Pearl Meyer

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Developing a Culture of Leadership



Jannice Koors

SENIOR MANAGING DIRECTOR



Aalap Shah

MANAGING DIRECTOR

Company success relies on both a robust business strategy and a strong, talented team to deliver it. Boards have long been deeply involved in working with senior management to assess, refine, and execute the company's business strategy. But what about the board's responsibility for leadership strategy? If business strategy defines what a company plans to do, then leadership strategy governs how a company will do it. Shouldn't an active board be equally concerned with both?

In 2016, the WomenCorporateDirectors Foundation (WCD) Thought Leadership Commission released its annual report *Seeing Far and Seeing Wide: Moving Toward a Visionary Board*. This year, the Thought Leadership Commission is building on that base to look at *The Visionary Board at Work: Developing a Culture of Leadership*.

While the board's responsibility for CEO succession is clear, we believe leadership strategy goes much deeper. More than the mere identification of a collective group of current and future executives, it is the development and stewardship of a company's priorities and values—that is, its culture.

A recent global survey conducted by WomenCorporateDirectors and Pearl Meyer (subsequently referred to as the "WCD/Pearl Meyer survey") found that roughly 90 percent of respondents believe boards have a responsibility to oversee talent and leadership strategy—a finding that was consistent for US companies (92 percent) and multinational

companies (88 percent) alike. That said, in discussions among commissioners, there was a general consensus that “best practices” in this area are still evolving.

This anecdotal sense is further borne out by the WCD/Pearl Meyer survey, which found that despite nearly universal agreement that talent and leadership strategy oversight is a responsibility of the board, just 11 percent of respondents feel boards are performing this duty well. Commissioners also agreed—and the global survey reiterated—that the board’s role in overseeing a company’s leadership strategy and culture were the same regardless of the country, industry, or company size or structure.

To further the dialogue on this topic, we’ve identified the following four areas for discussion:

- Think beyond the C-suite—develop the next generation of leaders;
- Nurture culture at the core—create firm-wide alignment and engagement;
- Embrace the new normal—encourage innovation; and
- Lead by example—self-govern with purpose.

About the Authors

Jan brings 30+ years of executive compensation and governance experience, advising boards and management on strategic human capital decisions tied to long-term value creation.

Aalap specializes in executive compensation strategy—governance, pay-for-performance, and incentives—helping companies align business, people, and compensation strategy for effective programs.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.