



LHH

International Centre
for Executive Options

View from the C-Suite:

Bridging the executive gap

Executive summary

In the rapidly evolving landscape of the business world, senior executives across various industries face formidable challenges, with technological advancements at the forefront of their concerns. Digital transformation and the disruptive force of A.I. loom large, demanding a proactive and strategic approach to navigate the complexities of the modern business environment.

Our global survey reveals a pervasive worry among senior executives regarding burnout within leadership teams, with more than half expressing concern. Notably, regional differences underscore the varying impacts of this issue. The need to address burnout becomes a critical imperative for sustaining effective leadership and organisational resilience.

Executives unanimously acknowledge the existence of capability gaps within their leadership teams. These gaps, spanning a spectrum of competencies, raise concerns about the adequacy of decision-making capabilities. Executives are struggling to make accelerated decisions during pivotal moments they haven't experienced before -- whether leveling up in a new role, managing through a large M&A, or operating in a new environment. In short, decision-making emerges as a focal point of concern, reflecting the critical role it plays in steering organisations through tumultuous times.

Amidst these challenges, executives express a resounding desire for a more comprehensive suite of career support options. Individualised support mechanisms, particularly those geared towards enhancing decision-making abilities, such as peer-level mentoring and coaching, are identified as the most sought-after forms of assistance.

The prevalence of executive transitions adds another layer of complexity, with associated costs being a significant concern. However, a silver lining emerges – strategic investments in career and succession planning can be potent tools to mitigate C-suite turnover, providing a pathway to long-term organisational stability.

The contemporary business landscape demands a holistic and forward-thinking approach from senior executives. Addressing technological challenges, combating burnout, fortifying decision-making capabilities, and investing in comprehensive career support mechanisms and succession planning will be pivotal for navigating the intricate dynamics of leadership in 2024 and beyond.



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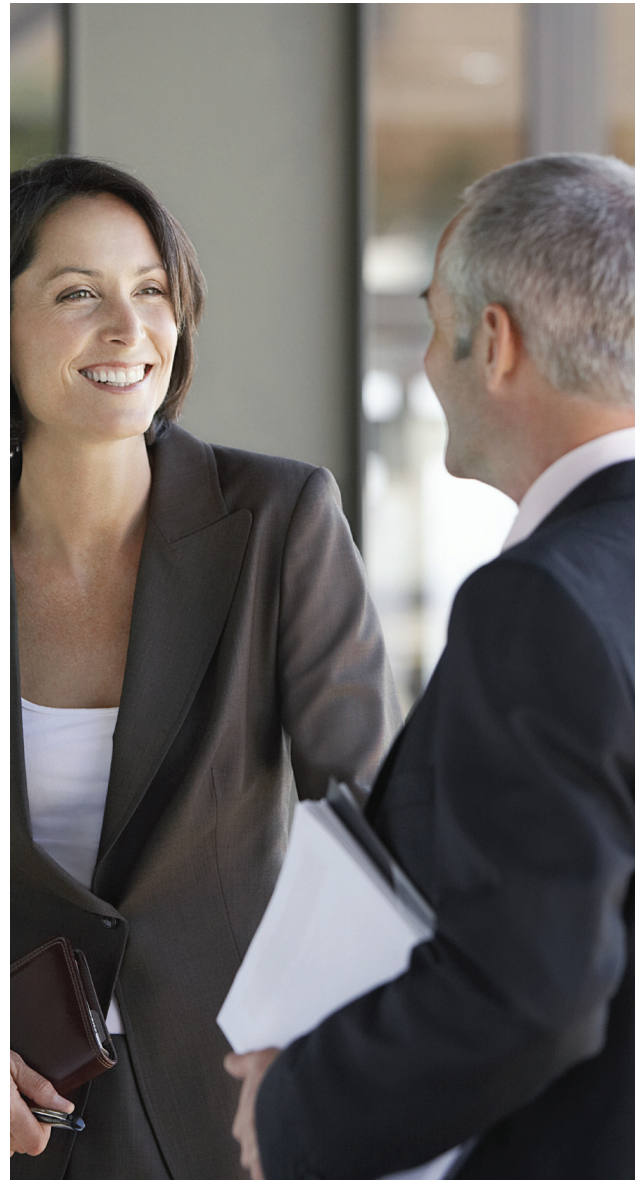
Introduction

Today's executives are facing greater and more complex business challenges than ever. The world of work has been forever changed. Navigating the return to office and hybrid working arrangements, talent shortages, and ESG responses, while simultaneously balancing the impact of geopolitical unrest, inflationary pressures and the disruption created by advances in technology and artificial intelligence (AI), all combine to create the perfect storm for executives.

It's more difficult than ever to successfully lead organisations. In the face of continuous change and the shifting business landscape, executives must address these challenges head-on. However, many executives are feeling uncertain and unprepared to tackle these business issues. Many of these executives are themselves facing unique career inflection points and may struggle to make an impact in a new organisation or new role.

In the face of these challenges, how can executives prepare themselves to see around corners, gain perspective, and improve their time to decision-making? How can executives get the support they need to seize the opportunities that lie ahead in 2024?

LHH conducted a survey of 2,282 C-level executives from organisations in Australia, Brazil, Canada, France, Germany, Singapore, Switzerland, the United Kingdom, and the United States to discover their answers to these questions and their insights on the state of executive leadership as we begin 2024.

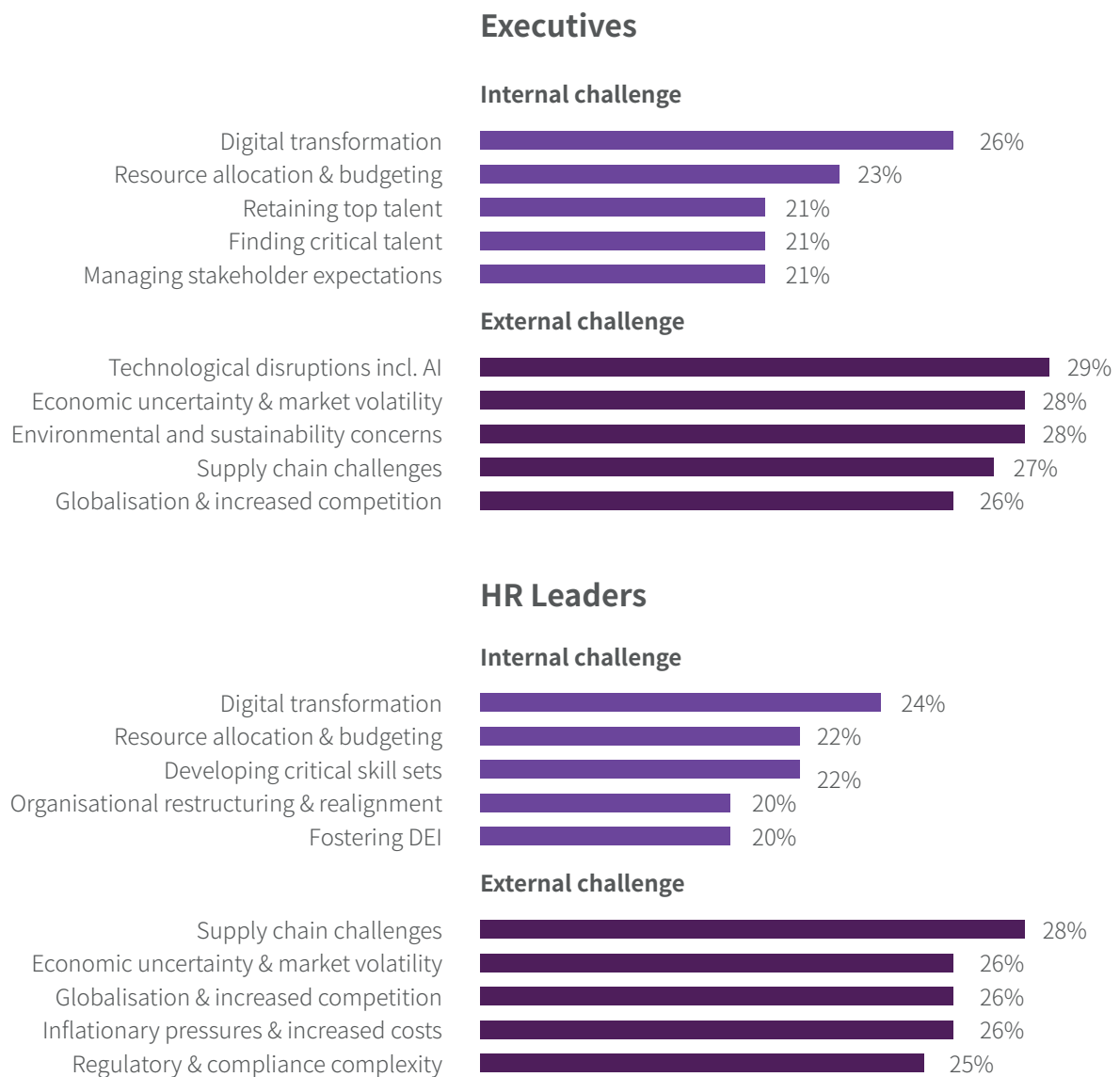


Tech continues to disrupt

Strikingly, **technology-related challenges featured prominently** across our survey. Among our surveyed executives, ‘technological disruption including AI’ was the top external challenge, cited by 29% of respondents, while ‘digital transformation’ (26%) was the top internal challenge. Meanwhile, our surveyed HR leaders placed ‘supply chain challenges’ (28%) at the top of the external challenges faced by their leadership teams – but mirrored executives in identifying ‘digital transformation’ (24%) as the most pressing internal challenge. The top challenges identified by business and HR leaders are shown in **Figure 1**, below.

Figure 1: Top 5 internal and external challenges reported by executive and HR leaders

Q: What are the top internal/external challenges currently faced by senior leaders in your organisation?



Note: N=1,221 (HR leaders) and N=1,061 (business leaders); multiple answers permitted.

This means that, when looking at the top external and internal challenges selected by both executives and HR leaders, three of the four top challenges relate to technological developments. This strong reporting of tech-related challenges suggests that the tech skills gap that has plagued businesses in recent years will likely continue unabated, given the ongoing technological advances in A.I. In turn, this means that an organisation seeking to bridge this technology gap by recruiting and retaining top talent will continue to face stiff competition.

Given this context, it was unsurprising that ‘developing critical skill sets’ also featured among HR executives’ top internal challenges, but for other executives it placed lower

than we expected – only 19% cited this factor, meaning it barely made the top 10 (sharing 9th position with ‘fostering diversity, equality, and inclusion’). Interestingly, executives ranked ‘retaining top talent’ and ‘finding critical talent’ as more pressing challenges, with each cited by 21%.

It’s also worth noting that these results suggest executives expect economic turbulence to come. The strong showings for ‘economic uncertainty and market volatility’ and ‘inflationary pressures and increased costs’ alongside concerns around resource allocation/budgeting point to an uncertain future for organisations and individuals alike.

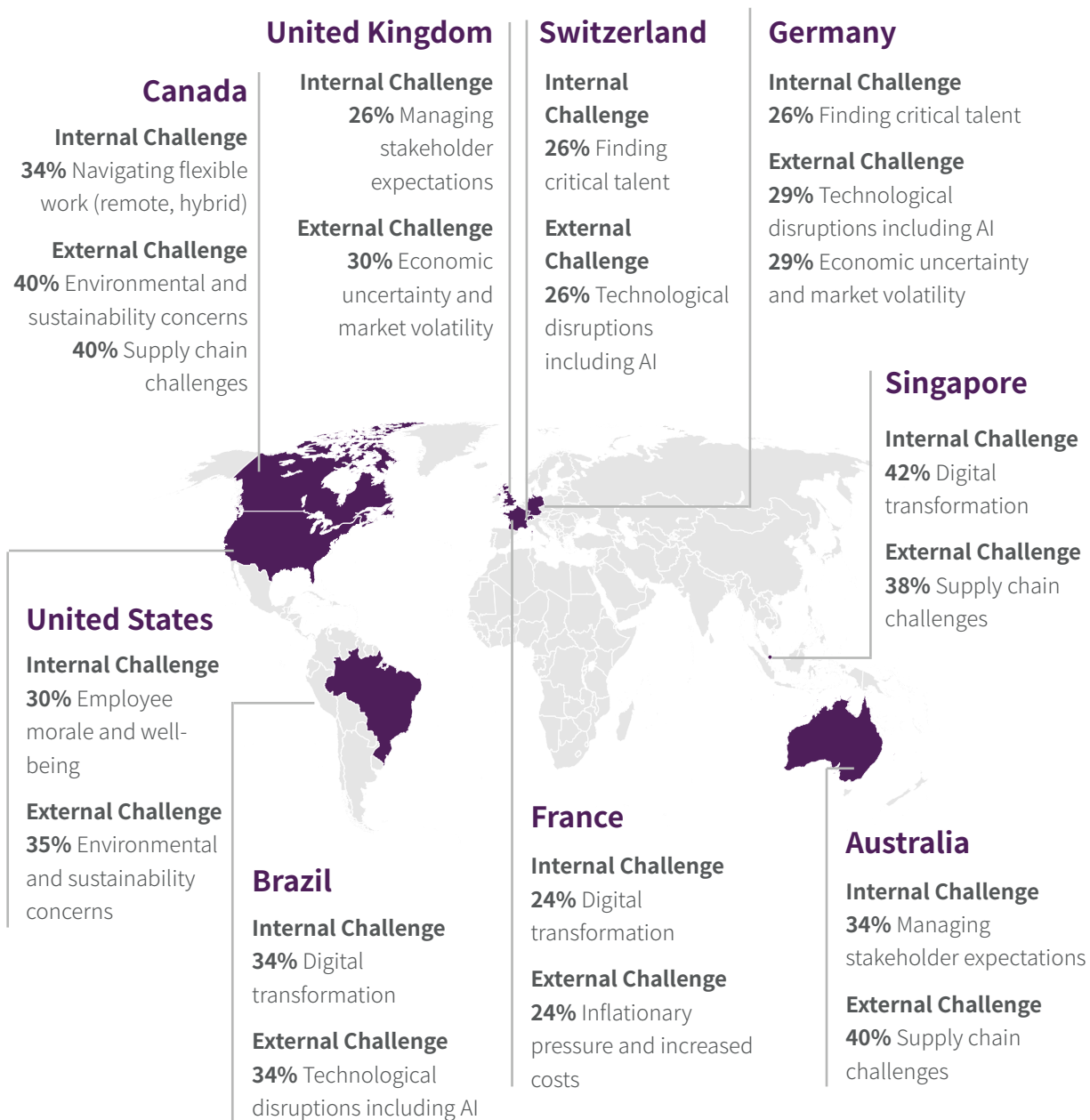


Top executive challenges are countries apart

While the global picture is enlightening, we also wanted to look at the differences between countries. Our survey showed some intriguing differences in executives' views at the country level, as shown in **Figure 2** below.

Figure 2: Top internal and external challenges by country.

Q: What are the top internal/external challenges currently faced by senior leaders in your organisation?



Note: N=1,061; multiple answers permitted.

Many of the differences between countries can be accounted for by their unique cultural, political, economic, and environmental conditions. However, there are two points worth acknowledging here: First, our earlier finding that technology- and skills-related concerns are weighing heavily on executives can also be seen in the country-level breakdown. And second, there is far less international agreement on challenges that are not related to technology and digital transformation.

A one-size-fits-all approach to addressing these challenges is likely to be a dead end for multinational organisations in particular. The skills you need to recruit and retain to address ‘supply chain challenges’ in Australia are likely to differ from those you need to address ‘environmental and sustainability concerns’ in the US and Canada, even if technology and digital transformation is a part of the solution.

Executive burnout – a silent epidemic

Within the backdrop of these internal and external challenges, executives are struggling to navigate these headwinds, with **52% of executives saying that senior leaders are overworked and burned out.**

Again however, we see some stark geographical differences. The proportion of executives reporting burnout varied from 40% in France and Brazil to 65% in the United States (Switzerland and Germany had the next-highest proportions of executives reporting burnout, at 62% and 61%, respectively). That said, the results even at the lower end (i.e., two in every five executives in Brazil and France reporting burnout) are worrying and point to widespread agreement among executives that more help is needed.

It’s unsurprising then, that the survey also revealed that **60% of executives would like to have more support options available to them.** While the most desired form of support was focused on bespoke 1-1 support like mentoring and coaching, all the types of support we asked about scored similarly. Employers should address this by making a wide range of different types of support available to executives, as the ideal form of support for one executive may not be a good fit for another.



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Bridging the executive gap

Organisations are acutely aware of these executive challenges, with **less than 1% of HR leaders saying that their executive leadership team had no capability gaps or areas for improvement.** While we cannot draw a direct, causal relationship between burnout and capability, we note that research by Deloitte last year¹ found that 74% of executives reported obstacles to their wellbeing goals that were largely work-related. So, in broad terms, we can conclude that addressing the challenges and capability gaps in executive teams will help senior executives.

1. Empower executive decision making

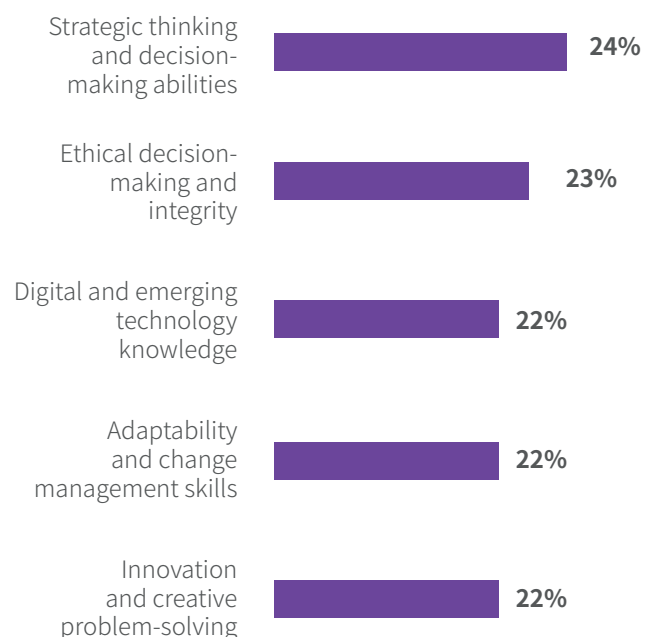
The top two performance gaps within executive teams, and arguably the top five, relate in some way to decision making ability. Not only did they highlight ‘strategic thinking and decision-making abilities’ and ‘ethical decision-making and integrity,’ but they also focused on closely related aspects such as ‘innovation and creative problem-solving’ and ‘adaptability and change management’, which have a significant decision-making component.

While our survey data cannot tell us precisely what is behind this apparent lack of confidence, a research note² issued by McKinsey stated that almost a third of newly appointed S&P 500 CEOs in 2022 were aged under 50 – more than double the rate of 2018. Further research would be needed to establish whether there is a direct causal link here, but a broad working assumption that increasingly youthful senior leadership teams lack confidence in their decision-making capabilities appears fair.

Decision-making capability cannot be developed overnight; it must be carefully nurtured over time, which cannot happen in isolation. The importance, scale, and impact of C-level decisions means that a sink-or-swim approach to developing decision-making capability among executives is simply too risky. Organisations should instead **offer senior executives opportunities for longer-term mentoring and coaching** so that they can develop this capability in an environment of trust and support.

Figure 3: Business leaders’ top 5 capability gaps and areas for improvement within senior leadership teams

Q: What do you believe are the largest capability gaps or areas for improvement for executives within your organisation?



Note: N=1,061; multiple answers permitted.

¹ <https://www2.deloitte.com/us/en/insights/topics/leadership/employee-wellness-in-the-corporate-workplace.html>

² https://www.mckinsey.com/~/_media/mckinsey/email/genz/2023/06/2023-06-20b.html

2. Engage through meaningful career & succession planning

2023 saw some of the largest numbers of restructures and layoffs for many years, as organisations reshaped themselves in preparation for an uncertain economic environment ahead. Executives are not immune to these changes, with **77% of HR leaders saying they conducted executive layoffs in 2023.**

When executive layoffs are necessary, the value of strong succession planning becomes self-evident – inadequate succession planning risks a leadership vacuum that can have a deleterious impact on business performance.

Yet the research shows that many organisations have yet to engage in meaningful succession dialogue as succession planning was the second-most desired form of career support among executives, and the lack of such planning placed high in the list of challenges affecting leadership teams (see **Figure 4**). When combined with the third challenge of finding and hiring executive talent, the importance of a succession strategy that identifies and empowers role ready successors becomes even more imperative.

Figure 4: Top 5 challenges within senior executive teams.

Q: What challenges do you see within your organisation's senior executive ranks?



Note: N=1,061; multiple answers permitted.



3. One size does not fit all

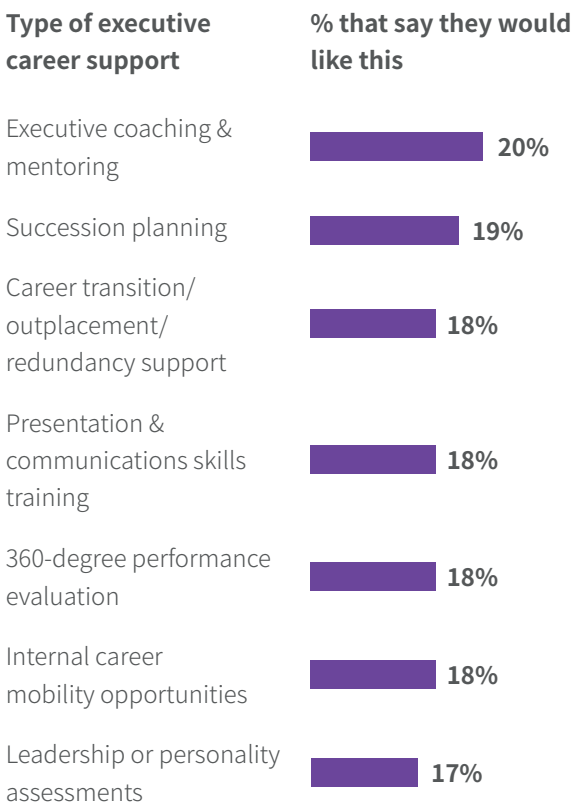
Considering the distinct challenges encountered by executives vary significantly across countries and noting the consistent prevalence of identified performance gaps among executive teams, it becomes evident that executives confront unique challenges influenced by their country, industry, and role. A comprehensive program aiming to tackle all these performance gaps simultaneously is likely to allocate time to issues irrelevant to the specific executive or leadership team in question, while also lacking sufficient emphasis on their challenges.

As you can see in **Figure 5**, executives want a wide array of different support options, with not a lot of difference between the top need of Executive Coaching and Mentoring at 20% through to Media Training at

14%. Additionally, many of the top support options are individual in nature, implying that a one size fits all approach will be ineffective.

An individualised support plan is especially useful when a leader is in the midst of a tectonic shift in the business such as an evolving business model, upcoming transaction, post-merger integration or new corporate ownership and can benefit from external advice to accelerate decision making. For this reason, we recommend that organisations first identify the performance gaps in their leadership teams, then establish a group of experts able to act as advisors to address these specific gaps. Again, the composition of such a group and the process to establish it will vary depending on the organisation’s size and scope.

Figure 5: Desired executive support options



Conclusion

In the dynamic and ever-evolving landscape of the business world, senior executives find themselves grappling with formidable challenges, with technological advancements taking center stage in their concerns. The looming challenges of digital transformation and the disruptive force of A.I. underscore the imperative for a proactive and strategic approach to navigate the complexities of the modern business environment.

Our global survey has unearthed a prevalent concern among senior executives regarding burnout within leadership teams, with over half expressing apprehension. Significantly, regional disparities accentuate the diverse impacts of this issue, emphasising the critical need to address burnout as a key imperative for sustaining effective leadership and ensuring organisational resilience.

Executives universally recognise the existence of capability gaps within their leadership teams, spanning a spectrum of competencies that raise alarms about the adequacy of decision-making capabilities. The challenge of making accelerated decisions in unprecedented scenarios, such as stepping into a new role, managing large M&A transactions, or navigating unfamiliar environments, underscores the centrality of decision-making in steering organisations through tumultuous times.

Amidst these challenges, executives resoundingly express a desire for a more comprehensive suite of career support options. Individualised support mechanisms, particularly those geared towards enhancing decision-making abilities, such as peer-level mentoring and coaching, emerge as the most sought-after forms of assistance.

The prevalence of executive transitions in 2023 introduces an additional layer of complexity, with many executives taking on new or enhanced roles. However, a silver lining emerges – strategic investments in career and succession planning can serve as powerful tools to mitigate C-suite turnover, providing a pathway to long-term organisational stability.

As the contemporary business landscape demands a holistic and forward-thinking approach from senior executives, addressing technological challenges, combating burnout, fortifying decision-making capabilities, and investing in comprehensive career support mechanisms and succession planning will be pivotal for navigating the intricate dynamics of leadership in 2024 and beyond. In embracing these strategies, senior executives can position themselves and their organisations for sustained success amid the evolving demands of the current business environment.



The LHH logo consists of the letters 'LHH' in a bold, black, sans-serif font. The background of the entire page is a grayscale photograph of a modern office building with large windows, partially obscured by a large black diagonal shape that frames the text.

International Centre
for Executive Options

About LHH & ICEO

At LHH, we're passionate about guiding our clients, candidates, and colleagues to adapt and flourish in an ever-evolving workplace landscape.

Our 8,000 colleagues serve 15,000 clients across 66 countries, impacting millions of lives each year through recruitment, outplacement and mobility, and leadership development. LHH is part of the Adecco Group – the world's leading talent advisory and solutions company.

LHH's International Centre for Executive Options (ICEO) is a global strategic partner to organisations and leaders offering executive career advisory services. We provide a distinct, transformational experience backed by the peer-level partnership of our advisors and experts.

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