

# 2010 Corporate Issues Survey

## An Eight-Year Look at the Key Issues Organizations and Leaders Face

The Ken Blanchard Companies® annual Corporate Issues Survey pinpoints the needs and issues of organizations seeking to develop their people to their fullest potential. The findings in 2010 represent the feedback from 1,886 executives, line managers, and training and HR leaders from a range of companies, industries, and countries. Since 2003, approximately 8,500 leaders have participated in this ongoing study.

### Executive Summary

In 2008, organizations reported the first signs of an economic slowdown, with more of the same in 2009. What's in store for 2010? Only 30% of our respondents felt very or fairly optimistic about economic recovery for 2010, while 68% were mildly optimistic or cautious in regard to the economy in 2010.

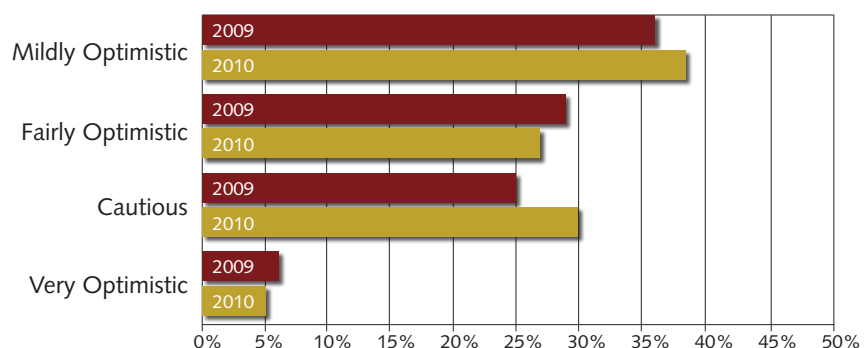
However, despite a less than encouraging view of the economy, respondents felt that training and development expenditures would suffer fewer cuts in 2010 than in 2009. In regard to key organizational and people challenges, the leading issues continue to be economic challenges, competitive pressures, and growth and expansion. At the management level, the set of challenges becomes more focused on people development—managing change, creating an engaged workforce, monitoring performance management, reducing costs, and developing potential leaders. Key leadership gaps include developing leaders who effectively manage both strategic and tactical duties, effectively communicate, inspire trust, and inspire passion in others. At the employee development level, the top three issues are improving managerial/supervisory skills, productivity, and decision making skills.

### Survey Detail

#### Economic Outlook for 2010

Respondents were asked to describe their organization's overall outlook in regard to the economy. About a third of our respondents are very to fairly optimistic—believing that the economy will begin to improve about midway to two-thirds of the way into 2010. Another 38% are only mildly optimistic—believing that the economy will not begin to improve until the third or fourth quarter of 2010. And 30% of respondents were not optimistic that the economy would begin to show signs of improving until 2010, which is up 5% from 2009 indicating that, overall, respondents were more positive in 2009 than in 2010. *See Chart 1.*

**Chart 1: What's your organization's outlook for 2010 given the current economy?**



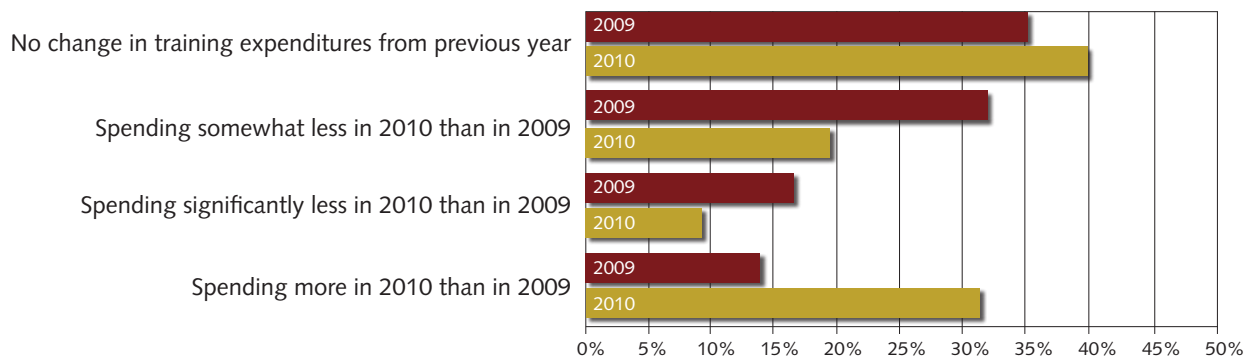
By geographic region, Canadian respondents are among the most positive, with 42% having either a very or fairly optimistic view of economic recovery. Asia Pacific (APAC) and Latin America (LatAm) are close runners-up, with 35% having either a very or fairly optimistic view of economic recovery. The U.S. and Europe/Middle East/Africa (EMEA) regions are less positive, with only 28% and 22% of respondents reporting a very or fairly optimistic view of economic recovery. *See Chart 2.*

**Chart 2: What is your organization's outlook on economic recovery in 2010?**

Region	APAC	EMEA	US	Canada	LatAm
Number of responses	376	328	1002	121	59
Cautious	20%	33%	37%	25%	36%
Mildly optimistic	45%	47%	36%	33%	29%
Fairly optimistic	29%	19%	23%	39%	27%
Very optimistic	6%	3%	5%	3%	8%

In light of the current economic outlook, respondents in our survey also show some caution in regard to training expenditures for 2010 but less caution than in 2009. Seventy-two percent of respondents indicated that they would either be spending the same or more on training and development in 2010 than they did in 2009. In addition, 28% respondents indicated they would spend either somewhat less or significantly less on training and development in 2010 than in 2009, which is down 21% when compared to 2009. *See Chart 3.*

**Chart 3: Training and Development Expenditures for Coming Year**



By region, APAC and LatAm lead the way for training expenditures. Fifty-four percent of APAC respondents plan to spend more on training and development in 2010 than in 2009, and 34% of LatAm respondents indicated that they would be spending more on training and development in 2010 than in 2009. And in regard to regions spending somewhat to significantly less on training and development in 2010, the rankings are as follows:

**Chart 4: Percent spending somewhat to significantly less on training and development in 2010 by region**

Region	
U.S.	34%
Canada	33%
EMEA	28%
LatAm	30%
APAC	12%

**Chart 5: In light of the current economy, what does your organization plan to spend on training and development in 2010?**

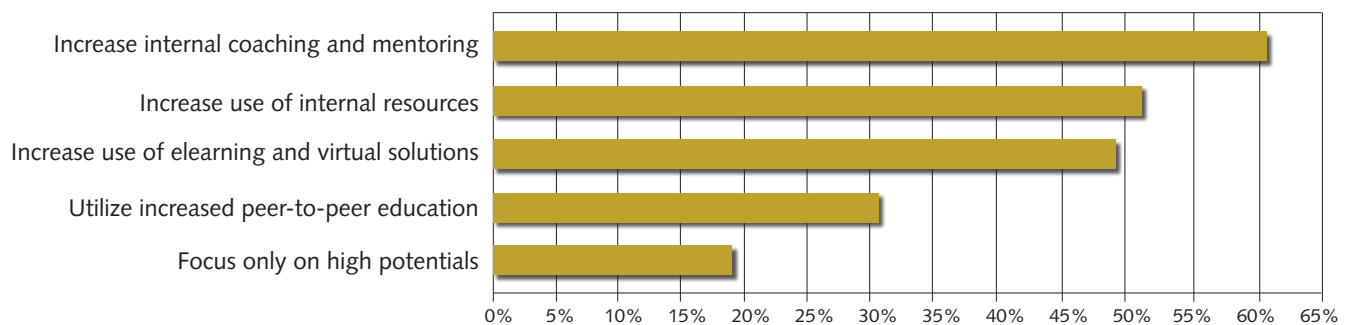
Region	APAC	EMEA	U.S.	Canada	LatAm
<b>Number of responses</b>	<b>376</b>	<b>328</b>	<b>1002</b>	<b>121</b>	<b>59</b>
spending more in 2010	54%	27%	22%	23%	34%
no change from 2009 to 2010	34%	41%	44%	43%	36%
somewhat less in 2010 than 2009	10%	22%	23%	24%	15%
significantly less in 2010 than in 2009	2%	6%	11%	9%	15%

### Other methods organizations plan to utilize to train and develop employees

Since budget slashing was bound to be a possibility, respondents were asked to indicate alternative methods to training and development that their organizations were likely to consider. Three primary options emerged: internal coaching and mentoring, increased use of elearning and virtual training solutions, and increased use of internal resources, such as training and development personnel, instructional designers, and internal trainers.

See Chart 6a.

**Chart 6a: What other methods does your organization plan to utilize to train and develop employees?**



Looking globally, there are differences in the percent of respondents selecting certain options. APAC appears to place slightly more importance on internal coaching and mentoring and slightly less emphasis on elearning and virtual training than some of the other regions. The U.S., Canada, and LatAm seem to place slightly more importance on elearning and virtual delivery than other regions. EMEA seems to place slightly more importance on focusing solely on high potentials than the other regions. See Chart 6b.

**Chart 6b: What other methods does your organization plan to utilize to train and develop employees?**

Region	APAC	EMEA	U.S.	Canada	LatAm
<b>Number of responses</b>	<b>376</b>	<b>328</b>	<b>1002</b>	<b>121</b>	<b>59</b>
internal coaching and mentoring	75%	55%	58%	60%	58%
increased use of elearning and virtual training	37%	43%	56%	59%	51%
focus only on high potential talents	18%	26%	14%	17%	19%
increased use of internal resources to deploy training	52%	56%	50%	50%	51%
increased peer-to-peer education	32%	37%	34%	29%	22%

## Top Organizational Challenges

The top issues organizations will focus on in 2010 remain largely unchanged from previous years. Competitive pressures and growth and expansion remain among the top ranking issues. Respondents were asked to select only five key issues. *See Chart 7.*

Economic challenges was added in 2008 as an issue in the list of choices. It was a top issue for organizations in 2010, but has decreased 32% from 2009. This could be taken as a positive sign and may indicate that while respondents may not be increasing training budgets exponentially, nor looking at economic recovery as something that is right around the corner, they are feeling less economically challenged this year than last. Although competitive pressure has decreased 5% it is still the most pressing issue organizations face in 2010. The issue of growth and expansion has increased by 1% and while this is probably not statistically significant, it may indicate that in 2010 respondents may see growth as a viable possibility.

Other significant changes include a 6% increase in price sensitivity, a 12% increase in the need for innovation, a 4% increase in the challenges of government regulation, a 4% increase in the challenge of skill shortages (which in 2009 was not a concern for respondents when compared to 2008). Additionally, we saw a 6% increase in the challenge of changing technology, no shift in the challenge of operating globally, a 7% percent increase in the importance of ethics and social responsibility and a 13% increase in the need to be environmentally responsible.

**Chart 7: Top Organizational Challenges  
(Ranked by order of importance in 2010)**

Issue	2003	2004	2005	2006	2007	2008	2009	2010
Competitive pressure	71%	67%	63%	60%	65%	63%	64%	59%
Economic challenges	na	na	na	na	na	61%	85%	57%
Growth and expansion	na	na	na	53%	60%	59%	50%	51%
Innovation	na	na	na	na	na	35%	36%	48%
Pricing sensitivity	45%	39%	38%	34%	41%	36%	41%	47%
Culture change	na	na	na	na	na	48%	41%	44%
Skill shortages	34%	34%	39%	43%	51%	50%	34%	38%
Changing technology	31%	32%	30%	29%	30%	31%	24%	30%
Government regulation	29%	27%	30%	28%	29%	24%	25%	29%
Global challenges	na	na	na	22%	24%	22%	26%	26%
Ethics and social responsibility	na	na	na	na	na	13%	13%	20%
Environmental/green adherence	na	na	na	na	na	9%	10%	23%

## Top Business Challenges

In looking at business challenges by region, EMEA and Canada appear to lead the way in regard to a focus on the environment. Canada and LatAm appear to be slightly more focused on culture change than other regions. The U.S. appears to be less focused on ethics and social responsibility than other regions. EMEA appears to be most focused on dealing with challenges in regard to global expansion. All regions are similarly focused on price sensitivity. APAC is clearly more focused on growth and expansion than other regions, with the U.S. and LatAm coming in second. APAC and Canada appear to be the most focused on skill shortages. The U.S. is more focused on economic challenges than other regions, with Canada and LatAm trailing the U.S. APAC and LatAm are most focused on innovation, and all regions seem to be experiencing a similar level of focus on the competition. *See Chart 8.*

**Chart 8: Top Five Business Challenges**

Region	APAC	EMEA	U.S.	Canada	LatAm
Number of responses	376	328	1002	121	59
Green/environmental focus	16%	38%	17%	26%	20%
Culture change	37%	42%	41%	48%	53%
Ethics and social responsibility	20%	26%	12%	20%	20%
Global challenges	16%	44%	18%	23%	27%
Pricing sensitivity	44%	44%	50%	48%	51%
Growth and expansion	73%	29%	54%	47%	54%
Skill shortages	55%	37%	35%	48%	17%
Economic challenges	46%	48%	75%	61%	56%
Government regulation	25%	29%	36%	31%	22%
Changing technology	27%	25%	35%	43%	22%
Innovation	64%	44%	36%	35%	59%
Competitive pressure	61%	60%	57%	48%	66%

## Top Management Challenges

Respondents were asked to choose the top five management challenges they would focus on in 2010.

Creating an engaged workforce decreased 7%, but is the top-ranked issue for 2010. Performance management was added as an option in 2010 and ranks as the number two priority. Selecting and retaining key talent rose 6% from 2009 to 2010. Managing change dropped significantly both in percentage and rank. In 2009 it was the number one issue while in 2010 it dropped 15% and from first to fourth position. Reducing costs dropped substantially as well, sliding 9% in 2010. Developing potential leaders dropped 9%, communicating mission, vision, and values dropped 4% while aligning culture and strategy rose 3%. Succession planning rose 7%, and understanding generational influences dropped 4%. See Chart 9.

**Chart 9: Top Management Challenges**  
(Ranked by order of importance in 2010)

Issue	2003	2004	2005	2006	2007	2008	2009	2010
Creating an engaged workforce	47%	48%	48%	53%	54%	58%	57%	50%
Performance management	na	na	na	na	na	na	na	48%
Selecting and retaining key talent	55%	55%	53%	57%	62%	50%	39%	45%
Managing change	na	na	na	na	na	55%	59%	44%
Reducing costs	58%	49%	50%	45%	43%	38%	52%	43%
Developing potential leaders	74%	58%	58%	63%	64%	53%	50%	41%
Customer loyalty	46%	45%	41%	41%	48%	38%	39%	37%
Aligning culture with strategy	na	na	na	na	na	37%	33%	36%
Succession planning	48%	36%	34%	42%	38%	27%	26%	33%
Communicating mission, vision, values	na	na	na	na	na	39%	35%	31%
Increasing innovation	32%	31%	32%	36%	25%	29%	31%	29%
Employee flexibility/responsiveness	39%	44%	35%	39%	26%	22%	25%	27%
Managing a virtual workforce	na	na	na	na	na	11%	14%	13%
Understanding generational influences	na	na	na	na	na	11%	12%	8%

Looking at the management challenges by geographic region shows some interesting variations. The U.S. appears to be more concerned with managing a virtual workforce than Canada and APAC. LatAm and APAC appear to be more concerned with employee responsiveness than EMEA or the U.S.. Canada appears to be most concerned with succession planning. LatAm and APAC appear to be more concerned with increasing innovation than the other regions. LatAm appears to be more focused on aligning culture with strategy than other regions. APAC is more concerned with communicating mission, vision, and values than other regions. In regard to selecting and retaining key talent, APAC and LatAm appear to be more focused there compared to other regions. In regard to creating customer loyalty, Canada appears to be less focused here compared to other regions, but more focused on developing potential leaders. APAC is less focused on maintaining or reducing costs than other regions, and LatAm is less focused on creating an engaged workforce and managing change than other regions. Canada appears to be more focused than the other regions in regard to understanding generational influences and less focused on performance management. See Chart 10.

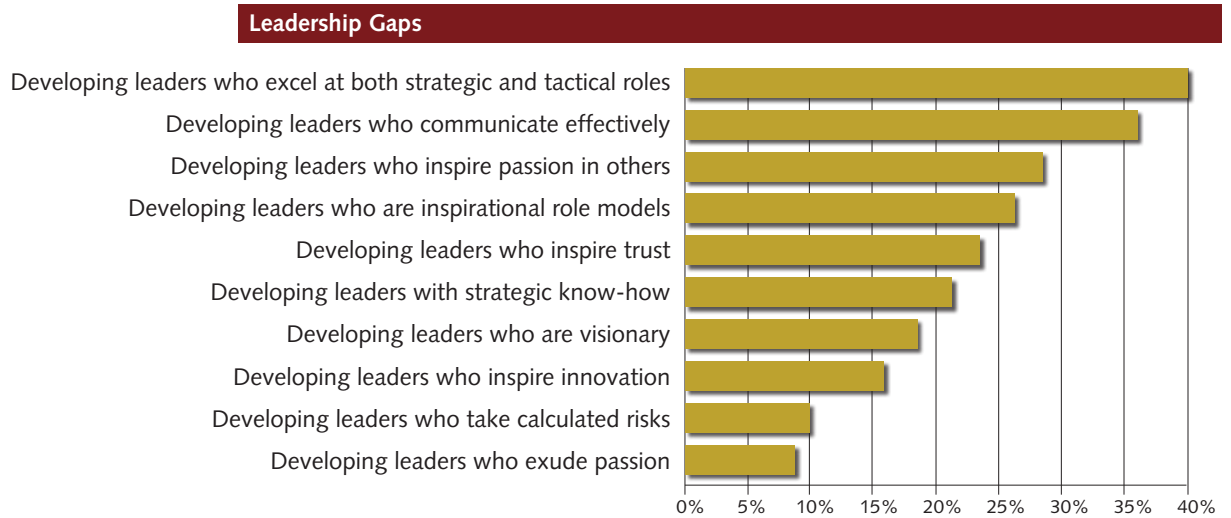
**Chart 10: Top Five Management Challenges**

Region	APAC	EMEA	U.S.	Canada	LatAm
Number of responses	376	328	1002	121	59
Managing a virtual workforce	10%	13%	16%	10%	14%
Employee responsiveness	29%	24%	24%	26%	32%
Succession planning	30%	28%	31%	48%	29%
Increasing innovation	36%	28%	28%	19%	34%
Aligning culture with strategy	28%	35%	38%	35%	44%
Communicating mission, vision, values	42%	29%	30%	27%	27%
Selecting and retaining key talent	50%	37%	42%	44%	51%
Improving customer loyalty	39%	37%	39%	29%	42%
Developing potential leaders	39%	40%	44%	50%	32%
Reducing costs	38%	47%	46%	41%	44%
Creating an engaged workforce	56%	52%	47%	52%	41%
Managing change	40%	45%	47%	50%	37%
Understanding generational influences	8%	4%	9%	15%	2%
Performance management	52%	47%	48%	41%	51%

## Top Leadership Skills Gaps

In regard to identifying the largest gaps organizations face when developing the leadership ranks, the number one challenge is to develop leaders who excel at both strategic thinking and execution and at tactical thinking and execution. Forty percent of respondents cited this issue as their key challenge. Another 36% cited the ability to develop effective communication skills in their leaders, and 28%, 26%, and 23% struggle in regard to getting their leaders to inspire passion, be inspirational role models, and inspire trust. *See Chart 11.*

**Chart 11: Where are your organization's largest leadership gaps?**



By region, Canada appears to have the greatest challenges in regard to developing leaders who can communicate effectively and inspire trust. LatAm appears to struggle more than other regions in developing leaders who inspire passion in others and are role models, while EMEA organizations appear to be the most challenged region in regard to developing leaders who exude passion. APAC is challenged more than other regions with developing leaders with strategic know-how and the ability to be visionary. In regard to developing leaders who balance and excel in both strategic and tactical arenas, the U.S. appears to be more challenged than other regions. *See Chart 12.*

**Chart 12: Top Leadership Gaps**

Region	APAC	EMEA	U.S.	Canada	LatAm
Number of responses	376	328	1002	121	59
Developing leaders who communicate effectively	33%	31%	35%	45%	38%
Developing leaders who inspire trust	21%	19%	26%	30%	19%
Developing leaders who inspire passion in others	29%	28%	26%	23%	36%
Developing leaders who exude passion	5%	18%	5%	4%	10%
Developing leaders with strategic know-how	27%	19%	21%	18%	19%
Developing leaders who take calculated risks	9%	12%	10%	9%	12%
Developing leaders who are visionary	25%	14%	18%	13%	19%
Developing leaders who inspire innovation	17%	20%	16%	16%	10%
Developing leaders who are role models	16%	32%	17%	24%	43%
Developing leaders who excel at strategy and tactics	42%	35%	50%	33%	40%

### Top Employee Development Challenges

This section sheds light on the top employee development challenges organizations will face. Respondents were instructed to select only five choices. Developing managerial/supervisor skills remains in first place but dropped dramatically in 2010 by 13%. In fact, at 58% it is the lowest rating in the past seven years. Productivity improvement, added as an option in 2010, ranks second as 55% of respondents chose it as a key issue for focus. Team building skills dropped 11% from 2009 to 2010, and customer relationship skills dropped 10%. Other shifts include a 20% drop in the importance of interpersonal communication, a 3% drop in sales skills in 2010, a 15% drop in innovation/intrapreneurship, and a 23% drop in executive development. Many of these drops in percentage may be due to the addition of issues such as productivity improvement, decision making, risk taking, and entrepreneurialism, which were included to the set of issues in 2010, and the fact that respondents are restricted to selecting only five choices.

**Chart 13: Top Employee Development Challenges  
(Ranked by order of importance in 2010)**

Issue	2003	2004	2005	2006	2007	2008	2009	2010
Managerial/supervisor skills	75%	61%	61%	66%	64%	74%	71%	58%
Productivity improvement	na	na	na	na	na	na	na	55%
Team building skills	46%	44%	38%	46%	44%	59%	60%	49%
Customer relationship skills	51%	48%	44%	48%	52%	58%	55%	45%
Interpersonal communication skills	53%	56%	40%	51%	48%	63%	62%	42%
Decision making skills	na	na	na	na	na	na	na	41%
Reducing costs	na	na	na	na	na	na	na	36%
Sales skills	35%	31%	31%	26%	28%	34%	39%	36%
Innovation/intrapreneurship	na	na	na	na	na	42%	45%	30%
Executive development	48%	36%	32%	36%	37%	46%	45%	27%
Entrepreneurialism	na	na	na	na	na	na	na	20%
Risk taking	na	na	na	na	na	na	na	19%

In regard to the key issues by geographic region, EMEA appears to have the greatest focus on developing sales skills. Canada appears to have the lowest focus on developing executives. All regions are similarly focused on improving managerial/supervisory skills, with APAC having a slightly higher percentage. All regions are similarly focused on innovation, with Canada having a slightly lower focus than other regions. LatAm appears to have the lowest focus on building customer relationship skills, while EMEA appears to have the lowest focus on improving team building skills. Canada has a higher percentage than other regions in regard to interpersonal communication skills, while LatAm has a higher percentage than other regions in regard to the need to improve productivity. APAC is the region least concerned with cost reduction, while the U.S. is the region most concerned. Conversely, APAC is the region most concerned with improving entrepreneurialism, while the U.S. is the least concerned. APAC is also more focused than the other regions on the issues around building risk taking skills in the workforce. And in regard to improving decision making skills, Canada is the most focused and EMEA is the least focused. *See Chart 14.*

**Chart 14: Top Five Employee Development Challenges**

Region	APAC	EMEA	U.S.	Canada	LatAm
<b>Number of responses</b>	<b>376</b>	<b>328</b>	<b>1002</b>	<b>121</b>	<b>59</b>
Sales skills	35%	49%	31%	27%	36%
Executive development	29%	32%	21%	19%	33%
Managerial/supervisor skills	65%	51%	59%	59%	57%
Innovation	33%	30%	28%	24%	36%
Customer relationship skills	46%	46%	50%	44%	38%
Team building skills	55%	36%	50%	48%	57%
Interpersonal communication skills	49%	32%	40%	53%	36%
Productivity improvement	46%	49%	58%	58%	62%
Computer skills	6%	6%	13%	11%	7%
Cost reduction	30%	34%	41%	39%	38%
Improving entrepreneurialism	29%	22%	12%	16%	19%
Risk taking skills	23%	17%	17%	17%	21%
Decision making skills	38%	32%	44%	48%	41%

## Top HR Challenges

In regard to HR challenges, the 2010 data shows some interesting shifts in the rank order of the issues. Doing more with less, a theme added in 2010, ranks as this year's number one issue and ties with embracing a coaching culture, which has climbed from fourth place in 2008. Strategic alignment of training goals and business issues also ties for first but has declined in percent over the past year. Connecting training to business results has fallen from number one in 2008 to number two in 2010 as well as decreasing in importance by 20%. Creating buy-in for training has increased 11% from 2009 while the need to establish competencies has remained flat. Another dramatic drop can be seen in the area of measuring the effectiveness of training as evidenced by a slide from fourth place in 2009 to eighth place in 2010, representing a 18% drop. Another dramatic and surprising shift is the drop in the percentage of respondents selecting sustaining training with follow-up and reinforcement strategies. This issue not only dropped 31% from 2009 to 2010, but also moved from third to tenth position. Reducing the cost of training also dropped 12%, perhaps driven by the fact that budget cuts were already happening in 2008 and 2009. *See Chart 15.*

**Chart 15: Top Five Human Resource/Training Challenges  
(Ranked by order of importance in 2010)**

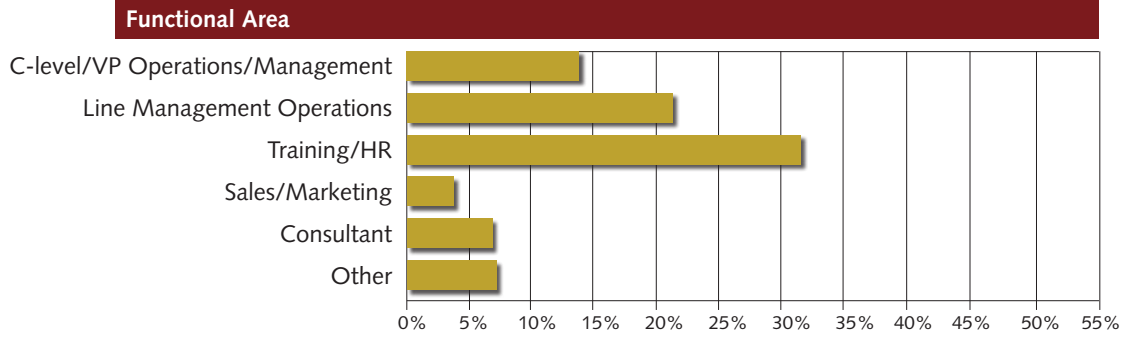
Issue	2008	2009	2010
Doing more with less	na	na	51%
Embracing a coaching culture	58%	51%	51%
Strategic alignment of training goals and business initiatives	62%	62%	51%
Connecting training to business results	67%	65%	49%
Establishing competencies	43%	42%	42%
Creating buy-in for training across the organization	31%	33%	40%
A focus on integrated talent management	38%	36%	40%
Measuring the effectiveness of training	53%	51%	33%
Large-scale culture change	na	na	30%
Sustaining training with follow-up and reinforcement	63%	60%	29%
Reducing the cost of training	21%	34%	22%
Securing top management buy-in	25%	25%	18%

In regard to differences by region, LatAm appears far less concerned with securing top management buy-in and creating buy-in for training than other regions. All regions seem to rank large-scale culture change similarly as well as reducing costs of training. LatAm and APAC seem more concerned with creating a focus on talent management and establishing competencies than do other regions. And LatAm appears to place more importance on embracing a coaching culture. EMEA seems less focused on measuring the effectiveness of training than other regions. LatAm is considerably less focused on sustaining training with follow-up and reinforcement. Of all regions, the U.S. seems slightly less focused on aligning training goals with business initiatives, while EMEA is slightly less focused than other regions with connecting training to business results. LatAm seems slightly less focused on doing more with less than other regions. *See Chart 16.*

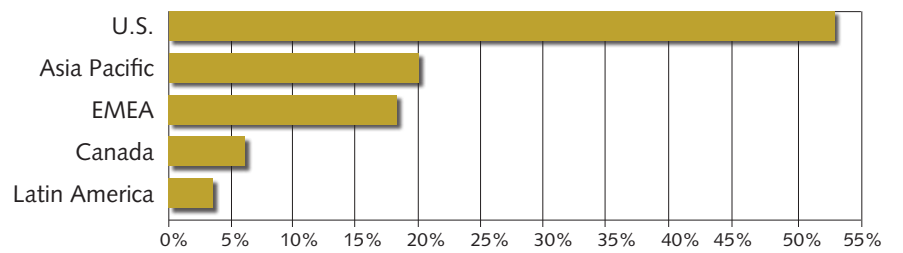
**Chart 16: Top five Human Resource Challenges**

Region	APAC	EMEA	U.S.	Canada	LatAm
Number of responses	376	328	1002	121	59
Securing top management buy-in	22%	20%	20%	19%	7%
Creating buy-in for training across the organization	47%	32%	45%	49%	27%
Large scale culture change	31%	33%	31%	26%	31%
Reducing the cost of training	22%	21%	21%	21%	24%
A focus on integrated talent management	46%	38%	34%	32%	51%
Establishing competencies	49%	29%	37%	36%	59%
Embracing a coaching culture	41%	44%	49%	54%	69%
Measuring the effectiveness of training	35%	24%	35%	37%	34%
Sustaining training with follow-up and reinforcement	37%	28%	30%	31%	17%
Alignment of training goals and business initiatives	58%	48%	42%	50%	56%
Connecting training to business results	50%	40%	46%	46%	63%
Improving implementation	54%	47%	59%	54%	42%

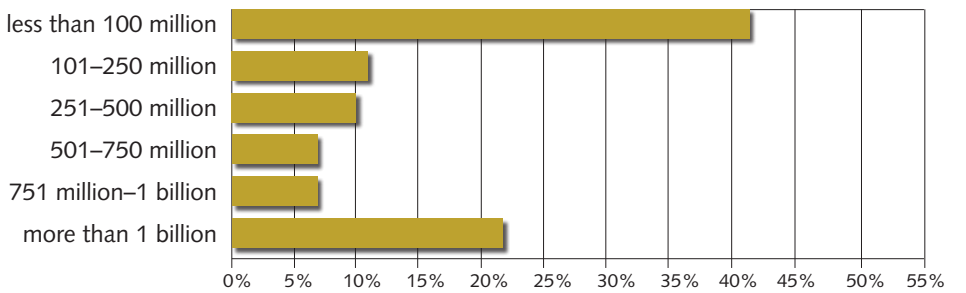
## Demographics



### Geographic Region



### Organization Size by Annual Revenue





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