

**THE EXECUTIVE
CHALLENGE
SURVEY**

Main challenges



Change is the name of the game

Motivational factors



I get my kick out of breaking new grounds

Modern leadership



Human leadership skills undefeated

Market value



What is your market value?

Talent management



Attraction and growth of talent is more than a concern to HR

Customer centricity



Customer centricity – a necessary and complex discipline

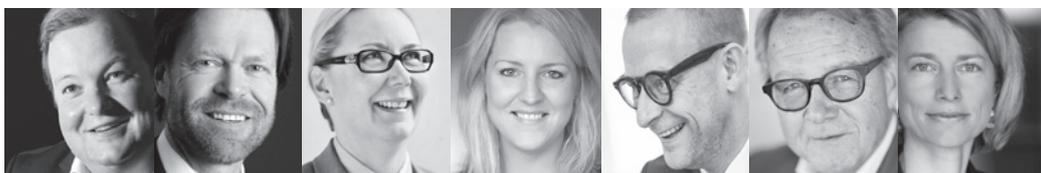
The executive challenge

The Executive Challenge Survey is conducted by Ennova and AS3 Nordic Executive to provide insights to leadership trends and what executives perceive to be the most important aspects of leadership today. The results are presented in 6 articles and put into further perspective by Nordic CEO's, board chairmen and -women, HR specialists and futurologists.

The Executive Challenge Survey has been released in January 2015 and includes more than 100 executives – both men and women - from Denmark, Norway, Sweden and Finland representing the private and the public sector as well as small, medium and large companies. Prior to the survey more than 35 qualitative interviews have been made with executives in Denmark, Norway, Sweden and Finland.



ennova



1

CHANGE IS THE NAME OF THE GAME

Nordic business leaders should be thriving these years. They rate professional challenges as their key motivator and due to the accelerating speed of change in the business environment; challenges are piling up in every corner both internally and externally. The Nordic executives' perception of their main challenges today is almost an exact reflection of the global megatrends according to futurologist Carsten Beck.

Anyone in the business world knows that it is currently experiencing a rapid rate of change. New companies spring up overnight. Products and services that were revolutionary two years ago are already taken over by new revolutions. It does not come as a surprise that 48% of the Nordic executives in the survey rate the speed of change as their no. 1 challenge.

Rapid change in all areas

"The speed of change is a dominating factor in almost all of what we see as megatrends these years. They include areas such as digitalisation, aftermath of the financial crisis, shift in global economic power, change in political agendas, international competition, aging population, increase in customer demands, global warming – and so on. All factors are challenging the business environment today and are – or at

least should be - on the radar for any business leader," says Carsten Beck, futurologist at Copenhagen Institute for Future Studies.

The respondents in the survey were asked to prioritise a list of 20 challenges, and the selection of top priorities are equally split on chal-

lenges regarding the internal organisation and the external market conditions. Employee engagement and development and lean production come in as no. 2 and 3, closely followed by ability to achieve customer satisfaction and limited time to focus on the longer-term perspective.

Consumer power

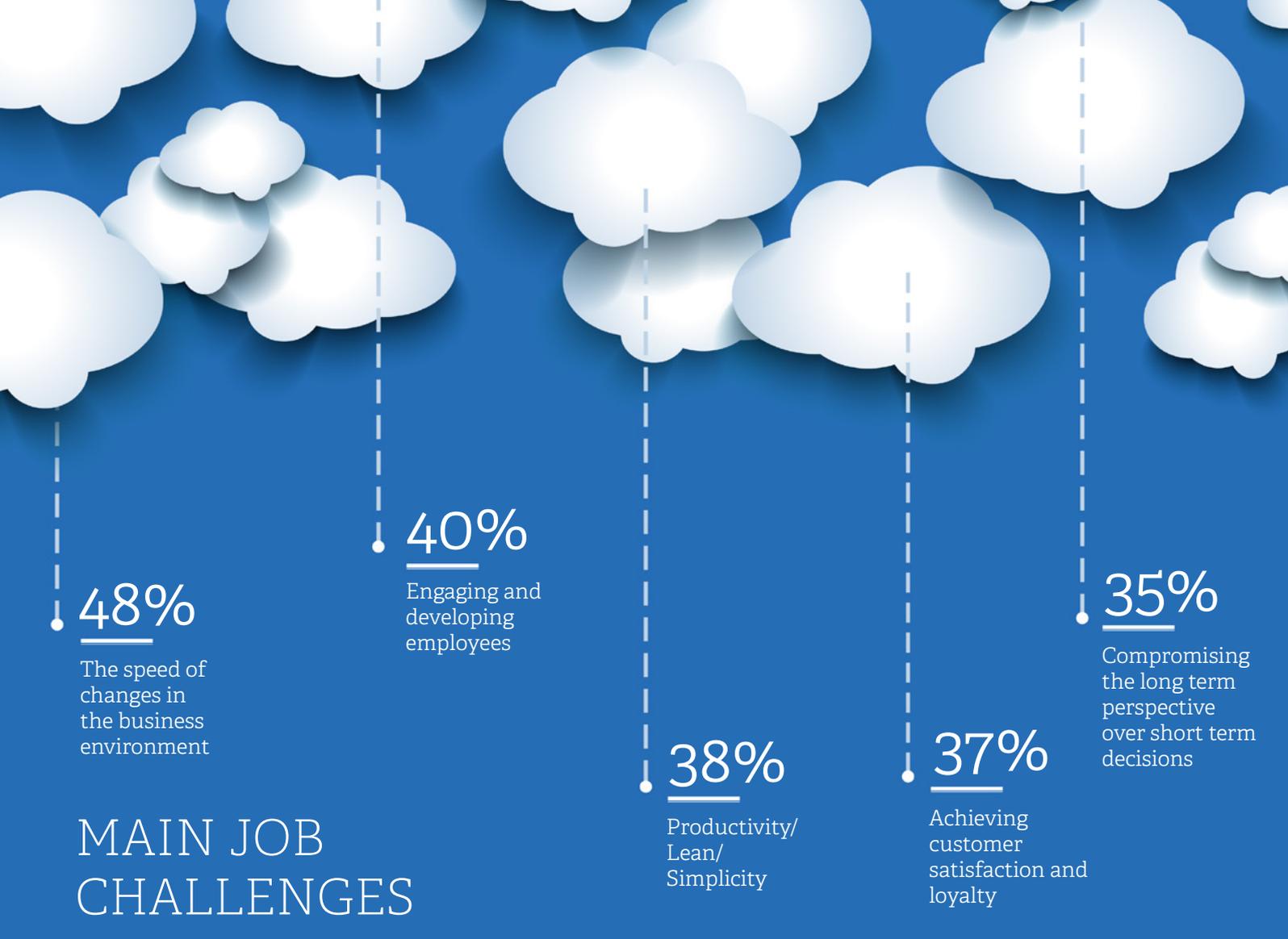
Each of these factors is closely intertwined. Change in market conditions drives the constant need for change internally in the organisation, and it does not seem possible to focus on just one or two.

"It is easy to see the correlation between the challenging factors. We could i.e. start with the challenge of getting satisfied and loyal customers: Customers are getting more and more demanding. Looking back, we did not have services in such huge



The speed of change is a dominating factor in almost all of what we see as megatrends these years

Carsten Beck, Futurologist, Copenhagen
Institute for Future Studies



48%

The speed of changes in the business environment

40%

Engaging and developing employees

38%

Productivity/
Lean/
Simplicity

37%

Achieving customer satisfaction and loyalty

35%

Compromising the long term perspective over short term decisions

MAIN JOB CHALLENGES

SOURCE: THE EXECUTIVE SURVEY
AS3 Nordic Executive and Ennova

variety and supply. Today the customer can always choose another supplier to get a lower price, more convenience, higher quality, better service, faster delivery and more individualised goods. Companies need to get closer to their customers to understand and develop in line with customer demands. And companies need fast and lean production to enhance the agility and adaptability to changes in customer demands. In addition to this, competition is no longer local. It is international," Carsten Beck says.

The war for talent

"Any company navigating in this challenging environment will need a skilled, engaged, and motivated workforce which is agile and up-to-date on required skills, because the employees will be the ones to drive the actual changes of the company. Due to an aging population, the

supply of talent is getting smaller leading to the "war for talent". As digitalisation is a trend hitting all industries, new skills are required in every organisation. Companies need to be good at attracting talent, and the winners will be the ones who are great at offering development and career opportunities," says Carsten Beck.

Lack of time to focus on longer-term strategies

When changes happen so rapidly, many executives lack the time to focus on the long-term perspective. One in three sees "Compromising the long term perspective over short term decisions" as the primary challenge.

"We see this supported in other international surveys where executives state that short term decisions and fire fighting is taking time away

from planning for the future. The lack of longer term strategy planning can be a question of life or death for companies if they don't pick up on the most important trends impacting their business. Earlier we had local butcher and bakery shops on every corner. They have now disappeared as super market chains now meet the demand for one-stop shopping. Blockbuster who were renting out videos are now closing down and - a little late - reinventing their business model, as movie rental has gone online. Any top executive should prioritise the time to focus on the future scenarios for their particular business - it could spare many from ugly surprises," is the advice from Carsten Beck.

2

I GET MY KICK OUT OF BREAKING NEW GROUNDS

The professional challenge of leading a Nordic energy company of close to 400 employees and making innovative strategic moves is what makes CEO Johanna Lamminen get up for work in the morning. To her - like most of her executive colleagues in the Nordic countries - the salary package and the prestige are not even on the top 5 of motivational factors.

When Johanna Lamminen took on the job as CEO of the Finnish energy company Gasum earlier this year, she was particularly motivated by two key challenges: Coming from a position as CEO of Danske Bank Finland she was entering a completely new line of business and Gasum was in the middle of a pivotal acquisition to become a leading Nordic energy company.

“As a person I am driven by challenges and by breaking new grounds. This was an opportunity to move outside my comfort zone and exercise my business and leadership skills in a different business environment,” says Johanna Lamminen, CEO at Gasum Group, Finland.

A healthy appetite for challenges

The Nordic Executive Challenge Survey shows that executives rate professional challenges as the most important motivational factor in their job. The other highest scoring factors are influence on decision-making, creating extraordinary

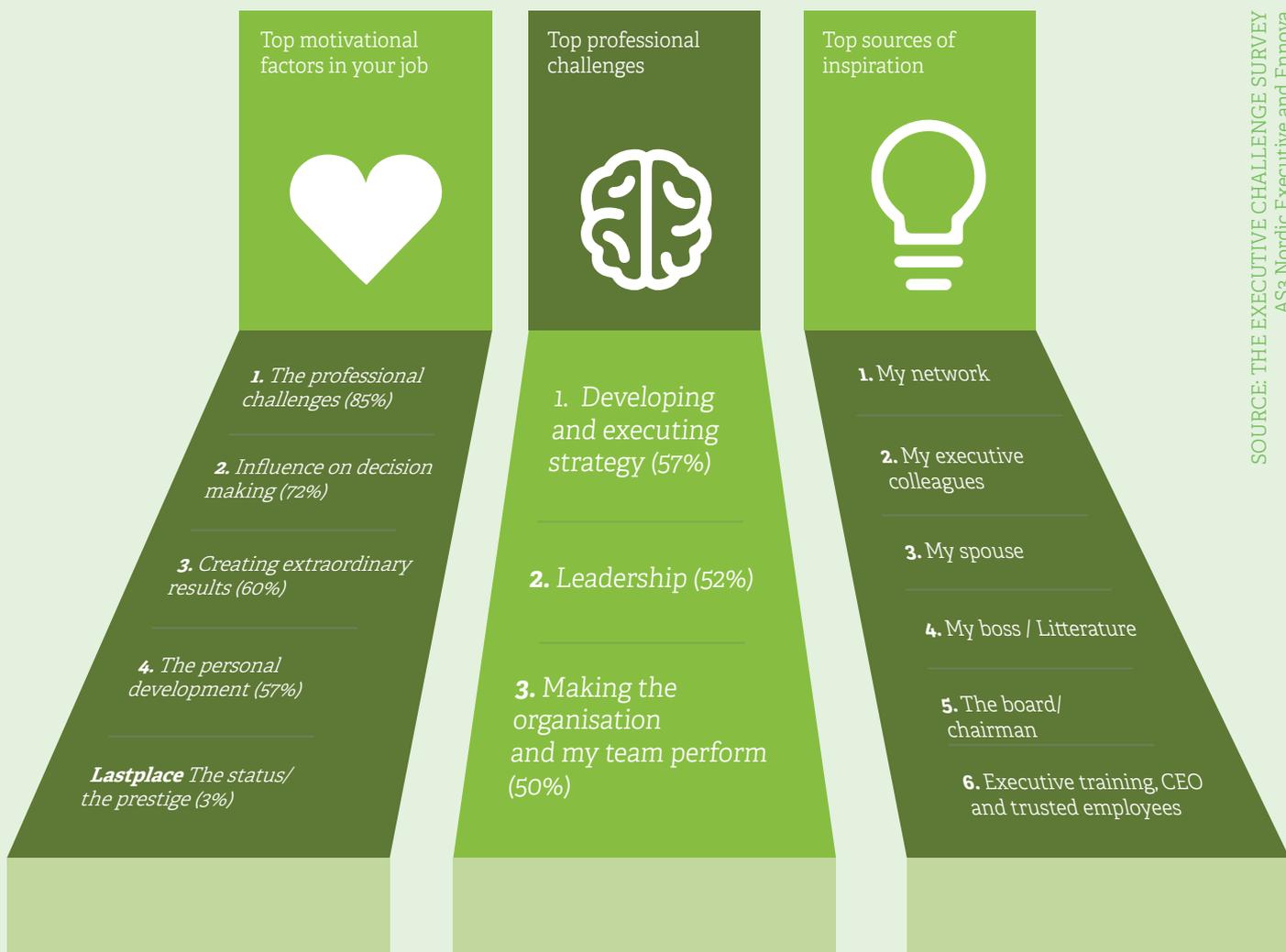


To me it is about the ability to achieve great things and leading an organization



Johanna Lamminen,
CEO, Gasum Oy

results and personal development. When the executives are asked to prioritize the most motivating parts of their job, the pay check and the prestige are not highly ranked. “When I spend 70-80 hours a week on my job, it is because I am so highly motivated by steering through a landscape of rapid changes in market and customer demands. It goes without saying that the salary needs to be at the right level, but it is not the money that drives me. To me it is about the ability to achieve great things and leading an organization to find new and innovative ways to success. To do what no one else has done before, create results and to have a great amount of fun with my team in the process,” Johanna Lamminen says.



SOURCE: THE EXECUTIVE CHALLENGE SURVEY
AS3 Nordic Executive and Ennova

Most prefer strategy execution to stakeholder management

Digging into what kind of professional challenges that seems to be the most stimulating, Johanna Lamminen is in line with her Nordic fellow executives. Development and execution of strategy and leadership get the highest ranking in the survey, whereas managing stakeholders (other than customers) are ranked at the bottom.

“Besides development and execution of strategy, the leadership role is definitely a key driver for me. Creating a success story for the company is never a one-woman-show. I find it very stimulating to work with an organization of great and highly skilled people. I put a great effort into being an inspiration to

my teams and I enjoy the challenge of making everyone develop and perform their very best. A lot of my energy comes from the team work and watching people grow through our joint achievements,” Johanna Lamminen says.

Personal network exceeds the chairman as source of inspiration

When faced with the really tough challenges it is common practice for the executives to seek sparring and inspiration. The survey shows that executives will primarily go to their personal network, executive colleagues or family, whereas the chairman or the nearest boss will usually be a fourth or fifth choice along with literature and articles. Executive training, CEO and trusted employees share a mediocre rank-

ing as number 6 on the list of executive's preferred sources for sparring and inspiration.

“Due to the many challenges in the business environment these years, the need for a good network for sparring and development is increasing. I do a lot of reading to keep myself updated, but for professional inspiration, sparring and guidance I prefer the personal dialogue with relevant people in my network. I would usually go to an expert in a field where I need to build on my knowledge, or to my executive colleagues when it comes to developing new ideas or overcoming specific challenges. To me my family is also of great inspiration, but of course on a different note.”

3

HUMAN LEADERSHIP SKILLS UNDEFEATED

Leadership is still an act of balancing human and business oriented skills. The human skills remain constant while the hard core business changes driven by the global trends create new terrain for businesses worldwide

While everything else is changing at exponential rate, 79% of the Nordic executives choose the capability of “leading, motivating and inspiring the organisation” as essential to great leadership. No. 2 on the list is “setting direction and goals”.

“In a business world where change seems to be the only constant, I find it reassuring that the classical, human leadership virtues are still – as they always were - perceived to be the most important attributes of being a modern leader. The ability to listen, understand and influence are the three everlasting fundamentals in being a great leader. Of course this is not the only side to leadership. There are other important factors, which must match the changes in the business game,” says Torben Ballegaard, Chairman of the Board in AS3 companies and author of the book : The Value Adding Board.

“Were you happy with our services?”

Customer focus and in-depth understanding of the business come in 3rd and 5th place. The ability to create customer focus in the organization and in depth understanding beat areas like communication skills, optimization of financial per-

“



Management teams have talked about customer focus for some years. Now it is actually happening

Torben Ballegaard, Chairman of the Board in AS3 companies

formance, as well as ability to renew business and read and adapt to market changes.

“The need to interpret and qualify customer focus is increasing in all industries. Today you couldn’t buy a shirt without receiving a phone call, “Were you happy with our services?” Management teams have talked about customer focus for some years. Now it is actually happening. Not only in Sales and Marketing – business leaders today drive a holistic approach and strive to massage customer- and end user awareness into every part and corner of the organization.”

“In depth understanding is equally important. Like everything else, business models change very fast. Any business leader needs to be able to answer questions like: Are we robust enough to ride off this storm? Do we earn enough money?, What are the trends and dynamics in our markets? Such reflections were important before, but now

THE CONTENT OF MODERN LEADERSHIP

1 Leading, motivating and inspiring the organisation (79%)

2 Setting the direction and goals (52%)

3 Creating customer focus in the organization (41%)

4 Change management (36%)

5 In depth understanding of the business (33%)

SOURCE: THE EXECUTIVE CHALLENGE SURVEY
AS3 Nordic Executive and Ennova

they are crucial. The management and the board need to know exactly how the business machine works to determine if the course needs to be changed” says Torben Ballegaard.

Change Management is a common theme

Even though “speed of change” is rated as the absolute key challenge, only 33% of the Nordic executives choose “Change Management” to be among the Top 5 leadership requirements.

“Change Management is a cardinal skill when facing all the challenges in business today. On the human side to leadership change management is about inspiring the organisation to move in new directions and sometimes regain strength and motivation following extensive restructurings. On the business side all industries need to adapt to a new reality and maybe redefine themselves, which calls for hard decisions. Digitalisation is just an

example where all organisations need to adjust, i.e. by spotting new opportunities, avoiding new risks and manage new big amounts of data. From executives this requires an open mind, curiosity and an appetite for building knowledge both when it comes to customers and general business conditions”, says Eva Berneke, CEO of the Danish IT



I expect the war for talent to re-increase in the coming years, and engagement will be required from the very top of any ambitious organization.

Eva Berneke, CEO of the Danish IT company KMD A/S

company KMD and awarded board woman of the year 2014.

87% of the Nordic executives agree that the focus on next generation of talent is a key priority, but nurturing of talent and key employees are rated at the very bottom when it comes to pointing out the most essential leadership skills.

“We are still recovering from the financial crisis, which put a sudden stop to everything but the struggle for survival. I expect the war for talent to re-increase in the coming years, and engagement will be required from the very top of any ambitious organization. In general I think and hope that the whole concept of leadership will get more attention and evolve into more differentiated types of leadership to embrace also i.e. specialist and project management competencies,” says Eva Berneke.



WHAT IS YOUR MARKET VALUE?

Almost half of the executives attending the Executive Challenge Survey are not or only somewhat aware of their market value. According to Baard Storsveen, executive headhunter at Korn Ferry in Norway, knowing ones market value as an executive is a requirement on the rise in the Nordic countries.

Compared to other cultures, Nordic executives tend to be more reserved or subtle when it comes to expressing their personal market value. They are more likely to focus on facts, numbers and company results, but in my experience the executives' ability to define their market value is an increasingly important factor as the business environment becomes more and more international," says Baard Storsveen, Office Managing Director at the executive search firm Korn Ferry in Norway.

"Knowing who you are, what you stand for, and being able to express these assets is equally important when you are in transition to a new job and when you are already in a top position. The market value of top executives is closely linked to the market value of the company."

Ability to lead change outperforms specialist competences

The definition of market value is divided in two: the professional market value and the personal market value. The survey shows that executives find that the most



Knowing who you are, what you stand for, and being able to express these assets is important

Baard Storsveen,
Office Managing Director, Korn
Ferry International AS

important parts of the top leader's professional market value are the ability to lead people in change, to set goals and direction, and to achieve and document results.

The increasingly challenging business environment requires a lot from today's executives but specialist competences do not seem to be on their radar. The respondents in the survey rate specialist competences at the very bottom when asked about the most important elements in forming the executive's market value.

Personality and values come first

In regard to the personal market value, the executives find that their values, personality, communication skills and agility to change are the most important elements. Executives do not find factors such

47%

are **NOT**
aware of
their own
market value

01

Lead people in change

01

Values and
personality

02

Achieve and
document results

04

Communicate

02

Communication
skills

03

Set the direction
and set the goals

03

Flexibility and agility
to changes

■ Most important elements professionally

■ Most important elements personally

as personal brand, network and career path important - even if they are all related to establishing and nurturing the market value.

A reason for the low rankings of personal brand, network, career path and specialist competences could be that they are regarded as hygiene factors, which are basic re-

quirements that need to be in place for the executive to come into consideration for a particular job.

Change experience is valuable

"The survey reveals agility to change as a key element both when it comes to the professional and the personal market value. This is fully in line with my perception of

what is currently in high demand on the market. Having led or been part of extensive change processes, i.e. mergers, demergers, acquisitions etc. is valued experience, being high on learning agility is definitely something that will raise your market value as an executive these years," says Baard Storsveen.

5

ATTRACTION AND GROWTH OF TALENT IS MORE THAN A CONCERN TO HR

87% in the Executive Challenge Survey agree that attracting and growing the next generation of talent and leaders is a key priority of executives today. However, only one in three top executives feel personally engaged in meeting the challenge of developing leaders, and only 36% of the larger companies have on-boarding programs in place for new executives

When Dentsu Aegis Network in 2012 realised the need to step up in the competition to get the right people and competencies, they introduced a global High Potential program. “Get in the driver’s seat of your career” is a key message in the program called Route 500, where employees from junior to senior level can embark on a global career path.

Development opportunities are key in attracting new talent

“The competition for people with the right skills and talent is getting fierce. The young people are more demanding and the supply of people with the skills we need is limited. The winners are companies, who offer career development, not the ones offering the largest pay

check. To meet this challenge as a global network company, we needed to start out by defining: “what is high potential” in our business.



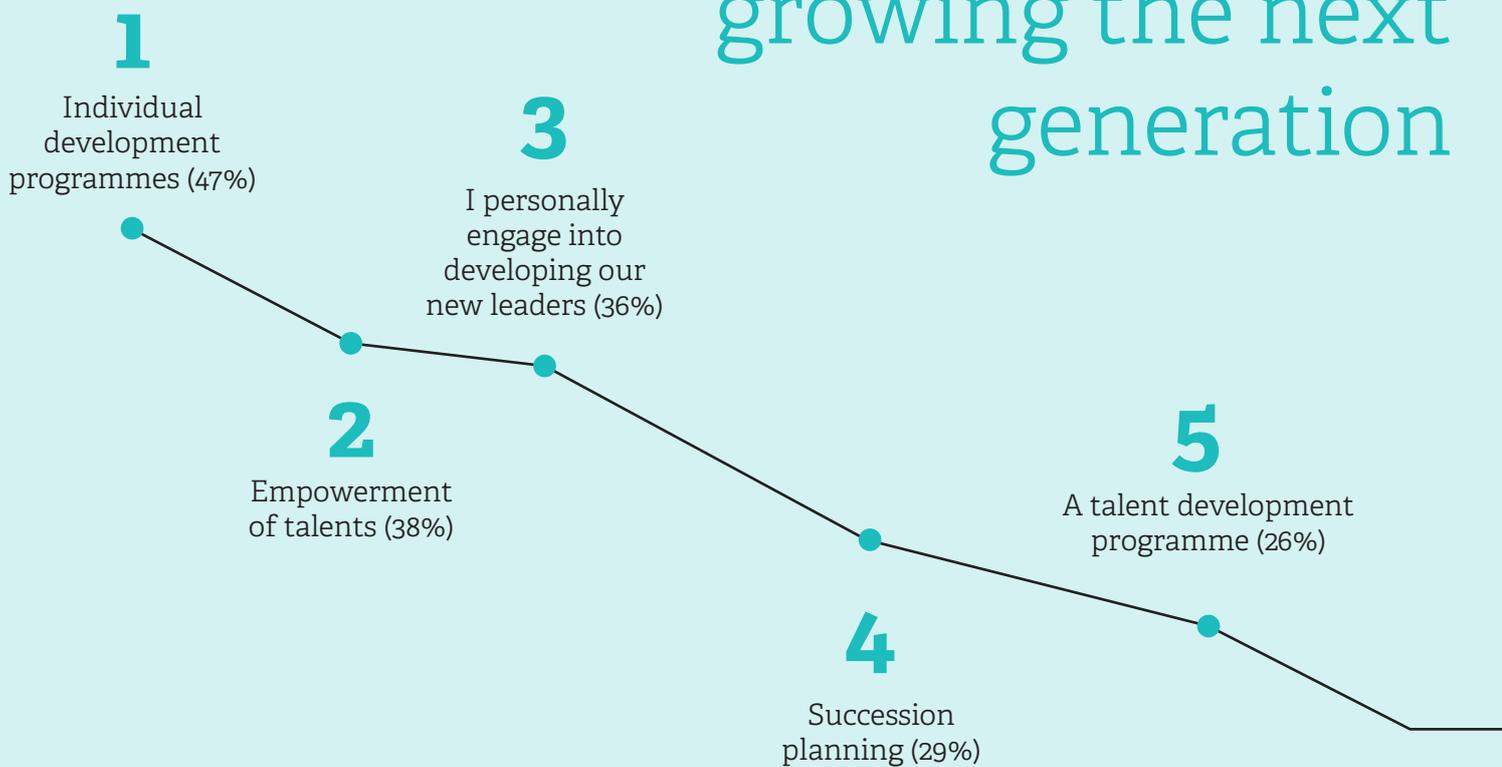
Initiatives like these do not happen in the HR-department alone. It needs to be on the executive management’s agenda

Sabina Helmerson,
Nordic HR Director at
Dentsu Aegis Network

We then designed the program to offer development opportunities to talents and to grow high potential employees on all levels. We needed to think not only about our needs as a company, but also about the needs of our existing and potential coming employees as well as clients’ needs in the future,” says Sabina Helmerson, Nordic HR Director at Dentsu Aegis Network.

Like Dentsu Aegis, many companies today have recognized the increased need for attracting and growing the next generation of leaders. In the Executive Challenge survey 87% recognize this, and they rate engagement and development of employees on the Top 5 of their main challenges as executives. With these answers in mind, it is a

Attracting and growing the next generation



SOURCE: THE EXECUTIVE CHALLENGE SURVEY
AS3 Nordic Executive and Ennova

surprise to see, that only one third of the executives in the survey are personally engaged in the challenge of developing new leaders.

On the executive team's agenda

"Development and implementation of the global Route 500 is a huge initiative, and the process has made us aware of the necessity of more initiatives. The Route 500 has for instance kick-started a variety of local talent management programs in our individual regions, and we are now working with launching programs focusing particularly on leadership development. Initiatives like these do not happen in the HR-department alone. It needs to be on the executive management's agenda. With Dentsu Aegis, talent management and identification is

top of mind and part of every top managers and middle managers performance score, Sabina Helmerson explains.

Lack of executive on-boarding causes loss of momentum

Not surprisingly the survey shows that the bigger the company, the more development programs and initiatives. In companies with less than 100 employees more than one out of 10 has none of the mentioned initiatives in the survey. When it comes specifically to on-boarding programs for new executives, even when just looking at the larger companies, only 36% of the executives from the larger companies have initiatives in place.

"The Route 500 consist of 3 paths for

employees on different levels. The path for top executives is exclusive and "by invitation only". We see a benefit in succession planning and growing our own pipeline of executives. They are familiar with the company, they have in-depth understanding of our business and they will be prepared to enter executive position faster than someone from outside. This way we don't loose momentum if an executive leaves us. In addition, for top executives coming from outside, we have an onboarding process that is being developed with an external partner consisting of psychometric testing and an individual tailor made onboarding plan including coaching, says Sabina Helmerson.

6

CUSTOMER CENTRICITY – A NECESSARY AND COMPLEX DISCIPLINE

Customer satisfaction and loyalty is one of the main challenges of executives today, and attracting new and growing existing customers is a key priority. At Grundfos customer focus has always been a top priority, but the discipline is becoming increasingly more complex calling for both local presence and heavy customer intelligence.

Once upon a time – looking back 10 or 20 years – we had a relatively simple picture of our competition. It was a well-known raft of players in mainly Europe and the US. Today new competition from China and Asia in general has increased the pressure. Along with the fact that we are now operating worldwide and the fast pace in technological advancements, our market conditions are becoming increasingly more complex. To understand our customers we need more differentiated knowledge about aspects like culture, geography, supply of competing products, applications and customer types,” says Morten Bach, Group Vice President, Group Marketing & Sales Development at Grundfos, a global leader in advanced pump solutions,

and an organisation where on-going focus to enhance knowledge about customer demands is a pivotal part of the business strategy.



We realised years ago that gut feeling is not enough

Morten Bach, Group Vice President, Group Marketing & Sales Development, Grundfos

Local presence is key

Even though 95% of the executives in the Executive Challenge Survey agree that attracting new and growing existing customers is a key priority, only half of them have customer-oriented initiatives as part of their strategy or use customer and market surveys. At Grundfos a large variety of initiatives is in place in the overall effort to get closer to the customer.

“Local presence is a top priority for us. 1/3 of our organisation, 6,000 employees are working in the sales organisation worldwide. We believe that local employees with local knowledge of the market conditions and direct customer contact are crucial - not only to provide local service,” says Morten Bach.

Executives agree:

Attracting new and growing existing customers is a key priority



SOURCE: THE EXECUTIVE CHALLENGE SURVEY
AS3 Nordic Executive and Ennova

Surveys and analysis replace gut feeling

"We realised years ago that gut feeling is not enough. Our local presence keeps us daily updated on customer demands, and centrally we have a unit for Customer Insights, - an intelligence department where we have 8 people working on analysing and spotting market trends to keep us prepared for future scenarios and market dynamics. Customer Satisfaction Surveys are conducted yearly among approx. 6,000 direct customers and end users across 60 countries. From these surveys we know that product quality and sales experience are the two key drivers of customer satisfaction, and we can see a direct link to our bottom line results. These surveys provide

a unique steering tool, as we can drill down the results to identify the exact needs for improvements both internally and externally. As we approach our customers on an ongoing basis, we believe that it also becomes clear and visible to them, that they are in the center of everything we do," says Morten Bach.

Internal customer focus and agility to change in customer demands

The Nordic executives rate the customer challenge slightly higher than the challenge of attracting and growing the next generation of talents and leaders. Even 5 out of 6 HR Directors say, that "attracting new and growing existing customers is a key priority of executives today", and still only 25% have cus-

tomers satisfaction as part of their incentive structure. It is tempting to conclude that there is a potential in strengthening customer focus in the Nordic organisations.

"As we constantly drive customer focus the internal demand for more customer knowledge is growing. I see two areas where we at Grundfos can step up even further. One is Customer School, where employees in all functions of our organisation can build on their knowledge about customer and market dynamics. The other is a higher frequency of touch point surveys, which will make us more agile in responding to changes in requirements from our customer, says Morten Bach.



AS3 Nordic Executive offers professional career coaching and counselling services to executives who are undergoing career transitions. We offer different programs adjusted and tailored to the executive's situation and needs. Our understanding of the business community ensures that we meet the executive in an equal dialogue - and we guarantee dedication, confidentiality and full commitment. Over the years, more than 2500 executives have been coached and counselled with success in our programs.

Being an exclusive partner on the Nordic market to Lee Hecht Harrison, the world's biggest supplier of outplacement, we work with clients and candidates on a global basis. We have a broad international network through which we can offer services across borders that are tailored to local conditions.

AS3 Nordic Executive A/S
www.as3nordicexecutive.com
info@as3nordicexecutive.com

DENMARK
Fanøgade 15
DK-2100 Copenhagen Ø
+45 46 94 77 77
info@as3nordicexecutive.dk

SWEDEN
Wenner-Gren center
Sveavägen 166, plan 20
SE-113 46 Stockholm
+46 (0) 8 729 17 70
info@as3.se

NORWAY
Akersgaten 1-5
NO-0158 Oslo
+47 815 51 855
info@as3.no

FINLAND
Hevosenkentä 3
FI-02600 Espoo
+358 29 007 4550
info@as3.fi

ennova

Nordic Excellence Worldwide

Ennova conducts some of the most advanced employee engagement and leadership evaluation surveys in the world. Through our customized fact-based advisory, we help organizations and managers implementing actions towards customers and employees which will strengthen corporate performance.

Supported by a solid list of references, we are considered one of the leaders in our field in Scandinavia. During the last 25 years we have developed a unique set of skills conducting surveys and advising our clients in the work of ongoing improvement. In addition to conducting surveys for some of the largest companies in Northern Europe, Ennova annually conducts a global benchmark survey called European Employee Index. The survey comprises analysis of data gathered in +30 countries worldwide enabling us to provide our clients with a set of unique statistical benchmarks.

Ennova A/S
www.ennova.com
email@ennova.com

København
St. Kongensgade 81
DK-1264 København
Tel. +45 86 20 21 20

Oslo
Kristian IV's Gate 12
NO-0164 Oslo
Tel. +47 958 37 845

Stockholm
Östermalmsgatan 87 b, 1
SE-114 59 Stockholm
Tel. +46 (0) 854 56 70 80

Aarhus
Daugbjergvej 26
DK-8000 Århus C
Tel. +45 86 20 21 20