

The New Wave: Next Generation Executive Talent

**Channeling Gen X and
Millennial Leaders to
Drive Change and
Foster Innovation**

AN INTRODUCTION

Much has been written about the impending talent cliff as Baby Boomers retire in droves in developed markets around the world, leaving senior management roles across industries without successors. Common thinking is that there is not enough Gen X or Millennial talent *prepared* to lead and occupy all those looming vacancies in the C-suite, leading to a massive executive talent shortage.

But is it true? Is senior management headed straight off a cliff or about to set sail on the crest of a new wave? We wanted to better understand this generational transition of leadership, so we surveyed more than 850 business leaders worldwide, across industries and geographies, to glean their insights on their biggest organizational challenges to date. We asked them how the Next Generation of leaders could help them overcome those challenges, how they were attracting and retaining Next Generation talent, and how they were preparing the Next Generation to steer the ship as Baby Boomer talent retires out of the workforce.

What we found was a heightened degree of anxiety as senior executives worldwide grapple with keeping pace in a climate of constant uncertainty and lightning fast change, in a new world order that feels fundamentally different than what came before. Yet, beneath the anxiety emerged ripples of a new vision for global business—a clear glimpse of the opportunity that lies ahead as we boldly ride the crest of a new era.

In this report, we share with business leaders worldwide what we found out about Next Generation executive talent and offer insights on how you can best attract, retain and develop the Next Generation of C-suite leaders.



President & CEO
Association of Executive Search &
Leadership Consultants (AESC)





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FORCES: KEY TRENDS INFLUENCING THE GLOBAL BUSINESS CLIMATE

Hard to define, but clear based on conversations both in offices and on the streets of business capitals worldwide, and also reflected in our survey of more than 850 business leaders from markets around the globe—the world has changed. In mid-2017, we are emerging into a different era than we found ourselves in at the same time last year. While there are the micro trends impacting the markets and regional politics as there always is, there is a looming anxiety that we are facing a much greater shift, both economically and societally. This anxiety is fueled by widespread uncertainty. Where are we going and what—who—will lead us there? While the road ahead always carries with it a sense of mystery, our current mood suggests that what lies ahead is something fundamentally *different*.

The unknown always brings both risk and opportunity. Global business leaders are cautious, but also optimistic about leveraging new opportunities. They are looking for signals and intelligence that can help guide them through the uncertainty and identify new competitive advantages. In order to navigate the path ahead—increasingly non-linear and ever-shifting—it is critical business leaders understand the big-picture forces shaping the current business environment and how those forces will fundamentally redefine how their organizations operate tomorrow and the talent they will need to compete and drive innovation. Responses to our survey from C-suite leaders reveal the following forces behind the current anxiety and guide our analysis of current organizational challenges, help us better anticipate what those challenges tomorrow will look like and the executive talent needed to steer tomorrow's organizations to success.

Global uncertainty is the new norm.

Shaped by the lightning-fast pace of change brought on by our digitally connected society, like technological change, geopolitical change now happens at a faster rate than ever before. Communications from an influencer on social media can shock

entire industries or call trade agreements into question. Digital platforms can bring movements together quickly, shifting the political landscape seemingly overnight. The same technology that facilitated the revolutions of the Arab Spring only a few years ago has equally shaped the currents of populism recently surfaced in the United States, Europe and Australia, leading to the Trump political brand, Brexit, changes to Australian immigrant visas, and similar developments bubbling up around the world. Increased global terrorism and the rise of movements like ISIL and Boko Haram have been aided by the same technology and ability to connect quickly and influence, creating real societal anxiety throughout cities around the globe.

Just as the world is more connected than ever, a side effect is there is also an emerging appetite for new kinds of borders: national; political; regulatory. While much of this may be in the realm of short-term shocks rather than long-term trends, the ability to connect rapidly and on a global scale ensures the constant ability for quick shifts and thus geopolitical uncertainty for the foreseeable future. Yet, there is also much optimism regarding the potential impact of technology, reflected in the mission recently unveiled by Facebook: “To give people the power to build community and bring the world closer together.”

Mass demographic shift is upon us.

The Baby Boom generation (those born after World War II, roughly 1946-1964) is retiring in mass every day in developed markets around the world, and will continue throughout the next decade. In the United States, Millennials now outnumber both Baby Boomers and Generation X. Many EU countries, including Portugal, Finland, Bulgaria, Sweden, Malta and Latvia have large aging populations, and Germany will experience a sharp population decline throughout at least the next three decades. Japan is home to the oldest citizens in the world and its population is expected to shrink by a third by 2065.

Meanwhile, Africa leads with some of the fastest growing and youngest populations on the planet, along with the Middle East and Latin America, all important emerging markets. China, India and Indonesia make up three of the top four world's

most populous nations. The Asian continent now represents 60% of the world's current population and will continue to influence as a world economic giant over the coming decades.

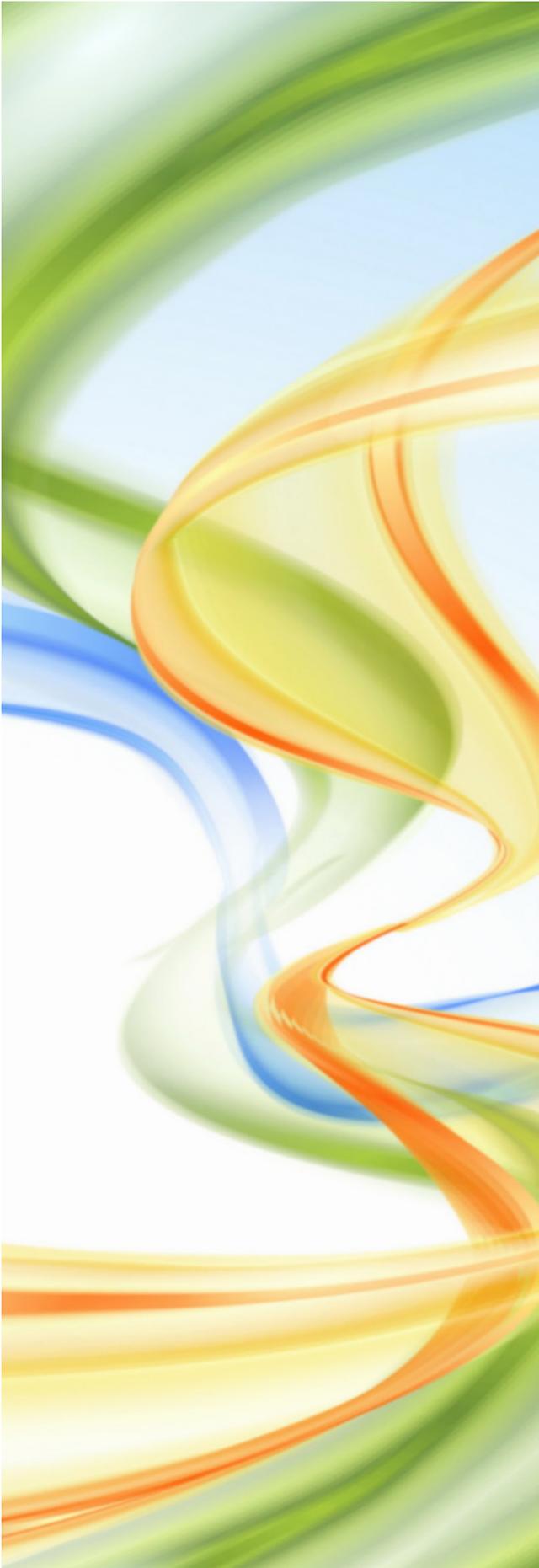
Women now make up 40% of the workforce in more than 80 countries. In the United States, for every two men who now receive a college degree, three women do the same, suggesting significant changes to the American workforce over the next two decades. Meanwhile, in Japan, while more women age 25-34 now hold university degrees than do men of the same age, so far they still occupy significantly less of the Japanese workforce. However, that balance could start to shift as Japan ages and faces a talent shortage.

These demographic changes profoundly impact society on an international scale and place a premium on global intelligence and cultural acumen within the business realm.

Technology has fundamentally altered the pace of change and the pace will only continue to accelerate.

Digital technologies and platforms have reshaped not only how business is conducted, but the entire nature of business itself. Artificial intelligence is already replacing workforce tasks that are routine, and the sophistication of AI and machine learning will only evolve over the next few years. Software can predict our behavior and anticipate our needs. The way people live and work is changing and will continue to change, but even why they work and the purpose of work itself. According to the World Economic Forum, 65% of children entering elementary schools today will likely work in roles that don't yet exist. Not only will jobs dramatically shift, so will organizational structures. Already, what is an office today? It can be both a physical space but also a concept, with a remote workforce connected only by digital platforms under a common brand.

This rapid rate of change is new in human experience. In the past, intervals between shifts were longer and thus plans to align with change could be developed well in advance over a longer period of time. This luxury no longer exists and being relevant today and competitive in business relies on being able to adapt and change quickly. ■



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DRIVERS: CRITICAL ORGANIZATIONAL CHALLENGES

Business continuity is a top concern for business leaders worldwide.

Senior executives realize there is fierce competition for top talent who can lead in uncertainty, execute enterprise-wide digital transformation, foster diversity and innovation, all while remaining relevant and competitive in the marketplace. There is a premium for top talent and not enough immediate successors at the helm ready to take over as Baby Boomers retire from the workforce. Business leaders are concerned that without immediate successors, the continuity of their mission, values and long-term objectives will not be actualized. C-suite leaders globally ranked in our survey 'business continuity' as the top reason for building Next Generation talent in their organizations. The more than 850 business leaders who

participated in our survey also ranked the following as other important reasons for building Next Generation talent in their organizations. (Chart 2.1)

C-suite executives are concerned about delivering revenue growth amid widespread and constant industry disruption.

They realize that in order to be competitive and to innovate, they must have new approaches and perspectives, and they must reflect and resonate with their customers on a personal and increasingly customized level.

While ranking highly in our survey for all sectors, revenue growth was the number one reason business leaders in the Consumer and Retail sector cited for building Next Generation talent in their organizations. “Traditional ways of doing business aren’t working. Japan is losing competitiveness,” commented one Regional Head in Japan’s Consumer and Retail sector. All brands are grappling with how best to connect with next generation consumers, innovate in e-commerce as buying habits shift from brick and mortar to online, and to create personal and seamless experiences both on and offline and across different devices and digital platforms.

“Leaders are the source of competitive advantages,” said a CHRO in Europe’s Technology sector. Business leaders are realizing that a competitive advantage today requires a new breed of leader, and many are looking to the Next Generation to get it. They are seeking talent that can thrive amid uncertainty and leaders who

connect directly with consumers and understand their experiences because it is reflective of their own.

There is a premium placed on agility and the ability to adapt and pivot quickly as market conditions can change rapidly in today’s environment. Executives in the Financial Services sector ranked agility as a top three reason for building Next Generation talent in their organizations. “The ability to thrive in a dynamic and uncertain world will be necessary to ensure a business’s survival and progress,” responded one C-suite executive in the Financial Services sector in the United Kingdom. Another survey respondent, a Chief Operating Officer in the US Nonprofit sector, stated one top reason for building Next Generation talent: “To remain nimble and ahead of the curve in providing the best possible services to our clients.”

Business leaders understand that today their organization’s success relies on their ability to read market conditions quickly, anticipate changes, assess with speed both the risks and opportunities, and develop plans to respond faster than their competitors. These lightning speed conditions, often results of technology and our digitally connected culture, are not native experiences for most of today’s leaders. Leveraging Next Generation executive talent that flourishes in highly fluid conditions is increasingly the answer for today’s most successful businesses.

Business leaders are anxious about a lack of key successors.

While today’s C-suite leaders increasingly realize they must look to Next Generation talent for the

	All Sectors	Consumer/ Retail	Financial Services	Healthcare/ Life Sciences	Industrial	Nonprofit/ Education	Professional Services	Technology
Business Continuity	1	2	1	2	1	1	1	1
Revenue Growth	2	1		3	3		2	2
Succession Planning	3		2	1	2	2		
Digital Expertise	4						2	3
Develop Talent Pipeline	5						2	
Competitive Advantage	6		3					
Agility	7		3					
New Perspectives	8	3						
Innovation	9							
Market Alignment	10							

Chart 2.1

competitive advantages their businesses require, they see identifying and preparing Next Generation talent as a priority so that they will be ready to lead. Succession planning for key leadership roles is even more of an imperative for today's organizations, or they will easily miss out on leveraging the abilities of Next Generation leadership while ensuring long-term business continuity.

"As a global organization we continuously need to work on our succession planning to make sure we have the right talent for the future," commented a Division Head within the Healthcare and Life Sciences sector in the Nordics region. Executives globally in the Healthcare and Life Sciences sector ranked succession planning as the number one reason for building a Next Generation talent strategy within their organizations. With an increase in CEO turnover and aging physicians and nurses, both of whom are increasingly tapped for executive roles as facilities seek stronger administrative and clinical alignment, having a succession strategy in place becomes ever more critical.

"To secure the succession process of the organization and reduce the strategic gaps," commented a CHRO in Mexico's Industrial sector as a top reason for building a Next Generation talent strategy. Executives across all industries recognize the imperative of succession planning, reflected in our survey results as the number three top reason for building Next Generation talent, but many organizations have still not actually developed a succession plan.

"If the organization is designed as a long-term business and not just a kind of mission task force, one of the first things you must ask is, who is next?" said a Latin America-based CEO in the Nonprofit sector.

Developing a talent pipeline ranked among the top five reasons of global business leaders for building a Next Generation talent strategy, and the second top reason among executives in the Professional Services sector. Along with aging populations, many industries are experiencing a talent drain as leaders retire from the workforce. If organizations haven't identified and developed internal talent, or tapped into external networks for the right successors, they have immediately introduced a high degree of risk into their equation for success.

Today's C-suite struggles to actualize enterprise-wide digital transformation.

"The Next Generation will lead a different kind of organization, one more dynamic and decentralized, based on digital solutions," commented a Regional Head in Brazil's Technology sector. "Digitalization and doing business in new ways can be a challenge for existing management," added a CIO from the Financial Services sector in Europe's Nordics region.

Digital expertise is increasingly essential to drive growth and remain relevant in the marketplace, and many organizations simply don't have it well represented in their C-suite. Not only is it critical for their brands and aligning with their customers, it is also increasingly a required competency to lead teams scattered across continents and connected only by digital platforms.

For true enterprise-wide digital transformation, traditional hierarchies must be dismantled and smaller, flatter, self-organizing teams must be able to easily develop from project to project. Thus, for digital to truly flourish enterprise-wide, it often requires

a significant shift in both culture and structure, requiring leaders who can rally their teams around a new way of thinking that can feel daunting, especially for those less comfortable working in more nimble, fluid environments.

Leaders from all sectors ranked digital expertise among the top five reasons for building a Next Generation talent strategy in their organizations, and executives from the Professional Services and Technology sectors ranked it second and third, respectively. Business leaders understand their organizations must actualize enterprise-wide digital transformation or be quickly left behind, and increasingly they identify leaders with digital expertise as being critical for innovation. “New challenges need new innovative and mindful change management to be ahead of the competition,” stated a Chief Health & Life Officer within the Insurance sector in the Middle East. When asked why building Next Generation talent was important, a CEO in the Professional Services sector in the United States commented more bluntly, “Because not to do so will kill innovation. Many industries are dying under the old models and thought patterns of tone deaf management.”

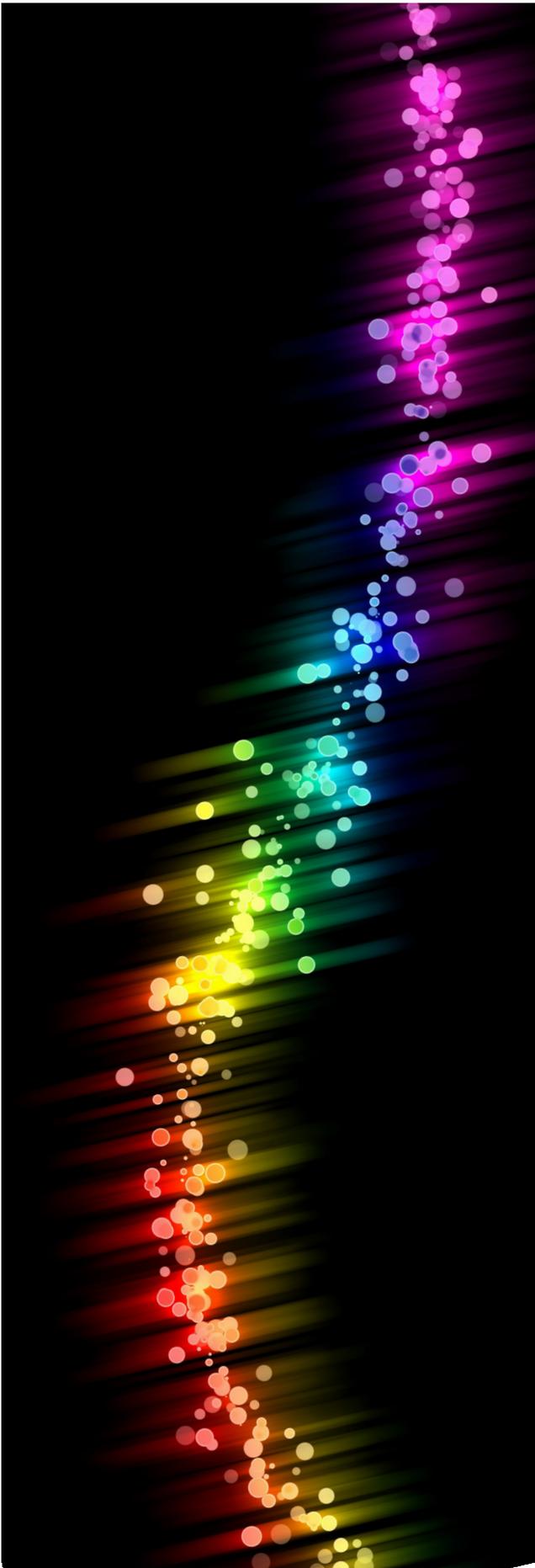
Business leaders grapple with constant, relevant customer alignment across devices, experiences and geographies.

Leaders in the C-suite realize the customer is in control and that they need to harness Next Generation talent to stay relevant in the market and connect with

their customer base. “Because the market is changing, the new customers are different, they have different expectations, and they respond differently to our products. In order to deal with this new market we need talent that understands that,” commented an executive in the Financial Services sector in Brazil.

Global business leaders are looking for new perspectives, ranked eighth globally and third by executives in the Consumer and Retail sector as a reason for building a Next Generation talent strategy. They realize their brands and products must be reflective of their customers and their experiences, and that reflection must start in the C-suite and mirror throughout the organization. If C-suites and Boards are not reflective of their customers, they will quickly lose momentum in today’s environment of transparency where there is no barrier between company and customer.

Today’s customer is more sophisticated and empowered than ever. They offer their loyalty to organizations that reflect their values and place more importance on social responsibility. They are also looking for personalized, cohesive brand experiences across physical and digital environments. Businesses with a competitive advantage must have leadership that is digitally fluent, can constantly place their customer at the core, while fostering an internal culture that is reflective of the market. “To be flexible, you need more articulations. Talent from the Next Generation is better able to understand what is currently happening,” commented a CEO in the Financial Services sector in the Central & Eastern European market. ■



3

NEEDS: WINNING ATTRIBUTES OF NEXT GEN LEADERS

Business leaders are looking to Next Generation talent to drive change.

C-suite executives understand the imperative for agile and entrepreneurial leadership that can shake up old approaches to business. They seek talent that is empathetic and combines critical thinking with an innovative mindset. “We depend on attracting young talent that has the pulse of the market at any time, and that has the ability, drive and ambition to challenge the known. It is crucial for a company’s ability to move forward, evolve and develop,” said a Nordics-based CEO in the Technology sector. The more than 850 senior executives who participated in our survey ranked the

following as the top leadership attributes of the Next Generation that could provide a competitive advantage to their organizations. (Chart 3.1)

Next Generation Executives are Change Agents.

Gen X and Millennial talent both offer qualities that are ripe for leading change, ranked by global executives in our survey as the top leadership quality of Next Generation executive talent that could positively impact their businesses. With the average age of global C-suite executives roughly mid-50s, the older end of Gen X has already been stepping into the C-suite, occupying senior management roles for a few years now. Gen X's younger cohort will continue that trend over the next decade, while Millennials start to follow. Both generations have experiences of heightened uncertainty and sweeping change, and thus both are comfortable in climates of fast pace and instability. "Next Generation is more open to change and adapting new ideas, which is important for companies to keep evolving and growing in today's world," stated a Regional Head within the Consumer and Retail sector in India.

For Gen X (with birth years approximately 1965-1979), their formative years included economic booms and busts, the end of the Cold War and eventual collapse of the Berlin Wall. While not digital natives, they were the first generation to grow up with personal computers and immigrated from analog to digital with ease. As a result, they are

highly comfortable with digital platforms and have grown up with a constant evolution of technology, positioning them well to leverage its potential. "We have to keep abreast with the times and take advantage of a younger workforce that is more tuned into the cutting edge and often disruptive developments, especially in technology," stated a COO in the Technology sector in the Middle East.

For Millennials (with birth years approximately 1980-1995), the Internet, the September 11 attacks and rise of global terrorism, as well as the Great Recession, were all formative societal experiences. They are fast adopters of new technology and have grown up in a digitally connected society, so pre-digital experiences and processes are foreign to them.

Many Gen X leaders are well positioned to drive digital transformation in their organizations, understanding the experiences of both Baby Boomers and Millennials who have grown up on either end of the digital divide, so instilled with the empathy and emotional intelligence required to rally teams and foster a culture conducive to enterprise-wide shift. Millennial leaders are well positioned to pick up where Gen X leaves off and drive digital to an immersive and innovative new level. "We need to make sure that those approaching the executive level where they need to make strategic decisions are able to do so. The younger generation has a different view and approach to business and strategy, and we need to be able to incorporate that into the business," commented an Africa-based CHRO in the Consumer and Retail sector.

	All Sectors	Consumer/ Retail	Financial Services	Healthcare/ Life Sciences	Industrial	Nonprofit/ Education	Professional Services	Technology
Leading change	1	3			1	1		3
Entrepreneurial	2	1	1	2	3		1	2
Emotional intelligence	3	2		3	2	2	2	
Critical thinking	4		2	1			3	
Innovative	5		3					1
Inspiring others	6					3		
Collaborative	7							
Learning agility	8							
Open to change	9							
Digital savvy	10							

Chart 3.1

Next Generation Executives are Entrepreneurs.

Business leaders look to the Next Generation for their entrepreneurial abilities, ranked by business leaders in our survey as the second top quality Next Generation executive talent has to offer, and ranked first by executives in Consumer and Retail, Financial Services and the Professional Services sectors. “The businesses of today are not going to be the same as tomorrow’s entities. Our next generation of leaders will need to be entrepreneurial,” commented a US-based CEO in Financial Services.

C-suite leaders know their organizations and industries depend on innovation, but that innovation becomes increasingly difficult in today’s rapidly changing climate. Next Generation leaders bring experiences aligned for innovative thinking, with both Gen X and Millennials more diverse than their Baby Boomer predecessors and thus leveraging diverse perspectives and a wider diversity of thought. With Gen X shaped by an individualistic outlook and quest for the alternative and Millennials demonstrating a greater openness and preference for collaboration, business leaders are wise to leverage this experience for competitive advantage.

‘Innovative’ ranked in our survey as the top leadership quality of Next Generation talent by business leaders in the Professional Services sector and the top five by business leaders globally. “There is a big change related to new and future technologies, digitalization and Big Data, and thus there is a need to align adaptable leaders in this new environment,” said an Industrial sector Division Head in the Spain & Portugal market.

Next Generation Executives are Bridge Builders.

Both Gen X and Millennials offer leadership qualities conducive to collaboration. While Gen X is well known for its individualistic streak, Gen X leaders are building bridges between their Baby Boomer and Millennial colleagues, both as conduits for digital transformation and as developers and mentors of their Millennial workforce, accelerating

Millennials to take on leadership roles. Millennials as a generation are well known for their preference for collaboration, and Millennial leaders will thrive in flat, dynamic organizations with few formal hierarchies. Global business leaders ranked in our survey, ‘collaborative’ among the top ten leadership qualities of Next Generation talent. “We must break the traditional chain of command leadership to collaborative leadership,” commented an Industrial sector VP of Sales in the Spain & Portugal market.

Next Generation executive talent is values driven and prioritizes transparency. Gen X leaders exude no-nonsense characteristics and shun unnecessary process, preferring transparent methods and protocols, while Millennial leaders will bring life experiences centered on transparency and a culture of sharing. This bent toward transparency and values positions Next Generation executive talent as internal and external bridge builders among their organization’s various stakeholders—customers, shareholders and employees. At the same time, building a culture of transparency will also foster diversity and inclusion, creating an environment ripe for innovation.

Next Generation Executives are Empathetic.

Business leaders globally ranked in our survey ‘emotional intelligence’ as a top three leadership quality of Next Generation talent. Today’s senior management understands today’s best leaders must be able to rally and inspire a multi-generational workforce under a common vision, must position their brands in the market for an increasingly diverse, multi-cultural customer base, and foster cultures of transparency and inclusion. Only leaders with a high degree of emotional intelligence will be able to flourish in today’s complex, connected, global business environment.

Cultural acumen will be critical for Next Generation leaders and their abilities to emotionally connect across generations and cultures will position those organizations that leverage their talents an advantage in the marketplace. ■

4

ATTRACTING AND RETAINING WITH A WINNING VALUE PROPOSITION

Provide strong development opportunities.

Global business leaders prioritize development opportunities, ranked in our survey by global business leaders as the top attraction and retention objective across all sectors. “Leadership is the key component to growth and development. An executive talent pool has to be grown and mentored to move any mission forward,” stated a United States-based Division Head in the Pharmaceutical industry.



The more than 850 C-suite leaders who participated in our survey also ranked the following as the top ways their organizations could attract and retain Next Generation executive talent. (Chart 4.1)

Foster inclusive speak-up cultures.

GenX and Millennial talent represent a significantly more diverse workforce than their Baby Boomer predecessors. They desire organizational cultures that are reflective of society and customers. While Gen X as a group may gravitate more to meritocratic cultures than Millennials, both groups place high value on collaboration and organizational cultures where everyone has a voice. Both Gen X and Millennial talent also understand the importance of diverse backgrounds and perspectives and how a climate that is conducive to that fosters innovation.

Today's business leaders understand that in order to attract and retain top Next Generation talent,

their organizational cultures must not only espouse inclusivity, it must actually foster it. Business leaders ranked in our survey 'build diverse and inclusive culture' as the second top way for their organizations to attract and retain Next Generation talent. The Next Generation of executive talent views diversity and inclusion differently than their predecessors. They have a more holistic viewpoint that includes gender, ethnicity, nationality, sexual orientation, but also cognitive diversity, placing great value on differing backgrounds, experiences and perspectives. Gen X, and even more so for Millennials, value the unique identities based on the collection of experiences of individuals. "Diversity of thinking will be core to sustaining the growth and performance of the business," commented a Chief Marketing Officer in the Logistics sector in the United Kingdom.

Next Generation talent values difference and constructive conflict. They want to be challenged

	All Sectors	Consumer/ Retail	Financial Services	Healthcare/ Life Sciences	Industrial	Nonprofit/ Education	Professional Services	Technology
Provide strong development opportunities	1	1	1	1	1	1	1	1
Build diverse and inclusive leadership	2	2	2	2	2	2	3	
Build mission-driven culture	3	3	3				2	
Assess internal talent and provide meaningful coaching	4			3	3			
Focus on innovation	5					3		2
Provide international and cross-cultural opportunities	6							
Leverage technology to enhance business performance and innovation	7							3
Offer flexible workplace options	8							
Find the right Next Generation talent externally	9							
Onboarding new talent	10							

Chart 4.1

and understand that constantly being challenged fosters creativity and leads to breakthroughs. When organizational leaders assess cultural fit for Next Generation talent, they will need to adjust assumed approaches, understand the value of constructive conflict, and be highly aware of unconscious bias.

Show not tell.

It is not enough to talk organizational mission and values for Next Generation talent. Organizations must demonstrate they live those values, starting in the C-suite and proliferating throughout the organization. Gen X's no-nonsense approach and Millennials bent for social responsibility attract both groups to organizational cultures that are values-driven and authentic. Gen X is known for their sleuthing, penchant for research and skepticism. They will investigate a brand across channels and if your organization does not present a message of transparency that is cohesive and believable, you will not win their trust. Likewise, for Millennials, they will be looking for a reflection of their values and having that mirrored in a way that speaks to them authentically, and part of that authenticity is both "getting" and responsibly contributing to the world they live in. Next Generation talent will see through any masquerading and will shun organizations that just focus on their bottom line without any focused thought or strategy on how they impact society.

Building a mission-driven culture ranked in our survey globally as the third top way organizations can attract and retain Next Generation executive talent. In order to do it, organizations will have to speak their language but also demonstrate with action how they are exuding those values.

Build an environment of creativity and innovation.

Next Generation executive talent is entrepreneurial and influenced greatly by startup culture. Some of today's biggest new economy companies were founded by Gen X-ers, and Millennials are quickly following behind. Silicon Valley and Technology sector organizations have greatly influenced what Gen X and Millennial talent have come to expect from their employers and the brands they represent.

Next Generation executive talent will not respond well to organizations or industries with cultures that feel stuck with old or outdated approaches.

Business leaders in our survey ranked focusing on innovation in the top five ways their organizations can best attract and retain Next Generation talent. "Though our company is global, in Japan, we are not global in mindset and innovation. Therefore, understanding challenges of the future and building local talent, as well as retaining that talent, is a priority," commented an executive in Japan's Technology sector.

Gen X and Millennial leaders understand that diversity and an inclusive culture greatly position organizations for innovation, and they will expect this. Organizations that want to attract and retain Next Generation talent will need to think carefully about how to diversify their organizations and build cultures that foster inclusivity and connect that directly with their ability to innovate in the marketplace.

Leverage technology to improve efficiency.

Next Generation leaders will be looking to streamline process. Both Gen X and Millennials have grown up with technology improving the way they live and work. They will expect organizations looking to attract and retain them to use technology and digital platforms smartly to connect globally dispersed teams, to quickly access performance analytics, and to improve internal efficiency so they can work faster and be more nimble. Leveraging technology ranked in our survey among global C-suite executives in the top ten ways they can attract and retain Next Gen talent, and unsurprisingly, it ranked in the top three among executives in the Technology sector.

For Gen X, there is perhaps nothing more they dislike in the workplace than having their time wasted, so they are consistently looking to eliminate unnecessary protocol and procedures, or leave to technological solutions routine or less strategic tasks that chip away their time. For Millennials, any lack of technological leverage will cloud their image of your organization and leave an impression that the culture is behind the times and not relevant.

Next Generation executive talent also understands how susceptible today's organizations are to technological disruption and they will be most attracted to organizational cultures that constantly employ technological solutions to deliver better products and services for their customers, faster, more intuitively and on an increasingly personalized level. ■



5

DEVELOPING NEXT GEN TO LEAD IN UNCERTAINTY AND DRIVE INNOVATION

Empower top talent now.

Global business leaders understand the best way to develop Next Generation leadership is to empower promising young talent, but they must do it now or risk quickly falling behind. C-suite leaders globally ranked empowering top talent as the number one way to develop Next Generation leaders. The more than 850 executives worldwide who participated in our survey also ranked the following

as the top ways their organizations can develop Next Generation executive talent. (Chart 5.1)

To prepare Next Generation talent to best move into the C-suite, organizations will need to include Next Gen talent more in decision-making, ranked in our survey as the second best way today’s leaders can prepare the Next Generation of executives. This also includes providing meaningful feedback, understanding that Gen X talent may value maintaining a sense of independence while Millennial talent may better respond to constant feedback and direct mentoring. As both Gen X and Millennials value development opportunities, both will be looking for meaningful, structured coaching, ranked in our survey as a top five way to develop Next Generation talent.

Succession planning, ranked second in our survey among global business leaders, can also help develop Next Generation talent by identifying opportunities early and accelerating their path to the C-suite.

Diversity matters for development, too.

Like attracting and retaining Next Generation talent, diversity plays a major role in developing Next Generation leaders. Diversifying the C-suite now creates a broader cross-section of role models and mentors for younger talent. At the same time, more diverse and inclusive leadership introduces new perspectives throughout the organization,

essential for innovation. A diverse and inclusive C-suite will better prepare rising leaders for managing their various stakeholders when they are in the driver’s seat and deliver better, more innovative products and services for their customers.

Expose rising talent to different experiences and functions.

Organizations are becoming flatter and lines between functional roles blurred as teams collaborate and come together project to project. The new business climate demands learning agility and collaboration over functional expertise, and while expertise is certainly still important for C-suite leaders, that expertise needs to be informed by a collection of varied experiences and insights into different functions. Siloed expertise will no longer cut it in today’s rapid business climate. Business leaders ranked in our survey cross-functional development among the top ten ways their organizations can best develop Next Generation talent. International and cross-cultural opportunities also ranked among the top ten in our survey. C-suite leaders understand that in order for their Next Generation talent to flourish in the fast, globally connected business environment, they need to expose that talent early to different cultural experiences, which may include rotating to different global offices and language training. ■

	All Sectors	Consumer/ Retail	Financial Services	Healthcare/ Life Sciences	Industrial	Nonprofit/ Education	Professional Services	Technology
Empowering top talent	1	1	1	2	1		1	1
Succession planning to accelerate Next Generation leadership	2	3	2	1	2	1	2	3
Include Next Generation talent in decision making	3	2						2
Assess internal talent and provide meaningful coaching	4				3	3		
Creating more diverse and inclusive leadership	5					2		
Focused development of Next Generation leaders	6		3				3	
Provide mentoring	7			3				
Cross functional development	8							
Provide international and cross-cultural opportunities	9							
Accelerated career advancement	10							

Chart 5.1



6

BUILDING A NEXT GEN STRATEGY

Ensure a Next Generation talent strategy now.

Today's business environment is rapidly shifting, and tomorrow's most successful organizations will be dependent on having a strategy in place now to prepare their next C-suite executives to lead through that shift. To best leverage the capabilities of Next Generation talent now, organizations will need to do the following:

- **Map talent internally and externally.** Track internally as well as who in the market could be key Next Generation talent for leadership positions in your organization, based both on current roles and the roles needed in the future. Access to penetrating intel with organizational charts for competitors across industry, as well as relevant leaders from other sectors, will provide a pipeline that can be assessed and updated on an ongoing basis.
- **Develop an attraction and retention strategy with a strong employer brand.** What is your employer value proposition and how does it measure up to Next Generation executive talent? Is it consistent? Does it take into consideration what Gen X and Millennial talent value: diverse and inclusive cultures; corporate social responsibility; an environment of innovation; transparency, collaboration and authenticity? How do both compensation and benefits compare to innovative companies in parallel industries and competitor brands? Ensure you are showcasing and demonstrating through real examples your employer value proposition across channels, including paying close to attention to what is being said about your employer brand online and across social media.
- **Provide strategic coaching to today's rising leaders to prepare them for tomorrow.** Are your C-suite leaders effectively preparing and providing meaningful feedback to your up and coming leaders? Are they exposing them to cross functional experiences? Your leaders today may benefit from structured coaching to best leverage Next Generation talent. They will need to know how best to coach and mentor Next Gen talent in order to build an effective talent pipeline and leverage the unique qualities of Gen X and Millennial talent. Next Generation talent values coaching and development opportunities, so a formal coaching strategy not only prepares Next Gen leaders for the C-suite, but it also strengthens retention.
- **Minimize risk and maximize opportunity with a smart succession plan.** Organizations cannot afford to be reactive when it comes to lapses in critical senior management roles. A

smart succession strategy will offer Boards and senior management clarity on the talent they will need, where to find it, and when. Succession planning extends well beyond the C-suite and also ensures young talent is being most effectively developed to eventually take on senior management roles in the future.

- **Leverage the expertise of a trusted advisor.** Having ongoing relationships with trusted executive talent advisors can take the burden off C-suites and Boards to do it all themselves and offer the value an outside perspective can bring. When asked how executive search and leadership advisors could help build Next Generation talent in their organizations, the more than 850 senior executives worldwide ranked the following:

	All Sectors	Consumer/ Retail	Financial Services	Healthcare/ Life Sciences	Industrial	Nonprofit/ Education	Professional Services	Technology
Finding and attracting executive talent	1	1	1	3	1	1	1	1
Leadership development	2	3	2	2	2	2	2	2
Executive coaching	3	2	4	1	4	5		4
Talent mapping	4	4	3	4	3	3	3	3
Succession planning	5			5	5		5	
Data analytics / Market insights	6		5				4	5
Culture shaping	7	5						
Diversity & inclusion	8					4		
Organizational effectiveness	9							
Finding and attracting Next Generation Board talent	10							

Chart 6.1

AESC member executive search and advisory firms can help your organization find, attract and develop the Next Generation talent you will need to be competitive in today’s complex and constantly shifting business environment. AESC members offer the following services to help organizations worldwide leverage Next Generation talent:

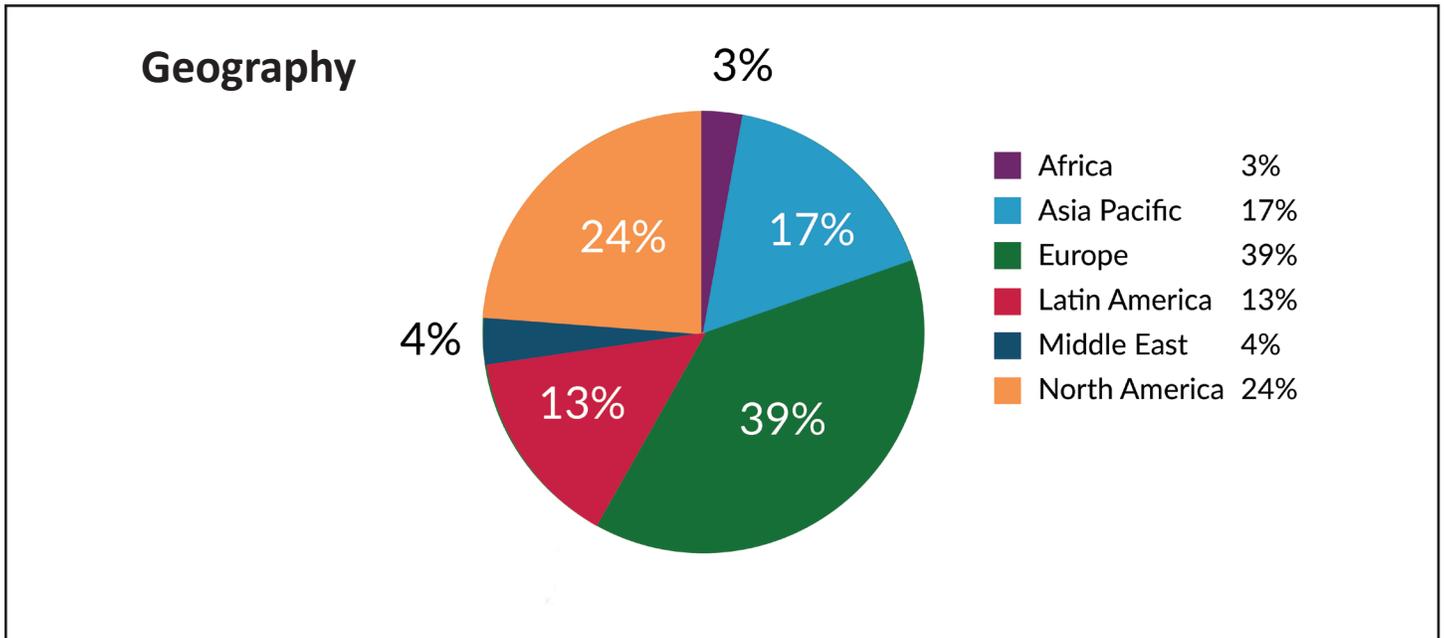
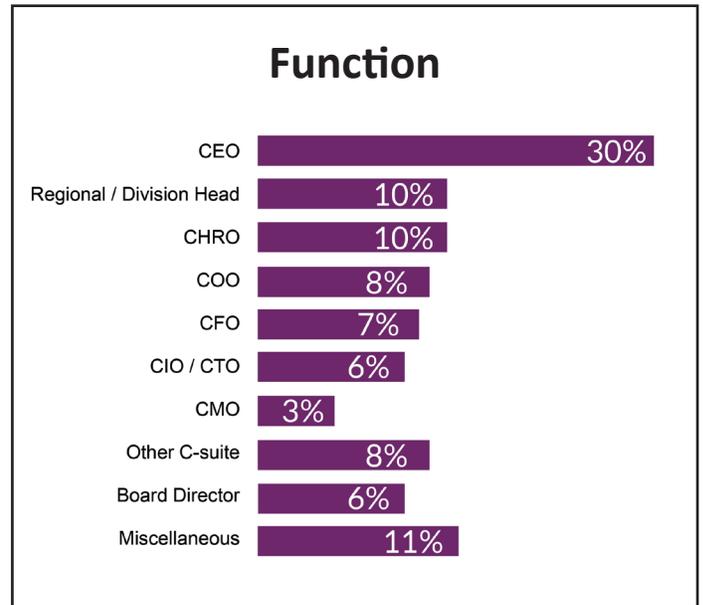
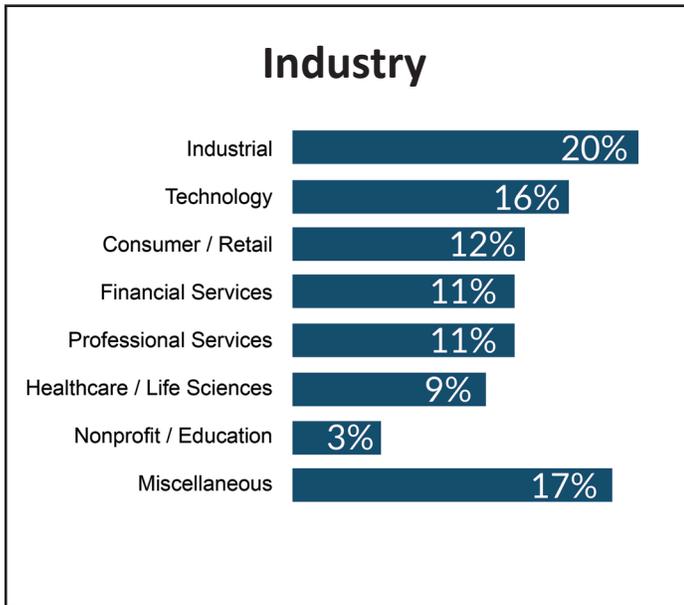
- Assessment
- Board Advisory
- Culture Shaping
- Data Analytics/Market Intelligence
- Diversity & Inclusion
- Executive Coaching
- Executive Search
- Interim Management
- Leadership Development
- Onboarding
- Organizational Effectiveness
- Succession Planning
- Talent Mapping

To learn more, visit www.aesc.org.

ABOUT THE SURVEY

Our survey was conducted March-May 2017 and included business leaders from the following industries, functional roles and geographies.

853 senior executives



ABOUT AESC

AESC is the voice of excellence for the executive search and leadership consulting profession worldwide. Our rigorous Code of Professional Practice guides our members in nearly 1,300 offices in 74 countries and beyond to serve as strategic advisors on behalf of their clients. In turn, AESC members are best positioned to provide companies with a competitive advantage—the ability to find, attract and develop the best talent in the world and ensure that executives are successfully integrated. By virtue of selecting an AESC member, clients can be secure in their choice of consulting firm, and can reap the benefits that only a trusted advisor can deliver.

SOLUTIONS FOR YOUR ORGANIZATION

CEOs, CHROs and Boards are invited to register with AESC for information on working with an executive talent search and advisory firm, access to an International Directory of search and advisory consultants by industry, function and geographic specialty, and thought leadership on global executive talent. AESC members are vetted to the highest standards in the executive search and leadership consulting profession. Minimize risk and maximize opportunity by working with an AESC member. For more information, visit, www.aesc.org.

