

Aon Hewitt Top Companies for Leaders[®]

Research Highlights

Leading Into the Next Frontier

Economic, technological, regulatory, and social challenges across global boundaries have come together to form a “perfect storm” of volatility, uncertainty, complexity, and ambiguity (VUCA). Despite a recent upturn in the economy, the environment in which organizations operate continuously presents new challenges—in uncharted territory—for organizations to navigate.

In the face of this VUCA environment, an unrelenting focus on talent and leadership is how top companies stay on top. In fact, this focus is in their DNA. The outstanding companies identified in the latest iteration of the Aon Hewitt Top Companies for Leaders study were found to have the edge that supports and enhances leadership—and leads to great organizational performance. We’ve identified what makes up the DNA of top company leaders.

Top companies...

1. Have **self-aware leaders who understand** their personal strengths and weaknesses, and use this information to become more effective leaders of others.
2. **Build resilience** in their leaders through stretch experiences, encouragement and support for taking risks in innovating, learning from failing quickly, and exposure to multiple perspectives and ideas.
3. **Identify and build engaged leaders** who connect strongly with their people, who connect their teams more strongly with the organization’s purpose and mission, who are both mobilizers and stabilizers, and who are ambidextrous influencers who can appeal as needed both to minds and to hearts.

The New Reality



What is VUCA?

A “perfect storm” of volatility, uncertainty, complexity, and ambiguity (VUCA).

The Discipline of Assessment

A disciplined and fact-based approach to assessment is fundamental to Aon Hewitt Top Companies for Leaders.

Assessments allow leadership to:



“The ‘Developing Leaders’ process (for high-potential employees) moves talent through a one-day assessment by senior company executives, a two-day classroom session on interpreting 360 results and leadership skills, and creation of a professional development plan complete with mentor assignment, coaching, growth assignments, and more. The Developing Leaders process begins with the communication of high-potential status, [then] moves into the aforementioned assessment, feedback, and creation of an action plan. Process includes regular follow-up with the talent’s manager and HR manager.”

–Sonoco

Top Companies Use Varied Assessment Techniques

	360-degree feedback	Competency-based assessments	Personality assessments	Cognitive assessments	Leadership style inventories
Global Top Companies	96%	96%	84%	64%	80%
All Others	87%	85%	77%	51%	71%

Companies that use 360-degree assessments have:

15%

higher relative performance in profitability when assessment conducted at senior management levels

35%

higher relative performance in profitability when assessment conducted at middle management levels

Aon Hewitt Top Companies for Leaders employ full-spectrum assessment—from early career to executive-level assessment. Aon Hewitt evaluated the relationship between the use of assessments and organizational performance and found that companies that push rigorous assessment down to the middle management level had stronger CAGR for EBIT compared to industry peers.



The “Potential Assessment Process” of ICICI Bank takes into consideration views from various stakeholders through the Talent Management system, which records details discussed during the talent panel, the 360-degree report with internal benchmarks, and the personal profile of the employee. Middle to senior management grades are assessed by a cross-functional panel of skip-level leaders who have leadership potential (Talent Scouts). The cross-functional panel ensures balanced assessment by calibrating talent across different functions.

The Power of Self-Awareness

Aon Hewitt Top Companies for Leaders know that a leader’s ability to recognize and understand his or her own strengths and weaknesses is an integral component of leading in a VUCA world.

Self-awareness surrounds countless practices top companies champion for capability development, adaptability, diversity and inclusion, and internal mobility. It is embedded in the infrastructure and culture, and starts strongly at the front line. Top companies consistently recognize the need for future leaders (regardless of level) to lead teams and support change with strategic thinking becoming a critical behavior at the middle management level.

Capabilities Required for Future Success

Senior Management	Thinks strategically Leads teams Supports change
Middle Management	Leads teams Thinks strategically Supports change
Front-Line Management	Leads teams Supports change Takes initiative



Self-aware leaders are on a continuous journey of discovery, seeking clarity on their own behaviors and how their actions impact peers, customers, and the bottom line. They ask questions like:

- How can I leverage my team to help fill my own gaps?
- How am I leading through change?
- Am I celebrating others’ success more than my own?
- When I fail or lose step, how open am I to my own faults?
- Am I really appreciating the power of inclusion and the importance of differences and diversity?
- Am I letting great talent flourish or am I holding others back to protect my own interests as a leader?

Challenges Faced in Developing Leaders



“There is a comprehensive ‘Talent & Organization Assessment’ conducted every two to three years to identify strengths and opportunity areas in line with business priorities. The output then forms part of the annual HR planning exercise and is signed off on as part of the HR strategy. Line leaders take full accountability for the action plan that impacts their teams and the larger organization and play a key role in making a difference. What works well for them is that within the overall framework, they are given all the space they need to exercise their own leadership style. There is no ‘one-size-fits-all’ approach.”

– Global Aon Hewitt Top Companies for Leaders organization; Household and Personal Products

Top Three Talent Challenges Impacting Business Objectives Over Next 1–3 Years

1. Insufficient number of ready-now leaders
2. Change in demand for talent and skills required for success
3. Pace of talent development does not match the speed of growth initiatives

Companies are becoming more aware of the inevitable shift in the pace of change, the talent skills required, and the need to be able to fill positions with ready talent. Leaders must be open to understanding the impact their unique strengths and development areas have on achieving objectives, and the specific adjustments required to drive business forward.

The Impact of Resilience

Aon Hewitt Top Companies for Leaders embrace the 80% rule, where tremendous success comes from a relative few. They try new things and accept the notion of “failing fast.”

Top companies understand the importance of building resilience through:

- Stretching people in challenging assignments
- Encouraging adaptability to changing market demand
- Cultivating a culture where appropriate risk taking is valued and supported

“The six pillars of leadership behavior the company wants leaders to embody: (1) ability to make use of both left and right brain; (2) multipliers of passion, energy, and sense of ownership; (3) ability to manage fear and leverage failure; (4) mindfulness in the age of distractions; (5) global mindset, openness to changes; (6) comfort with ambiguity, and creating a culture of trust.”

–Mahindra & Mahindra

Development Opportunities Offered to All Leaders

	Global Top Companies			All Others		
	Senior	Middle	Front-Line	Senior	Middle	Front-Line
Developmental assignments	80%	76%	64%	52%	51%	37%
Special projects/teams	68%	72%	64%	46%	57%	44%
Leaders serving as teachers	80%	76%	56%	40%	42%	34%
Corporate philanthropy exercises	68%	72%	72%	38%	40%	36%
Cross-cultural awareness training	72%	76%	68%	34%	38%	36%

“General Electric uses an ‘Integrated Learning’ approach to leadership development using programs that infuse logic and linear thinking with spontaneity and creativity, drawing upon a range of disciplines. Their goal is to build adaptive leadership capable of navigating uncertainty through a process of mindfulness and reflection. This comprehensive approach elevates and honors the human dimensions of the leadership journey—learning styles, personality traits, and passions—to help participants connect who they are to how they lead.”

–General Electric



Top companies know:

- When leaders build resilience, the organization benefits from an inclusive culture where diverse perspectives are heard and considered.
- Resilient leaders act with greater fluidity and confidence in new frontiers, recover quickly, and learn from setbacks to build on business success.

The Aon Hewitt Top Companies for Leaders seek leaders who can:

- Recognize mistakes and learn from them
- Adapt well and articulate a clear vision for the future
- Dig into their surroundings to uncover what’s driving challenges
- Collaborate and build a sense of optimism
- Identify the importance of leading people

The Shape of Engaging Leadership

Aon Hewitt Top Companies for Leaders see engaging leaders across all ranks. They foster and build an engaged workforce that strengthens the organization's employment brand, exerts high levels of discretionary effort and skill, and remains with the organization to provide stability for core capabilities.

Engaged Leaders Set the Tone and See Results

■ Global Top Companies ■ All Others

Our organization has a strong reputation in the marketplace for cultivating talent



Our leaders have a strong reputation internally for cultivating talent throughout the organization



Leaders are formally held accountable for employee engagement



Leaders receive coaching and development on skills and behaviors to engage others



We have a strong group of leaders who create high engagement levels among their direct reports and others they interact with in our organization



Employee engagement levels have risen since last review



Engaging leaders are:

- **Mobilizers.** Embrace change and look for ways to transform people, practices, policies, and processes to exploit opportunities for enhancing organizational effectiveness.
- **Stabilizers.** Calm the waters, maintain optimism, and overcome skepticism in the face of the stresses that accompany change.
- **Ambidextrous.** Beyond multitasking, the ambidextrous leader can appeal to both the rational and emotional sides of stakeholders, finding solutions that benefit all involved.

Engaging leaders help their business drive strategy and forecast road bumps that could break their business. They articulate their organization's larger picture in a way that draws followership and motivates teams to become part of that success, and provides the safe and purpose-driven environment that maintains engagement.

"At John Deere we believe that leadership is about creating a vision that drives engagement. Leaders are carefully developed to understand the larger picture and to communicate a vision to all key stakeholders, especially our employees and customers. Effective leaders are actively engaged with their employees rather than simply managing people. Leaders give employees autonomy, are conversational, create mutual trust, and clearly align objectives to our strategy. Leaders must earn followership."

– VP of HR, Deere & Company

The Power of Sustainability

Aon Hewitt Top Companies for Leaders are constantly reevaluating themselves, raising the bar, and preparing for the future with a focus on process, programs, pipeline, and the right culture to support it all.

Actions Speak Louder Than Words

■ Global Top Companies ■ All Others

Leadership investments are not impacted by financial performance



Leaders are held accountable (through compensation, opportunities, and rewards) for the strength of their talent pipelines

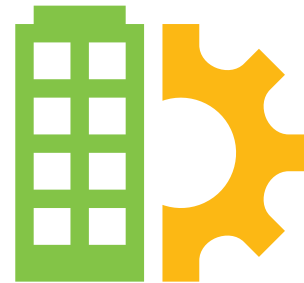


Overall organizational performance includes specific leadership metrics



"The leadership value proposition of IBM focuses on encouraging employees to be a leader at a leading company, be an innovator, work in the company of experts, build a career of choice, work for a company to be proud of and join at this special point in time—the time to help invent a new IBM; not just a successful business, but an essential institution for the clients and the world [on] the verge of a new era."

—IBM



Top companies build on their talent infrastructures to inform strategic enhancements to their programs and practices. They start with alignment between business and talent strategies, and focus on processes to propel their leadership brand forward:

Metrics	Outcome-focused metrics, including fact-based assessments, determine the impact of initiatives—holding leaders accountable for demonstrating the right behaviors to generate sustainable success.
Leadership programs	Simplifying when necessary increases the likelihood of adoption throughout all levels and functions.
High potentials	Early identification and healthy churn of candidates in and out of the pool ensures investments are made in the right way with the right people.
Pipeline	Talent review and succession planning processes are future-focused and fact-driven, with genuine accountability for outcomes. Robust data tracks readiness, risks, and resources to determine the health of the talent pipeline.
Mobility	Data-driven infrastructure facilitates the identification, documentation, and execution of talent moves.
Leadership brand	Promotes leadership capabilities, culture, values, and mission to attract and retain like-minded leaders.

Conclusion

Aon Hewitt Top Companies for Leaders build cultures that embody the comprehensive and consistent leadership practices to build the talent required in today's (and tomorrow's) VUCA environment. They get key practices right while continuing to raise the bar to anticipate what's around the bend:

- ▶ **Visible CEO and board of directors involvement.** They have a passion for leadership development and invest in face time, coaching, and mentoring.
- ▶ **Business strategy clearly aligned to talent strategy.** HR and leadership practices intentionally support the execution of the business strategy.
- ▶ **Comprehensiveness and depth of leadership and talent programs.** Programs are varied and build in the active involvement of senior managers.
- ▶ **Leadership mindset matches today's complex environment.** Leaders are adaptable, innovative, resilient, entrepreneurial, and employee-centric.
- ▶ **Leading with purpose.** Sustained results are bigger than the efforts of any one individual. The team, organization, and communities are top of mind in day-to-day work.

It's rooted in their DNA.

Aon Hewitt Top Companies for Leaders know the power of a robust pipeline of resilient, engaged, and self-aware leaders for stronger financial performance, greater sustainability against future challenges, and a stellar internal and external reputation that continues to attract and retain the very best talent. How does your organization stack up?



About the Study

Founded in 2001, the Aon Hewitt Top Companies for Leaders study is one of the most comprehensive longitudinal studies of talent management and leadership practices around the globe. Our first results, published in 2002, demonstrated the link between financial success and great leadership practices, and identified differentiating elements found only in top companies. The current study, conducted in 2014, marks the eighth iteration of this foundational research. The pool of competing organizations was the most competitive we've seen to date demonstrating that even those who didn't make the Aon Hewitt Top Companies for Leaders list are pushing in the right direction.

How the Aon Hewitt Top Companies for Leaders Were Selected

Aon Hewitt invited human resources executives from around the world to participate in the Aon Hewitt Top Companies for Leaders study in early 2014. Study participation was open to organizations of any type (e.g., public, private, nonprofit), size (employee and revenue), and location. From those invitations, 180 companies participated globally. Participating companies completed a detailed questionnaire examining the factors influencing both the depth and quality of leadership. Aon Hewitt analyzed all entries for responses consistent with strong leadership practices and identified 111 global finalists. Each finalist company completed in-depth interviews with Aon Hewitt leadership consultants to gain greater clarity and precision around their specific leadership practices. In addition to the HR and senior executive interviews, we interviewed CEOs in a majority of the finalist companies. Aon Hewitt scored company survey data by assigning points to questions and responses, yielding both category and overall scores. Aon Hewitt also analyzed the financial performance, relative to industry, for all finalist companies.

An esteemed panel of judges—composed of authors, academics, and journalists—gathered in North America, India, Southeast Asia, and Australia to select and rank the 2014 Aon Hewitt Top Companies for Leaders. The judges considered many variables in selecting and ranking the lists, including survey and interview data, company reputation, leadership culture and values, diversity of the leadership team, and business performance over three- and five-year periods. Finally, a separate judges' panel composed of one representative from each regional panel considered all winners (53 total), plus the finalists from Latin America and Europe, to select a ranked global Aon Hewitt Top Companies for Leaders list.

Winners

Global Winners

Aon Hewitt Top Companies for Leaders

1. General Electric Company
2. International Business Machines
3. Hindustan Unilever Limited
4. General Mills, Inc.
5. ICICI Bank Ltd.
6. The Procter & Gamble Company
7. Colgate-Palmolive Company
8. 3M
9. Novartis AG
10. Mahindra Group
11. McDonald's Corporation
12. Intel Corporation
13. Whirlpool Corporation
14. ArcelorMittal
15. WEG
16. Deere & Company
17. Eli Lilly and Company
18. DBS Group Holdings Ltd.
19. Royal Dutch Shell plc
20. Singapore Telecommunications Limited
21. Sonoco Products Co.
22. Sime Darby Berhad
23. Cargill, Inc.
24. American Express Company
25. Raytheon Company

North America Winners

Aon Hewitt Top Companies for Leaders

1. International Business Machines
2. General Mills, Inc.
3. General Electric Company
4. The Procter & Gamble Company
5. Colgate-Palmolive Company
6. 3M
7. McDonald's Corporation
8. Intel Corporation
9. Whirlpool Corporation
10. Deere & Company
11. Eli Lilly and Company
12. Sonoco Products Company
13. Cargill, Inc.
14. V.F. Corporation
15. The Boeing Company
16. American Express Company
17. AT&T, Inc.
18. Capital One Financial Corporation
19. UnitedHealth Group Incorporated
20. Kiewit Corporation
21. Fluor Corporation
22. Raytheon Company
23. Yum! Brands, Inc.
24. The Goodyear Tire & Rubber Company
25. Owens Corning

Special Recognition

1. Johnson & Johnson
2. Hewlett-Packard Company
3. Target Corporation
4. DaVita HealthCare Partners Inc.

Winners

India Winners

Aon Hewitt Top Companies for Leaders

1. Hindustan Unilever Limited
2. ICICI Bank Ltd.
3. Mahindra Group
4. Marico Limited

Top Multinational Companies for Leaders

1. PepsiCo. India Holdings Pvt. Ltd.
2. Vodafone India Ltd.

Special Recognition

Godrej Industries Limited and Associated Companies

Australia/New Zealand Winners

Top Companies for Leaders

Lion
Z Energy

Top Multinational Companies for Leaders

DHL Express (Australia) Pty. Ltd.

Southeast Asia Winners

Aon Hewitt Top Companies for Leaders

CP All Public Company Limited
DBS Group Holdings Ltd.
McThai Co., Ltd.
KASIKORNBANK PCL
Sime Darby Berhad
Singapore Telecommunications Limited

Top Multinational Companies for Leaders

DHL Express International (Thailand) Ltd.
Merck Ltd. (Thailand)

Special Recognition

Bangkok Dusit Medical Services Public Company Limited
PTT Exploration and Production Public Company Limited

Global Judges Panel Biographies

Kavil Ramachandran

Professor Kavil Ramachandran, a founding faculty member, established the Wadhvani Centre for Entrepreneurship Development at the ISB in 2001. Later, he was the associate dean for Academic Programmes before becoming the Thomas Schmidheiny Chair Professor of Family Business and Wealth Management. He was on the faculty of the Indian Institute of Management in Ahmedabad for 15 years prior to joining ISB. Prof. Ramachandran has taught courses on family business and entrepreneurship for various target groups throughout his career, and has been a member of several nationally recognized committees of the Department of Science and Technology, SEBI, and UPSC. He is on the board of several companies and advises family businesses, growth companies, and development institutions in India and abroad.

Prof. Ramachandran holds a PhD from Cranfield University, UK (formerly Cranfield Institute of Technology) and a Master of Commerce (Commerce) from the University of Calicut.

Kathleen Slaughter

Professor Kathleen Slaughter, now retired, previously taught management communications at the Ivey Business School, Western University in the full-time MBA program, the executive MBA program and in Ivey's executive programs worldwide. She served as director of Ivey's Honors Business Administration program from 1992 until 1996 and as director of Ivey's highly acclaimed Accelerating Management Talent program from 1999 to 2003. In 2003, Professor Slaughter moved to Hong Kong to become dean of Ivey's Hong Kong campus, a position she held until her retirement in 2011.

In 1990, she co-authored the textbook, *Business Communication: Process and Practice*. In 1998, she published *Management Communications Cases*, which was subsequently translated into Mandarin. In 1999, she published "Communication Across Cultures: The Case of Midstream and PetroVietnam" for the University of Toronto's Institute for International Business. She is the author of many cases and teaching materials for management communications and leadership courses at both the undergraduate and graduate levels.

Prior to joining Ivey's faculty in 1983, she worked for seven years in market support and sales at IBM Canada Ltd., where her career was distinguished by awards for Outstanding Contribution and the IBM 100% clubs.

She has taught internationally in the People's Republic of China, Hong Kong, Slovenia, the United States, Malaysia, India, Singapore, Australia, and Mexico. She worked with faculty at Nanyang University in Singapore and with faculty throughout China to facilitate the transition from a lecture-based program to a case-teaching program.

Prof. Slaughter was the president of the Canadian Chamber of Commerce in Hong Kong from 2009 to 2011 and is a member of the Canadian Chamber of Commerce Board of Governors in Hong Kong. In 2005–6, she was a vice-chair of the Canadian International School's Board of Governors.

Betânia Tanure

Betânia Tanure holds a Doctor of Business Administration from Brunel University (England) and is a specialist in management consulting for the Henley Management College (England), in personnel management for INSEAD (France), and in business management for F. Leon Bekaert (Belgium).

Dr. Tanure graduated with a degree in psychology from the Pontifical Catholic University of Minas Gerais and is currently a professor in the postgraduate program of business administration at PUC Minas, where she teaches PhD, academic master's and professional master's courses that are carried out in partnership with Fundação Dom Cabral. She is a member of the board of directors of RBS and the GOL Linhas Aereas, the latter with the special mission of supporting HR decisions and ensuring the identification and development of counselors and leaders on the Committee of the Council.

She has published several articles and books in Brazil and abroad, among them *Brazilian Management* (a comparison between Latin America, the United States, Europe, and Asia); *Strategies and business management: Building successful companies in Brazil*, in partnership with Sumantra Ghoshal (London Business School); and *People management in Brazil: Virtues and deadly sins*, in partnership with Paul Evans (INSEAD) and Vladimir Pucik (IMD).

She is the principal of Betânia Tanure Associated, acting as a consultant for national and multinational companies, and working mainly on topics related to business management such as culture and organizational change, impact of the country's culture on the processes of internationalization, management of culture and people in F&A, executive development, leadership and high-performance teams, personnel management, executive women's challenges, and the balance between personal and professional lives. She also served as director of the FDC for 15 years, and in this role was responsible for the areas of executive development and company-business partnerships.

Michael Useem

Michael Useem is a professor of management and director of the Center for Leadership and Change Management at the Wharton School of the University of Pennsylvania. His university teaching includes MBA and executive MBA courses on leadership and change. He offers programs on leadership, teamwork, governance, and decision making for managers in the United States, Asia, Europe, and Latin America. He also works on leadership development and governance with many companies and organizations in the private, public, and nonprofit sectors.

He is the author of *The Leader's Checklist*; *The Leadership Moment*; *Investor Capitalism* and *The Go Point: When It's Time to Decide*. He is also co-author and co-editor of *Learning from Catastrophes*, and co-author of *The India Way: How India's Top Business Leaders Are Revolutionizing Management*.

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