



# TALENT SCOPE C-SUITE STUDY

LEADERSHIP GROUP  
CFO/CEO

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## Introduction

The Leadership Group (LG) and the Overture Institute, an educational platform focused on the rapidly changing talent management industry, conducted a talent and workforce C-suite study from August through October 2016. The national survey went to executive-level leaders and other decision-makers from organizations ranging in employee size from less than 50 to over 1,000.

Attracting and retaining top talent in today's competitive job market requires effective strategies for engaging and motivating employees across the employee lifecycle. When it comes to executive and professional talent, in particular, organizations are transforming their approach to performance management and total rewards (compensation), introducing innovative programs for hiring and onboarding and succession planning. This survey includes findings and insights that formed the basis for the 2016 Talent Scope C-Suite Benchmark Study report on the following topics:

### **Executive and Professional Level Talent Management Priorities:**

Identifies employers' current workforce development objectives and challenges and looks at their plans to meet their talent needs over the next 5 years.

### **Use of Human Resources Programs to Motivate and Reward Key Employees:**

Explores employers' various approaches to supporting corporate culture and satisfying the compensation and development needs of executive-level talent. Examines specific monetary and non-monetary benefit programs used to attract, motivate, and retain top talent.

### **STUDY HIGHLIGHTS**

- Companies are building effective corporate cultures among employees to promote employee engagement and create an alignment between company, team, and individual goals.
- Companies' plans to hire new talent, including non-traditional employees, is varied as they seek to meet their leadership and organizational needs for the long-term.
- Companies seek to engage executive and professional employees across the employee lifecycle, many beginning with onboarding.
- Companies use a combination of monetary and non-monetary compensation strategies to attract and retain top employees in a highly competitive job market.

## Rank your top talent or workforce priority for this fiscal year.

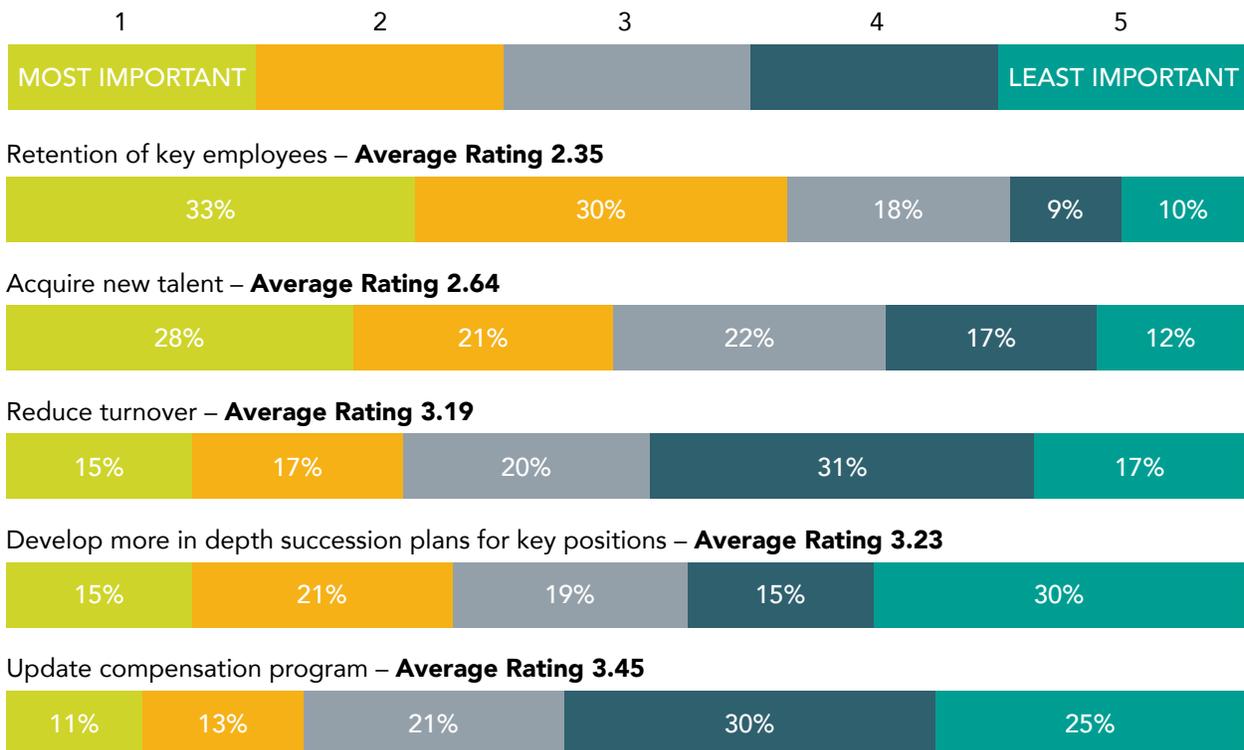
### FINDINGS

- Retention of key employees was ranked as the first or second talent priority by 63% of respondents.
- 49% of respondents prioritized the acquiring of new talent.
- Updating compensation programs received first and second priority rankings of 24%.

### INSIGHTS

Executives are faced with a range of competing priorities related to hiring and retaining talent, reducing turnover, providing competitive compensation packages and developing future leadership. Nearly two-thirds of survey respondents cited the retention of key employees as the first or second most important objective, indicating they recognize the value of keeping top talent satisfied and motivated. Development and succession plans for these employees and updating compensation programs are no doubt related to efforts to meet the needs of key employees and ensure continuity of leadership.

At the same time, 49% of organizations are focusing on acquiring new talent, presumably building an employee base with the skills and competencies needed for future growth. Reducing employee turnover, a first or second priority for nearly one-third of survey respondents, is closely related to both hiring goals and employee retention initiatives.



## What programs or activities does your company undertake to support and reinforce corporate culture?

### FINDINGS

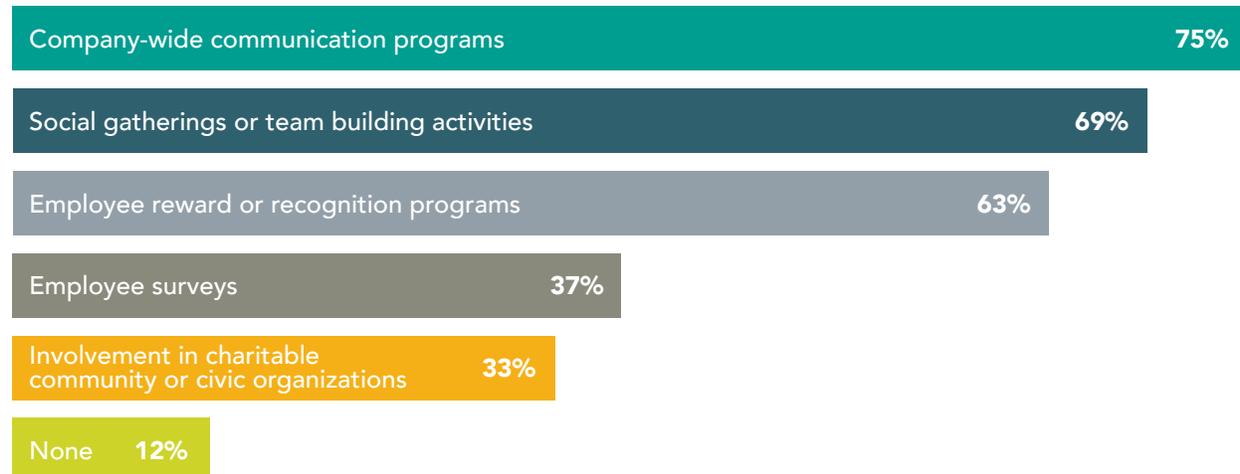
- Three-quarters (75%) of respondents support and reinforce their corporate culture through company-wide communication programs.
- In addition, well over half of companies provide social gatherings or team building activities (69%) and/or offer employee reward or recognition programs (63%).
- Only 12% of respondents indicated their company isn't taking any particular action to support and reinforce their workforce culture.

### INSIGHTS

Companies today are using a variety of formal and informal tactics to build corporate culture among employees. Benefits of a healthy, effective culture include more employee engagement, higher rates of employee satisfaction and loyalty, and a deeper understanding of how everyone in the company is working together toward a common mission.

Survey respondents are depending largely on communication programs to keep employees engaged, social and team-building activities to build camaraderie, and reward or recognition programs to promote performance and motivation. These culture-supporting activities can help employees connect the dots between company goals, team or departmental goals, and personal goals—and can even add some fun to the workday, enhancing the at-work experience.

To a lesser, but not insignificant, degree, companies represented in the study also leverage employee surveys to engage the workforce and collect feedback for use in building a culture that supports everyone's benefit-related and workplace environment needs. A relatively new culture-building initiative that tends to be popular among Millennial workers is company-sponsored employee involvement in charitable community or civic organizations. These activities boost employees' sense of "doing good" and "making a difference".



## Does your company have a succession plan for C-Suite executives?

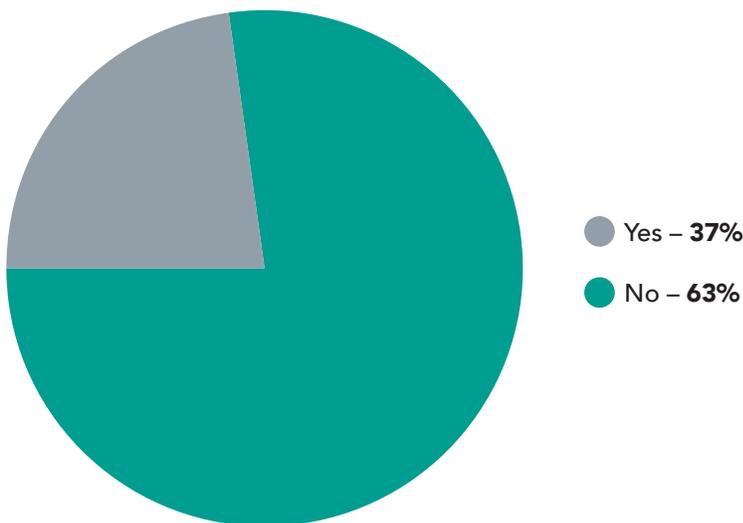
### FINDINGS

- The majority of respondents (63%) do not have formal succession plans for C-Suite executives.

### INSIGHTS

Succession planning involves recruiting, developing, and preparing key employees for their eventual movement into positions of leadership. A formal succession plan ensures there are individuals within the company ranks who are primed and ready to take on new responsibilities and see the organization's vision carried through. With the baby boomer generation set to retire in the near future, the time is now to start thinking about how organizational competencies will be developed and maintained for the years to come.

Just over one-third of survey respondents have made a formal commitment to developing employees for executive leadership roles. This means nearly two-thirds of respondents don't have a succession plan for C-suite executives. These companies should consider a next-level strategy to secure their leadership needs and long-term goals will be met in the future. Plus, implementing a succession plan sends a clear message to key employees about their potential for career growth and value to the company.



## Does your company currently have a Board consisting of any of the following?

### FINDINGS

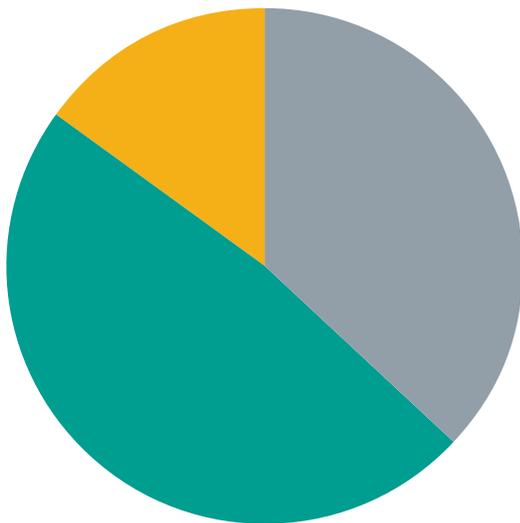
- Almost all (84%) respondents indicated their company has a Board of Directors, 47% with outside members and 37% with no outside members.
- 15% reveal their company has an Advisory Board.

### INSIGHTS

How a company structures their board depends on the growth phase of the organization and the company's need for guidance, credibility, expertise, and other skills required for successful decision-making.

A Board of Directors is a more formal assembly of individuals who manage the CEO and represent the best interests of shareholders. Some members are not employees or stakeholders in the company and therefore offer an independent outside perspective on the company's business; inside members come to the table with have deeper and more personal experience with company issues. The majority of survey respondents have a Board of Directors, some with outside members and others with no outside members.

An Advisory Board, on the other hand, is a slightly less formal group of people. The role can be customized to the needs of the company and often times is similar to a formal board with no voting power or legal authority. Some advisory boards serve as industry experts and mentors to company executives. Only 15% of those surveyed report having an Advisory Board providing executive oversight and decision support.



- Board of Directors- no outside members – 37%
- Board of Directors- with outside members – 47%
- Advisory Board – 15%

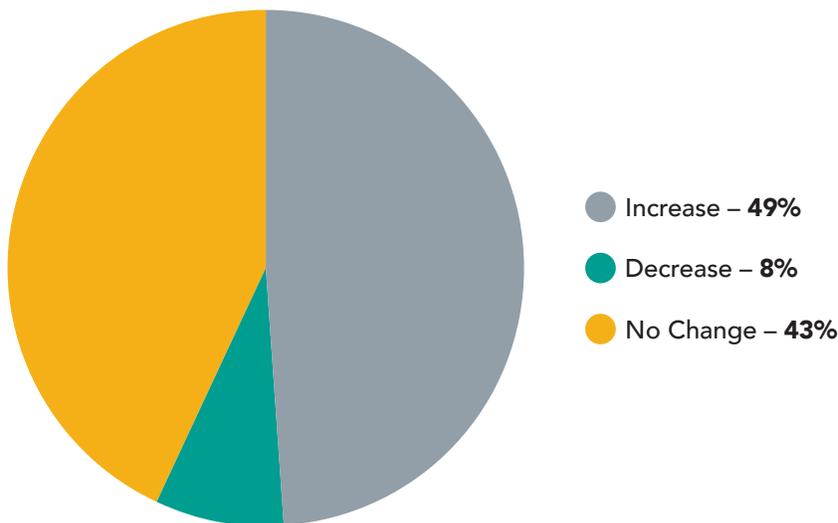
## Will your hiring in the current fiscal year increase or decrease?

### FINDINGS

- Almost half of respondents (49%) project an increase in hiring within the current fiscal year, while 43% don't anticipate any change in their hiring rate.
- Just 8% indicate a decrease in hiring.

### INSIGHTS

The vast majority of survey respondents expect their hiring to increase or stay the same in the current fiscal year, suggesting confidence in their ability to find new talent to expand their ranks or fill the gaps, whatever the case may be. A decrease in hiring is anticipated by 8% of companies surveyed, which can mean they're either satisfied that the skills and capabilities of their existing workforce will continue meeting their needs or that the company isn't pursuing a growth strategy that requires an increase in headcount.



## Which departments have the most difficulty attracting and retaining talent?

### FINDINGS

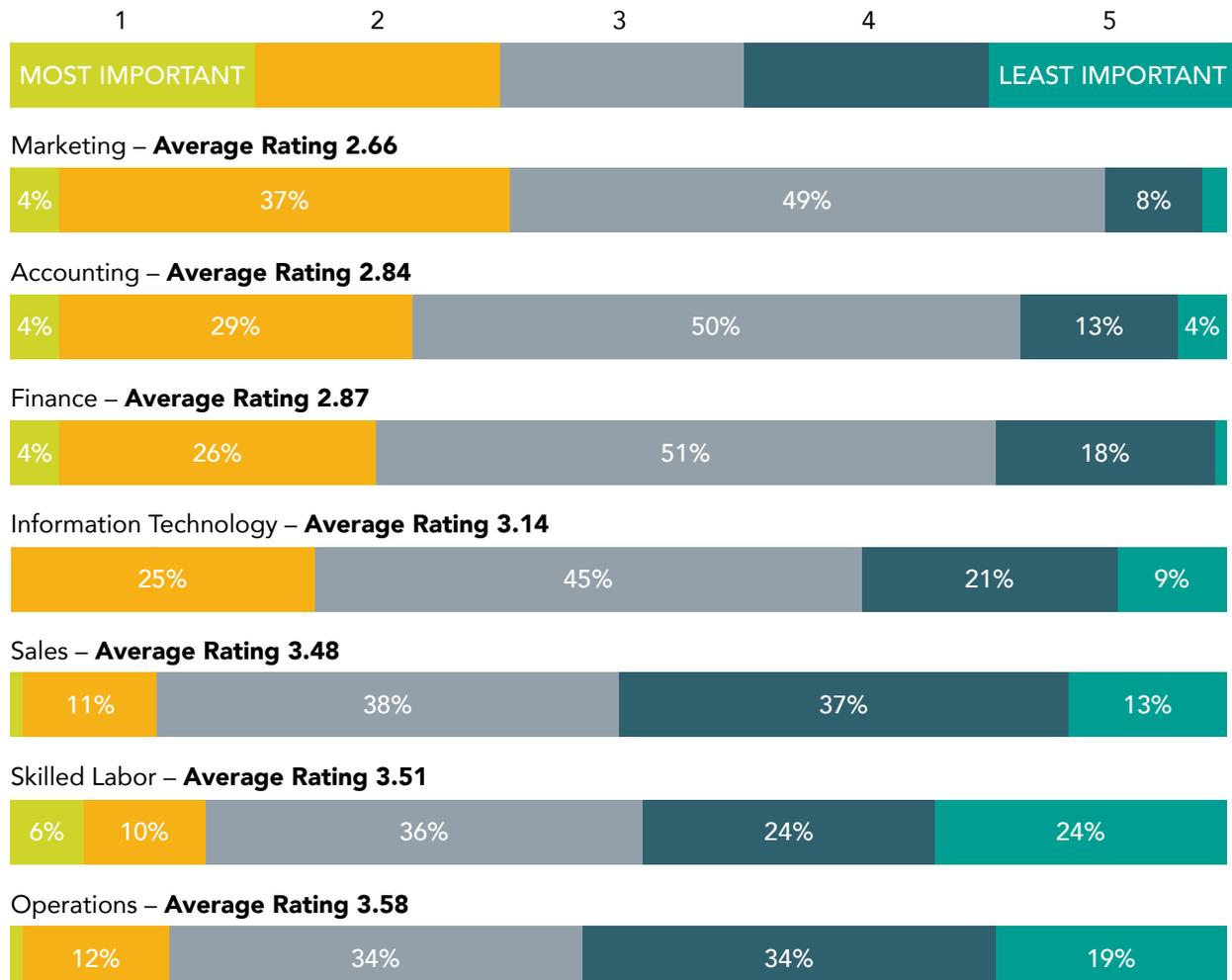
- Marketing, Accounting and Finance are the most challenging areas for hiring and retaining talent.
- While none of the survey respondents ranked Information Technology as the most challenging area to attract and retain talent, 86% ranked the department in the second or third spots.

### INSIGHTS

Multiple factors go into a company's ability to attract and retain top talent in any given functional area. These factors include the company's industry, their existing workforce, the talent pool in their geographic market, and the competitiveness of their employee value proposition. Hiring for executive positions becomes even more challenging, as the number of qualified individuals is smaller—and the stakes higher. And each candidate, their functional area of expertise notwithstanding, may look for different things that impact their satisfaction and loyalty.

Marketing, Accounting and Finance could be challenging to hire for because positions may require creative (in the case of Marketing) or highly specialized skills or education/experience that are harder to come by. Employees in these areas may also have bargaining power if they're considering offers from other employers, so hiring companies need to evaluate their offerings to be sure they're competitive and meeting the needs of the talent they want to attract and retain.

Companies are eager for ways to put forth a competitive offering to pull in talent and keep key employees engaged for the long-term. When they struggle with attraction and retention, it can be helpful for companies to use an executive search firm to help them expand their reach and vet appropriate candidates.



## What is your company's outlook for using contingent/contract/temporary employees in the next 5 years?

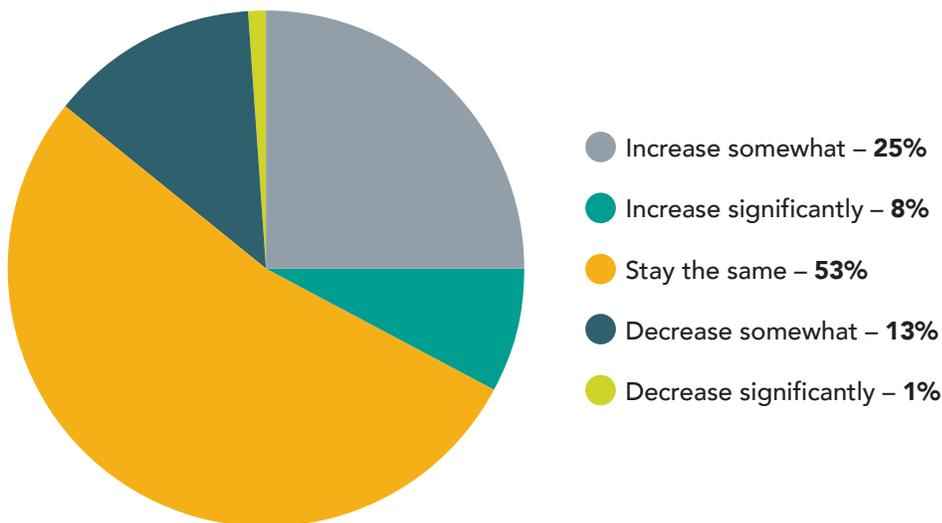
### FINDINGS

- Just over half (53%) say their use of contingent/contract/temporary employees will stay the same in the next 5 years.
- On the other hand, one-third (33%) expect their company's use of such employees will increase at least somewhat.
- Only 14% indicate a decrease in their use of such employees.

### INSIGHTS

Companies in today's job market are using contingent/contract/temporary employees for various reasons. For one, healthcare costs are making it difficult for many employers to provide healthcare benefits to their employees, especially part-timers. With their benefits budgets stretched, offering a full benefits offering to all employees may be cost-prohibitive, making a contingent workforce—for whom they are not required to provide traditional employee benefits—an attractive alternative to full-time hires. Additionally, some companies simply don't need to hire a full-time employee to meet their needs in certain functional areas.

Respondents' replies are consistent with the emerging trend of utilizing contingent workers. Most companies plan to maintain or increase use of such employees, and only 14% of survey respondents say that their use of these workers will decrease. Organizations who don't plan on taking advantage of contingent, contract, or temporary employees are likely comfortable hiring full-time employees or cross-training existing employees to perform additional tasks as-needed.



## Does your company use an effective onboarding plan for executive and professional hires?

### FINDINGS

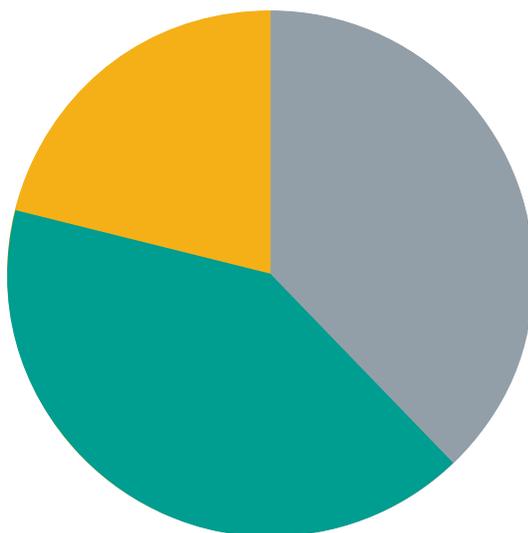
- 41% of respondents indicate their company does not use an effective documented and systematic onboarding plan for executive and professional new hires.
- 38%, on the other hand, take a systematic approach to welcoming top talent to their firms.
- One-fifth handle onboarding on a case-by-case basis.

### INSIGHTS

Companies with an onboarding strategy make an investment in engaging new hires at the very beginning of the employee lifecycle, sometimes well before their first day on the job. At a minimum, an onboarding plan is designed to acclimate new employees to the company and its culture, introduce them to their employee benefits, and prepare them for productivity starting from day one. More comprehensive onboarding plans address:

- key initiatives
- internal employee introductions or interviews
- comprehensive company knowledge
- history
- systems & processes
- key vendor/customer introductions when appropriate
- operating/business plans
- functional training when appropriate

When it comes to using a formal onboarding plan for executive and professional new hires, survey respondents give a mixed response, suggesting that there isn't a clear trend. There's opportunity for the 62% of respondents who don't claim an effective plan for onboarding: including an onboarding plan into the larger employee engagement strategy can help ensure that top talent has more confidence going into their new roles. And getting executive hires up-to-speed with the company's goals and workplace culture can help establish familiarity and sense of inclusion that fuels their leadership engines.



- Yes – 38%
- No – 41%
- Case-by-case basis – 21%

## Rank the competitiveness of your cash (base salary + bonus) compensation program.

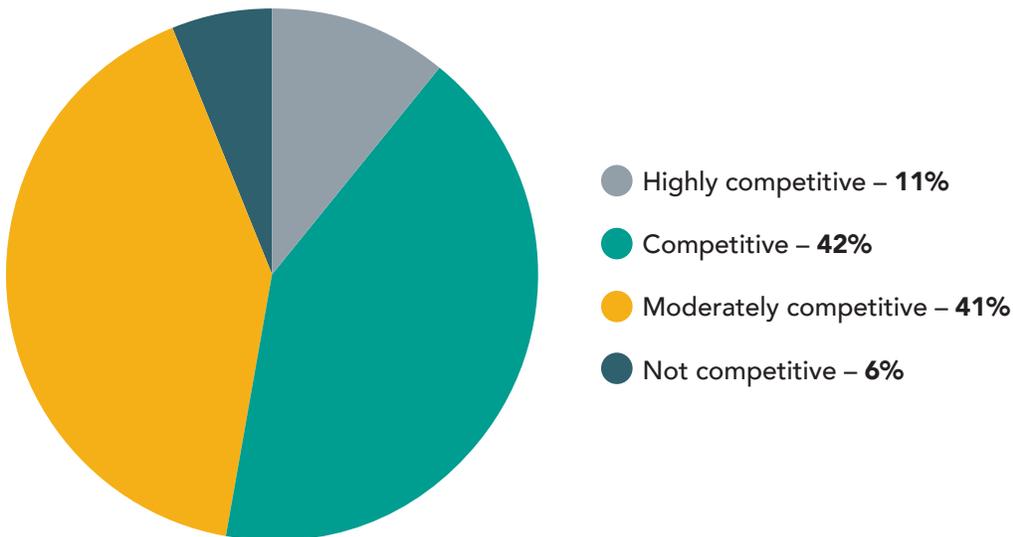
### FINDINGS

- Most of respondents indicate their cash compensation program is competitive.
- 41% claim their cash compensation program is moderately competitive and 6% say it is not competitive.

### INSIGHTS

For today's organization to attract and retain top talent, it's imperative they offer a competitive compensation package, which is defined as base salary and bonus. Executives often have the bargaining power when it comes to accepting, rejecting, or negotiating an employment offer, so starting off with a competitive compensation package will improve the likelihood of success.

Most survey respondents are confident that their cash compensation program is competitive, but only 11% are sure it is highly competitive, suggesting room for improvement. Boosting the competitiveness of a compensation package starts with knowing what other companies are offering to executives—how others in the industry are structuring their pay programs and what action they're taking to communicate the program. From there, pay programs can be redesigned to fill the gap between current compensation and the market.



## Is your annual incentive or cash bonus program working?

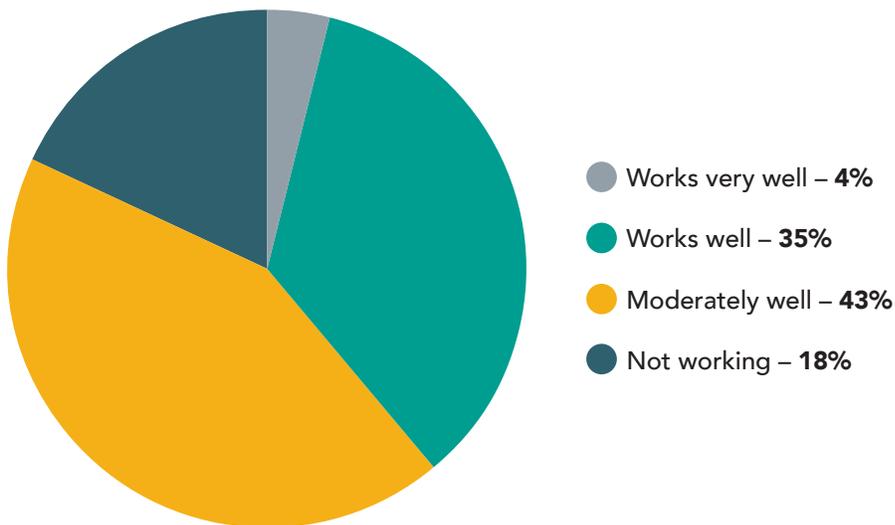
### FINDINGS

- Only 4% of respondents report their annual incentive or cash bonus program is working very well.
- On the other hand, the remaining 18% say their program is not working.
- Most feel it is working well or moderately well.

### INSIGHTS

Annual incentive or cash bonus programs are common. Companies use these plans for two reasons: 1) To provide a clear link between pay and performance, 2) To communicate the strategic goals of the company.

While 78% of survey respondents report their annual incentive or cash bonus programs are working well or moderately well, only 4% claim it's working very well. And 18% say it's not working at all. That means most respondents have an opportunity to improve these programs. They may do this by developing the right mix of rewards in the compensation package, enhancing communications surrounding compensation, and perhaps most importantly, understanding the "market" by reviewing compensation survey data.



## Do you have a long-term incentive plan for your executives and key talent?

### FINDINGS

- 55% of respondents say their company has a long-term incentive plan for executives and key talent, while the remaining 45% do not.

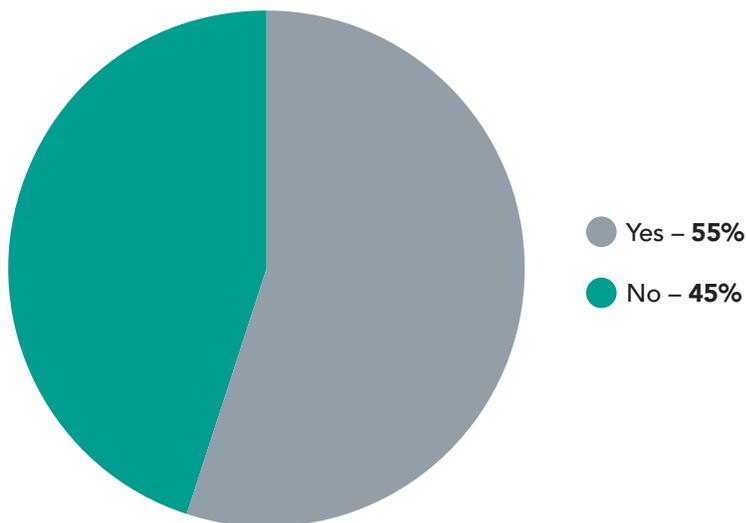
### INSIGHTS

Long-term incentive plans are put into place to share in the long-term growth in value of the business—to align the interests of owners and executives. Long-term incentives are defined as:

- stock appreciation rights
- phantom stock
- stock options
- performance unit plan
- long-term profit sharing
- restricted stock

Rewards not based on share price, require the employee to meet certain performance goals to earn their rewards.

In this survey, there's an almost even split between companies that incorporate these into their compensation programs and those who don't. Companies who have not incorporated a long-term incentive plan into their overall organizational growth strategy may be missing an opportunity to motivate senior executives with what is becoming a competitive compensation offering in the executive job market. These plans also provide a powerful retention tool. Most long-term incentives vesting over a 3 or 5 year period and if the executive leaves before vesting, some or all of the grant may be forfeited.



## Does your company offer any of the following soft (non-monetary) employee compensation strategies?

### FINDINGS

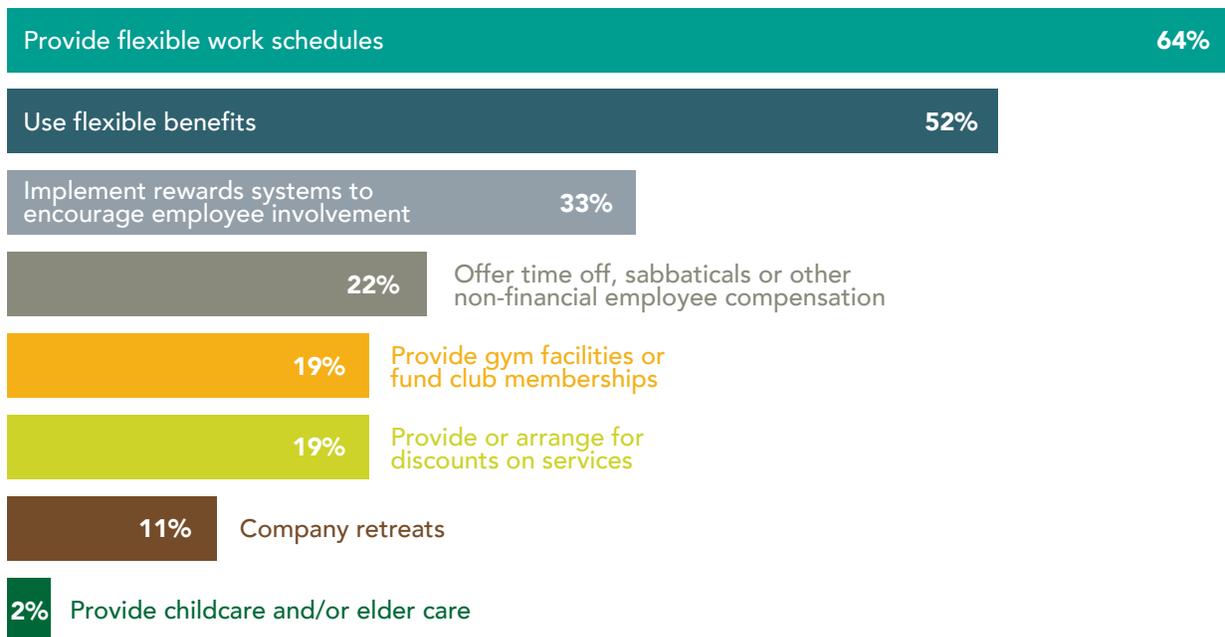
- Providing flexible work schedules (64%) and using flexible benefits (52%) are the most oft-cited non-monetary employee compensation strategies.

### INSIGHTS

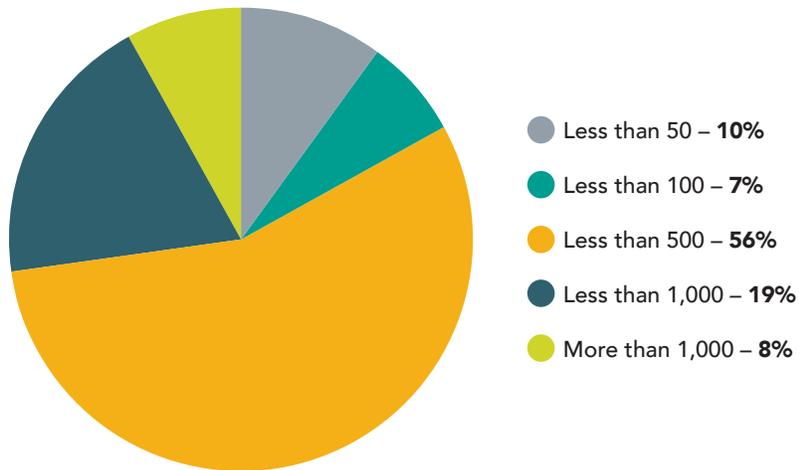
Today's job market, especially for executive and professional talent, is competitive—and candidates often have the bargaining power. Both of these factors make the "soft," or non-monetary benefits more important than ever before. These benefits can set one employer apart from the next and make a big difference to the would-be new hire. For example, some candidates may expect a certain degree of flexibility in work schedules, from their employees; others may value childcare or elder care support even more than a larger paycheck.

Many of the soft employee compensation strategies are aimed at improving employees' work/life balance, strengthening the workplace culture, impacting the workplace environment, and most certainly help support attraction and retention efforts—and that's why it's important for employers to know what's important to their employees.

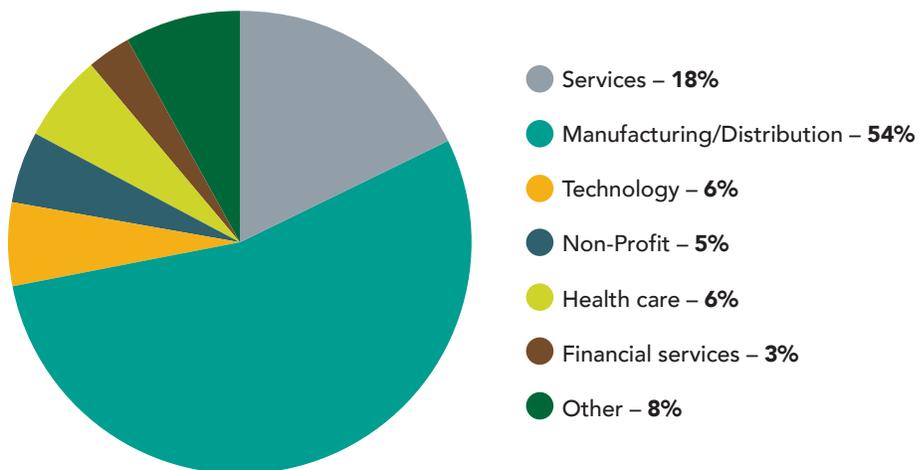
Survey respondents point to a range of programs in use at their companies. Those providing flexibility in terms of work schedules and benefits are most popular, followed by reward systems that encourage employee involvement. Time off and other non-financial compensation, club memberships, and discounts on services are each used by just over one-fifth of companies surveyed. To a lesser degree, company retreats and childcare and/or elder care are also offered as a way to engage employees beyond the monetary factors.



## How many employees does your company have?



## What industry are you in?



## Survey Summary/Conclusion

- Workplace culture is an important driver of employee attraction, satisfaction, and retention. Most companies today are actively building corporate culture among employees to promote employee engagement and create an alignment between company, team, and individual goals.
- Executive and professional employee compensation strategies include a range of components, from cash compensation to long-term incentive plans. Companies can take their pay and performance plans to the next level by exploring new ways to structure their programs and design and communicate them to appeal to the types of candidates they're seeking to attract and retain.
- A variety of soft (non-monetary) compensation strategies are used to help employees achieve a work/life balance while making the total benefits package both competitive and unique.
- Whether a company plans to hire new talent in the upcoming years, organizations in today's job marketplace and healthcare reform environment are taking advantage of contingent, contract, or temporary talent to fill competency gaps or otherwise supplement their full-time employee base. Using these non-traditional employees can help companies contain employee benefit costs and inject new or specialized skill-sets into the workflow on an as-needed basis.
- Many companies are incorporating a formal onboarding plan into their employee engagement strategy to acclimate new hires at the beginning of the employee lifecycle. This serves to introduce new employees to the organization's culture, mission, goals, and benefits package—and can help employees jump into a position of leadership as soon as their first day on the job.



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Established in 2009, the Leadership Group (LG) is a career development and networking organization that brings an elite group of executives together to uniquely provide information, education, resources, professional development and support of its members.



The Overture Group is a premier search and compensation consulting firm with offices in Lisle, Illinois and Cedar Rapids, Iowa. As the Midwest's premier search and compensation consulting firm, The Overture Group helps clients attract, motivate, and retain key talent. We tap into a network of the top finance, accounting, human resources, operations and technology professionals to find your fit. With expertise in every element of the hiring process, we can guide you from pre-search preparation to post-placement training.

Our comprehensive compensation consulting services help support your unique business strategy through a collaborative approach. The compensation landscape is increasingly complex. We have the experience to design your organization's executive, workforce and salesforce incentive compensation plans.

For more information visit [theoverturegroup.com](http://theoverturegroup.com) or contact one of our executives to learn how you can attract, motivate, and retain key talent.