

One of the leading integrated petrochemical companies in Southeast Asia was struggling with the transitioning of its emerging leaders from "doers" to managers.

Aon Hewitt's Approach:

Knowing and understanding emerging leaders' capabilities are significant to the organizational effectiveness. The assessment center designed was a series of activities & simulations designed to challenge participants to bring out the best in them along with giving them a clear overview of their development needs.

Impact:

After implementing the first batch of emerging leader group, both top leaders and immediate subordinates in this group could see the positive development both in technical knowledge and interpersonal skills.

Dr. Luis Kristhanin
Leadership Practice Lead
Thailand

Perspective: Do you have the “Will to Prepare”?

How many hours do pilots need to train before they are certified to fly the plane? How many hours do athletes train to compete in the Olympics? How many hours do ship captains train before they lead their ships? In these hours of training, what are the techniques, methodologies and practices used to become proficient and experts?

Wanting a gold medal in Olympics is a natural “Will to lead”. However, winning the gold medal is an outcome of “Will to Prepare”.

At an organization level, the “Will to Prepare” is demonstrated by the continuous investments to build a sustainable leadership pipelines. The significant element of “Will to Prepare” is the CEO’s commitment and involvement in building leaders within.

At an individual level, the “Will to Prepare” does get tested in the ability of the leaders to engage in a well structured, multi-pronged medium to long term development process. The desire to learn from the environment around and maximize it for career development and business results is a demonstrated behavior of leaders with “Will to Prepare”. Well designed and structured development programs / interventions significantly give leaders accelerated exposure to the ever changing world and preparing them better for the future.

The “Will to Lead” as a key leadership attribute is more prevalent among aspirants or ambitious leaders than the “Will to Prepare”. Aon Hewitt, through its partnerships with CEOs and their management teams, drives a significant emphasis on “Will to Prepare” of the management teams and the leaders within the organizations to create sustainable value and brands.

The “Will to Prepare” formula has 3 components to it:

- Ability to design and assess Leaders accurately for the future
- Ability to transfer ownership of career development to the Leader
- Ability to accelerate exposure through well structured and anchored development process

The transfer of ownership happens when leaders are involved in discussions about the future of the business and the data around leadership assessments, aligning themselves to the direction of the organization, they take ownership of their development process.

Often leaders demonstrate their aspirations to lead but rarely do they demonstrate that their ability to prepare is a key quality that will ensure their success when they do step into the hot seats. Organizations must step away from the temptation of recognizing “Will to Lead” to ensure that they build leaders who can demonstrate that they are willing to prepare and commit to the long term.

The real issue in talent shortage at the top is a lack of focus on “Will to Prepare”. When organizations prepare, they constantly prepare a bench of leaders with focus on the future. This pool is under constant preparation to lead and therefore when called upon, settle down and deliver results.

The ability to therefore drive the “Will to Prepare” behaviors deep within the organization ensures a continuous pipeline of leaders.

Hari Abburi, Leadership Practice Lead, Southeast Asia

Contact Us

Aon Hewitt partners with companies across industry sectors and geographies in designing and delivering assessment and development solutions to enabling them to identify talent “early on” and “deep within”.

Aon Hewitt has an experienced Leadership Consulting Team that specializes in Leadership in ASEAN context. This combined with our global methodologies; enables us to offer our clients customized solutions. To learn more about Aon Hewitt’s expertise, please contact any one of our experienced Leadership Consultants:



For information or feedback: leadership.knowledge.sea@aonhewitt.com

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About Aon Hewitt

Aon Hewitt is the global leader in human resource consulting and outsourcing solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees. For more information on Aon Hewitt, please visit www.aonhewitt.com/apac.

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