Ketchum Leadership Communication Monitor

May 2014

The Ketchum Leadership Communication Monitor: Background

*"There's a crisis of legitimacy in the institutions of industrial capitalism. Everywhere old institutional models are stalled or failing and **the leadership for transformation is not coming forward**."* A direct quote from the World Economic Forum's Outlook on the Global Agenda 2014 report, underlining once again the extent of today's ongoing global leadership crisis.

Against this background and now in its third year, the 2014 *Ketchum Leadership Communication Monitor* (KLCM) dives deeper than ever before into the views of over 6,500 people in 13 countries on the inextricable link between effective leadership and effective communication.

This year's study unearths **a new leadership model, driven by the new breed of 'Leadership eVangelist', centered on a more 'feminine' leadership archetype and based on a set of clear guiding principles**:

- Leaders' actions, not just their words, show what the organization values

- Transparency is non-negotiable. Provide it voluntarily and build trust, or it will be imposed on you

- Admit mistakes, solve problems, move forward

- Chart a course for continuously making the future better

- Collaborate and bring others to the table to solve problems

- Treat your employees as you would like your brand or organization to be treated

- The eVangelists are real – treat them with respect and they will do the same

A model **underlining the importance of the Good Leader Formula** developed over the past two years: **Effective Leadership = Open Communication + Decisive Action + Personal Presence.**

The debate continues and Ketchum is proud to be part of it.

The Ketchum Leadership Communication Monitor: Objectives

This global, 13-country study starts from the premise that effective leadership is essential to achieving any of society's goals – be it in business, politics or community-building. Against this background, it explores the views of over 6,500 consumers and sets out:

1 To assess how today's individual and industry leaders – and their communication – are judged

2 To rank the most important leadership attributes and communication behaviors of effective individual and industry leaders

3 To understand expectations for future generations of leaders – by country and by industry

4 To provide practical counsel on a path to more effective leadership and leadership communication

Methodology

Ketchum Global Research & Analytics and IPSOS fielded a 15-18 minute online survey of 6,509 total respondents in 13 markets from Jan. 10-31, 2014.

The respondents were weighted for age and gender to accurately represent the general population of each country. Globally, 52% of respondents were male and 48% were female.

The global margin of error is +/-1.3%, local margin of error is +/-4.4%.

The respondents from 2013 data referenced throughout is n=6,000 in 12 markets, and the respondents from 2012 data referenced throughout is n=3,759 in 12 markets.

Total Sample: 6,509	
US	502
UK	500
Canada	505
Brazil	500
Germany	500
France	500
Spain	500
Italy	500
UAE	502
South Africa	500
China	500
Singapore	500
India	500

Global Headline Findings:
The World's Leadership Crisis Deepens

1 Across every leadership category, **leadership remains unambiguously in crisis** with an enduring – though shrinking – 14-point gap between expectation and delivery and just 17% expecting an improvement during 2014.

2 Only 22% globally feel leaders are demonstrate effective leadership, 13% score them strongly on accountability and only 30% believe that leadership is based on clear values.

3 **Business leaders again come top of the pile** – though only 43% believe they meet expectations, 35% rate them as effective communicators, one-third as having clear values and 29% as showing effective leadership.

4 **Political leaders once more come last on every metric** – 70% believe they have fallen short of expectations, half expect even worse in 2014, 23% feel they have clear values and 9% believe they take appropriate responsibility.

5 **Open communication remains critical to effective leadership** – again the top-ranking attribute, with 74% viewing it as very important to great leadership – yet only 29% feel leaders communicate effectively with a 45-point expectation/delivery gap.

6 **Leadership communication also directly hits the bottom line** – 61% boycotted or bought less from a company due to poor leadership, while only 52% started buying or purchased more spurred by strong leadership.

7 **Spain, France, South Africa and the UK come out worst** in our new **KLCM Global Disillusionment Index**, while China, India, Brazil and Singapore score the best – with the US and UAE mid-table.

8 **Technology again wins out on every measure** – coming top of our **KLCM Global Industry Leadership Index**, 39 points ahead of joint second-place travel, leisure & tourism, manufacturing & industrials and brewing & spirits – with banking bottom by 40 points, behind insurance.

9 **Banks and food & beverage are hardest hit commercially by poor leadership perceptions**, while food & beverage and technology benefit most from positive leadership perceptions.

Effective Leadership = Open Communication + Decisive Action + Personal Presence

Global Headline Findings: The Future of Leadership Communication is More 'Feminine' – an Enhanced Blueprint

KETCHUM LEADERSHIP COMMUNICATION MONITOR

1 Leading by example, communicating transparently, admitting mistakes and bringing out the best in others top the list of leadership attributes. It is **key actions** around honesty, transparency and collaboration – **not just key messages – that matter most.**

2 This is **seen acutely in crisis situations**, when it is critical to offer **practical, accountable solutions that match words and deeds**, while *operationalizing* empathy rather simply than showing empathy for its own sake.

3 **The future of leadership communication is more 'feminine'.** Female leaders perform best on 5 of the 7 most important attributes and on all of the top-4. Although **the world is looking more to male leaders than female ones** – 54% to 46%.

4 **Trustworthiness remains at an absolute premium for corporations** to be seen as leaders – **together with quality and service**. It is worrying therefore that leadership scores have fallen across multiple industries, despite leadership scores for most vertical sectors rising 8 points or more.

5 **Multiple audiences** *beyond* **the corporation itself** – particularly friends and family, media and activists/NGOs – **outrank the CEO** and other senior management as trusted sources of information, while also directly impacting consumers' purchasing behavior.

6 **Company employees who you know, together with those involved in selling goods or services and managing complaints**, leave senior managers and the CEO standing as sources of credible corporate information – making effective employee engagement critical.

7 **Personal presence and engagement remain at a premium across all communications channels**, while digital and social channels lag 'traditional' and 'in-person' channels in impacting public sentiment.

8 A specific vocal minority sub-set of consumers – '**Leadership eVangelists**' – **have a disproportionate impact on commercial outcomes**, making engagement with them critical to commercial outcomes and corporate credibility.

Effective Leadership = Open Communication + Decisive Action + Personal Presence

GLOBAL

Leadership remains in deep crisis

14-point *importance/performance* **gap**

53%

39%

60%
50%
40%
30%
20%
10%
0%

Leaders overall

- ■ Importance of leadership attributes
- ■ Performance on leadership attributes

Level of Confidence in Leaders in 2014

*A mere **17%** have more confidence in leaders' performance in 2014 vs. 2013*

27%   17%

57%

- ■ More confidence
- ■ Same level of confidence
- ■ Less confidence

Other key statistics:

Only **30%** believe that leadership is based on clear values

22% feel leaders demonstrate effective leadership

13% score them strongly on taking appropriate responsibility when they fall short of expectations

Percentages in bar chart represent top-3 box (8-10)

Most leaders not viewed as taking responsibility when they fall short of expectations

36% of leaders falling short of expectations, and just **13%** feel they take appropriate responsibility
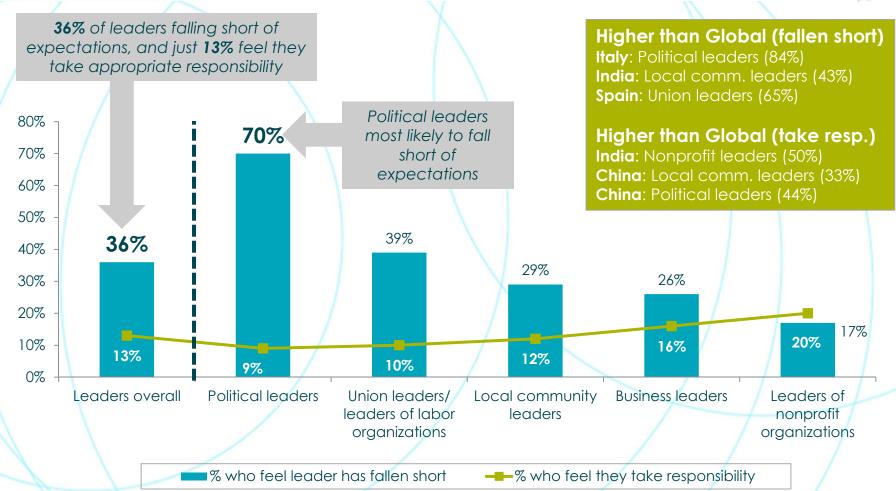
Political leaders most likely to fall short of expectations

Higher than Global (fallen short)
Italy: Political leaders (84%)
India: Local comm. leaders (43%)
Spain: Union leaders (65%)

Higher than Global (take resp.)
India: Nonprofit leaders (50%)
China: Local comm. leaders (33%)
China: Political leaders (44%)

	Leaders overall	Political leaders	Union leaders/ leaders of labor organizations	Local community leaders	Business leaders	Leaders of nonprofit organizations
% who feel leader has fallen short	36%	70%	39%	29%	26%	17%
% who feel they take responsibility	13%	9%	10%	12%	16%	20%

■ % who feel leader has fallen short ─■─ % who feel they take responsibility

Q11. In the past year, which of the following categories of leader have fallen short of your expectations?
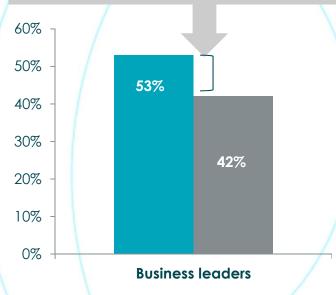
Q12. To what extent does each of the following categories of leader take appropriate responsibility when they or their organization falls short of expectations?

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Business leaders still on top – very relatively

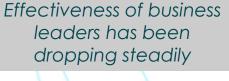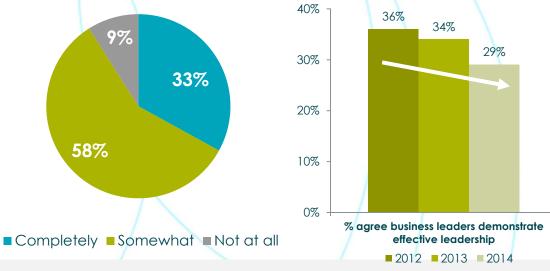**11-point importance/performance gap.** *Business leaders' performance outpaces other leadership categories by* **an average of 4%**

60%
50%
40%
30%
20%
10%
0%

53%
42%

Business leaders

■ Importance of leadership attributes
■ Performance on leadership attributes

**Extent to which
Business Leaders Lead Based
On Clear Set of Values**

33%
58%
9%

■ Completely ■ Somewhat ■ Not at all

Effectiveness of business leaders has been dropping steadily

40%
30%
20%
10%
0%

36%
34%
29%

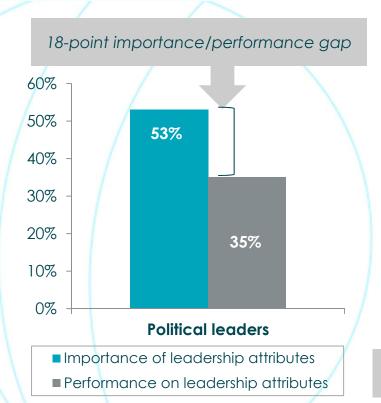**% agree business leaders demonstrate effective leadership**
■ 2012 ■ 2013 ■ 2014

35% rate business leaders as effective communicators vs. an average 28% for other categories of leader

Percentages in bar chart represent top-3 box (8-10)
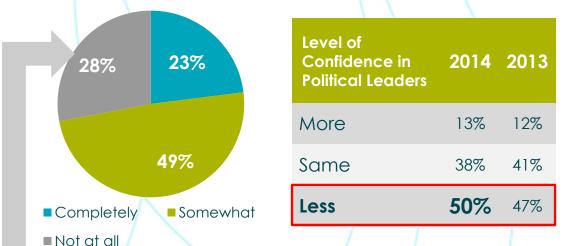Pie chart: completely = 8-10, somewhat = 3-7, not at all = 0-2

Political leaders fare worse than ever before

18-point importance/performance gap

60%
50%
40%
30%
20%
10%
0%

53%

35%

Political leaders

■ Importance of leadership attributes
■ Performance on leadership attributes

Extent to which Political Leaders Lead Based On Clear Set of Values

28% 23%

49%

■ Completely   ■ Somewhat
■ Not at all

More respondents feel politicians' leadership lacks values than any other leadership group

Confidence in political leaders is sorely lacking

Level of Confidence in Political Leaders	2014	2013
More	13%	12%
Same	38%	41%
Less	**50%**	47%

Other key statistics: **70%** *believe political leaders have fallen short of expectations and just* **9%** *say that they take appropriate responsibility when they do so*
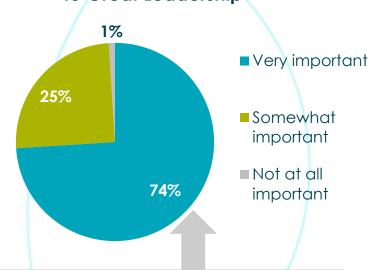
Percentages in bar chart represent top 3 box (8-10)
Pie chart: completely = 8-10, somewhat = 3-7, not at all = 0-2

Effective communication still crucially important, but leaders aren't performing against expectations

KETCHUM LEADERSHIP COMMUNICATION MONITOR

Importance of Effective Communication to Great Leadership

1%
25%
74%

- Very important
- Somewhat important
- Not at all important

Effective communication is incredibly important to great leadership – two in five (39%) rating it a 10 out of 10 for importance.

Pie chart: very important = 8-10, somewhat important = 3-7, not at all important = 0-2

45-point gap between the importance of effective communication and overall leader performance

	Effective Comm. Importance	Effective Comm. Performance	GAP
		All Leaders: 29%	**-45**
		Business: 35%	**-39**
		Nonprofit: 32%	**-42**
Top 3 Box (8-10)	**74%**	**Local community**: 28%	**-46**
		Union: 26%	**-48**
		Political: 26%	**-48**

Q16. Generally speaking, how important is effective communication to great leadership?
Q18. Now, thinking about each of the following categories, how effective is each category of leader in communicating?

Quality leadership directly impacts the bottom line

Actions	% that have done this	% that have done either
Purchase less of a company's products and services	50%	61%
Stop purchasing a company's products and services	45%	
Purchase a company's products and services for the first time	44%	52%
Purchase more of a company's products and services	37%	

Top industries seeing **boycotts or reduced purchasing** because of **negative leadership perceptions**:
Banks (31%)
Food & beverage (30%)
Insurance (24%)

Top industries seeing the **start of/increased purchasing** because of **positive leadership perceptions**:
Food & beverage (32%)
Technology (25%)
Retail (25%)

Poor corporate leadership prompts 6 in 10 to stop purchasing or to purchase less

Negative commercial impacts of poor leadership outweigh the positive benefits of good leadership

Higher than the Global Average
Brazil: Purchase less (63%)
Brazil: Stop purchasing (68%)
Brazil: Purchase for the first time (62%)
India: Purchase more (58%)

Lower than the Global Average
UK: Purchase less (32%)
France: Stop purchasing (33%)
UK: Purchase for the first time (22%)
UK: Purchase more (20%)

Q23. Over the past year, has the behavior of company leadership caused you to do any of the following things?
Q26. Which industries have you STOPPED/REDUCED purchasing from because of the behavior of a company/organization's leadership?
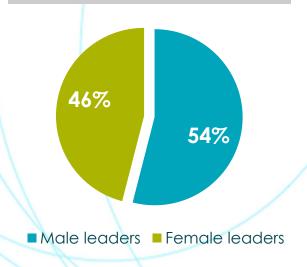Q27. Which industries have you STARTED/INCREASED purchasing from because of the behavior of a company/organization's leadership?

Female leaders perform better on almost every key leadership attribute, though male leaders are in the hot-seat

54% of respondents look more to male leaders to lead us over the next five years and in every single country, **each gender universally supports its own sex as better leaders**

Male leaders (54%) sit ahead of female leaders (46%) in terms of those most likely to navigate the world through challenging and rapidly changing times, with certain emerging markets placing a premium on male leadership

Male Leaders Higher than Average
China: 77%
India: 71%
Singapore: 70%
UAE: 63%
UK: 60%

Female Leaders Higher than Average
South Africa: 63%
Spain: 61%
Germany: 58%
Brazil: 57%
Italy: 54%

46%

54%

■ Male leaders ■ Female leaders

Female leaders outperform male leaders on most important leader attributes

Top 5 Most Important Attributes

- Leading by example
- Communicating in an open, transparent way
- Admitting mistakes
- Bringing out the best in others
- Handling controversial issues or crises calmly

■ Expectation ♂ Male Leaders ♀ Female Leaders

Q13. Which gender of leader is most likely to navigate us through challenging and rapidly changing times over the next five years?
Q14. Now, thinking about those same characteristics, please tell us whether you think male leaders or female leaders BEST demonstrate each characteristic of behavior.

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Europeans considerably more disillusioned with their leaders

KLCM Global Disillusionment Index

Countries	Index
China	181
India	167
Singapore	112
Brazil	112
UAE	105
United States	105
Canada	82
Italy	79
Germany	79
United Kingdom	77
South Africa	75
France	71
Spain	55

The KLCM Global Disillusionment Index shows us that Europeans are far less impressed with leaders than the US, Singapore, China, Brazil, India and the UAE – the UK, Spain and France are especially unimpressed

European countries took 5 of the 6 bottom slots in the Index, with only South Africa breaking into European malaise

Only 22% of Europeans feel leaders are effective communicators, 15% that they demonstrate highly effective leadership and 7% that they take appropriate responsibility when they fall short

Indeed, only 10% of Europeans have more confidence that leaders will provide effective leadership in 2014 – 32% are less confident. Compare this to 33% in India, 13% in the US, 21% in the UAE and 31% in China who have more confidence in leaders

KLCM Global Disillusionment Index based on Q6 (effective leadership), Q9 (clear set of values), Q10 (more confidence), Q11 (fallen short), Q12 (taken responsibility), and Q18 (effective communicator) and looks at the country's overall leaders performance on these factors compared to the average.

Technology extends its lead over other industries

KLCM Global Industry Leadership Index

Industries	Index
Technology	153
Hotels, leisure and tourism	114
Manufacturing and industrials	114
Brewing and spirits	114
Entertainment	112
Food and beverage	107
Consumer packaged goods	106
Automotive	106
Retail	100
OTC personal health care products	100
Pharmaceuticals	98
Media	96
Farming and agriculture	94
Telecommunications	93
Transportation and logistics	86
Infrastructure, construction, housebuilding	85
Mining and extractive industries	84
Insurance	76
Banks	36

Technology leads the new KLCM Global Industry Leadership Index, coming top across every key measure – from leadership and communication to taking responsibility and meeting consumer expectations

Though banks' leadership scores improved year-on-year, they come bottom of Index, trailing their nearest rival by 40 points – while also coming last on taking appropriate responsibility when things go wrong (on just 11%) and top of the pile for industries where poor leadership leads to boycotts or lower purchase levels

KLCM Global Industry Leadership Index based on Q1 (effective leadership), Q3 (fallen short), Q4 (taken responsibility), and Q17 (effective communicator) and looks at the industry's performance on these factors compared to the average.

Honesty, transparency and collaboration – in words <u>and</u> deeds – are what matter most

The leading attribute in 2012 and 2013 – open, transparent communication – remains critical to effective leadership. It is again one of the top-ranking attributes, with 62% viewing it as very important to great leadership – yet only 40% feel leaders communicate openly, with a 22-point expectation/delivery gap

Key actions around honesty, transparency and collaboration – not just key messages – are most important in order to be seen as an effective leader

Legend:
- = male leaders win
- = female leaders win
- = male/female split

Attribute	%
Leading by example	63%
Communicating in an open, transparent way	62%
Admitting mistakes	61%
Bringing out the best in others	58%
Handling controversial issues or crises calmly	58%
Making tough decisions	57%
Aligning what they say with what they do	56%
Providing a clear overall, long-term vision	55%
Showing respect for different cultures	53%
Ability to work with different personalities	53%
Showing respect for the org's history and culture	47%
Taking active steps to ensure diversity in their org	45%
Telling a compelling story about their org	43%
Using inspirational rhetoric	34%

Q7. When it comes to being an effective leader, how important is it to demonstrate each of the following characteristics or behaviors?

Operationalizing empathy: the key to effective crisis communications

In crisis situations, it is critical to offer practical, accountable solutions that match words and deeds, while operationalizing empathy – rather than simply showing empathy for its own sake

	% feel is important to do at time of crisis
Provide a clear and timely action plan to rectify the situation	**51%**
Define the problem properly and commit to identifying real solutions	**49%**
Accept an appropriate level of responsibility for the problem	47%
Collaborate with others to provide solutions as quickly as possible	39%
Communicate sincerely and credibly about the organization's plans	37%
Understand the needs and expectations of all key audiences	35%
Anticipate and manage any potential additional risks	34%
Ensure that what the organization says is matched by what the organization does	34%
Allow for two-way dialogue with key audiences	**30%**
Provide consistent messages to all key audiences	**29%**
Demonstrate empathy for those most affected	28%

Q15. Which are most important for a company/organization's leadership to do at a time of crisis?

Trust, quality and service continue to hold the key to corporate leadership

Most important attributes for a company to be described as a leader	Rated among top five most important
Trustworthy	**50%**
Quality products/services	**49%**
Customer service	**43%**
Customer-focused	36%
Ethical business practices	34%
Quality of management	**31%**
Respect	31%
Innovative	30%
A good place to work	**29%**
Financial strength	27%
Corporate social responsibility	27%
Environmental responsibility	26%
Commitment to communities	14%
Diversity	11%
Philanthropic/Charitable	8%

Trustworthiness is at an absolute premium for corporations to be seen as leaders, together with quality products/services and customer service – beating other 'harder' attributes

Higher than Global Average
UK: Trustworthy (58%)
S. Af.: Ethical business practices (48%)
China: Quality of management (45%)

Lower than Global Average
China: Customer service (29%)
Germany: Ethical business practices (21%)
Spain: Quality of management (18%)

Q5. Listed below are some attributes that might be used to describe a company/organization. Please select the five (5) that you feel are most important for a company/organization to demonstrate to be considered a leader.

Friends and family most credible sources of information on an organization

> When it comes to credible sources of information about an organization, **friends and family** are seen as most credible – more so than the CEO or senior management, and slightly more than someone they know who works at the organization.

> By contrast, the CEO and senior management **rank far behind at #7 and #10**

Source	Very credible
Friends/family	40%
Employee of the org you know	30%
Activist/consumer rights group	21%
Industry or financial analyst	19%
Cust. service emp. handling complaints	19%
Emp. involved in your purch. products/services	17%
CEO	17%
Contributor to a review site/forum	16%
Media	16%
Other member of senior management	15%
Blogger/soc. media commentator	14%
Union members/representation	11%
Celebrity	9%

■ Very credible

Q22. Over the past year, how credible have you felt each of the following were as a source of information on an organization?

Multiple audiences *beyond* senior management also impact purchasing decisions

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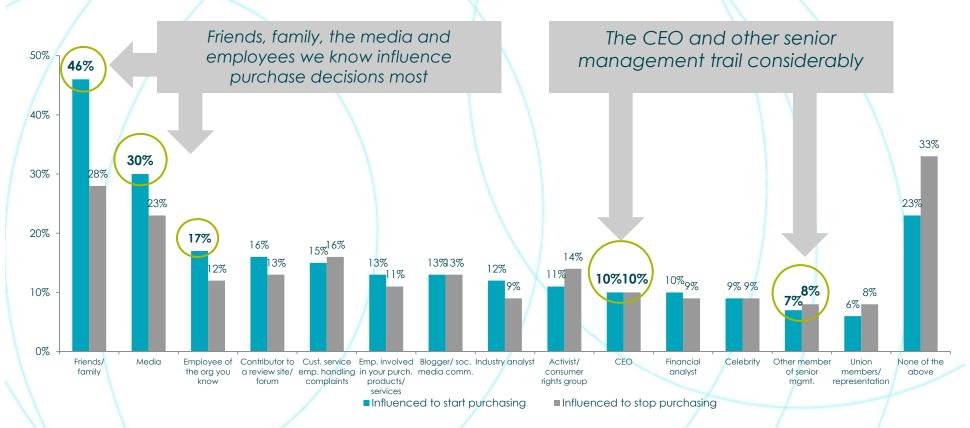*Friends, family, the media and employees we know influence purchase decisions most*

The CEO and other senior management trail considerably

Friends/family: 46%, 28%
Media: 30%, 23%
Employee of the org you know: 17%, 12%
Contributor to a review site/ forum: 16%, 13%
Cust. service emp. handling complaints: 15%, 16%
Emp. involved in your purch. products/ services: 13%, 11%
Blogger/ soc. media comm.: 13%, 13%
Industry analyst: 12%, 9%
Activist/ consumer rights group: 11%, 14%
CEO: 10%, 10%
Financial analyst: 10%, 9%
Celebrity: 9%, 9%
Other member of senior mgmt.: 7%, 8%
Union members/ representation: 6%, 8%
None of the above: 23%, 33%

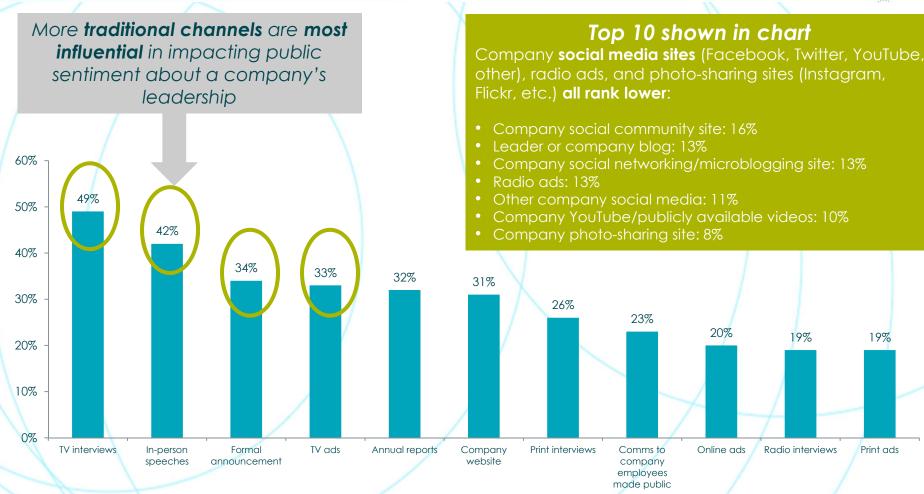■ Influenced to start purchasing ■ Influenced to stop purchasing

Q24. Which, if any, of the following have influenced your decision to START purchasing a company/organization's products and/or services?
Q25. Which, if any, of the following have influenced your decision to STOP purchasing a company/organization's products and/or services?

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Corporate social media not yet breaking through

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More **traditional channels** are **most influential** in impacting public sentiment about a company's leadership

Top 10 shown in chart
Company **social media sites** (Facebook, Twitter, YouTube, other), radio ads, and photo-sharing sites (Instagram, Flickr, etc.) **all rank lower:**

- Company social community site: 16%
- Leader or company blog: 13%
- Company social networking/microblogging site: 13%
- Radio ads: 13%
- Other company social media: 11%
- Company YouTube/publicly available videos: 10%
- Company photo-sharing site: 8%

Chart data:
- TV interviews: 49%
- In-person speeches: 42%
- Formal announcement: 34%
- TV ads: 33%
- Annual reports: 32%
- Company website: 31%
- Print interviews: 26%
- Comms to company employees made public: 23%
- Online ads: 20%
- Radio interviews: 19%
- Print ads: 19%

Q19. In forming a view on the leadership provided by a company/organization, which five communications activities have the greatest impact on your opinion?
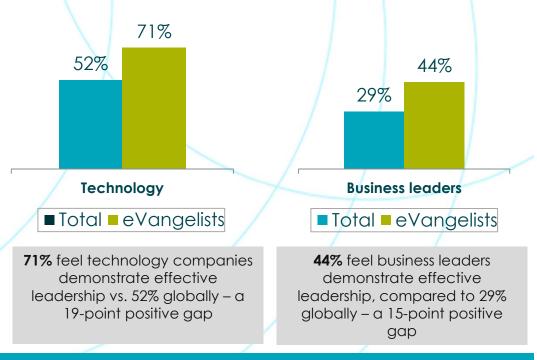
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Hiding in plain sight: the rise of the 'Leadership eVangelist'

- The advent of the more 'feminine' leadership communication archetype is matched by the rise of the **'Leadership eVangelists' – a specific vocal minority sub-set of consumers with a disproportionate impact on commercial outcomes**
- Just 8% of the population, 'Leadership eVangelists' actively and regularly debate leadership with friends, family and others online and in-person, <u>and</u> actively recommend or criticize companies or products in doing so
- 'Leadership eVangelists' will typically be **markedly more supportive** from a purchasing perspective **when impressed** with leadership and **considerably more vocally and actively negative when unimpressed**. For example:

Activity performed due to leadership	eVangelists	Total
Purchase less of a company's products	**67%**	50%
Stop purchasing a company's products	**66%**	45%
Start purchasing a company's products	**62%**	44%
Purchase more of a company's products	**58%**	37%

Technology

52% 71%

■ Total ■ eVangelists

71% feel technology companies demonstrate effective leadership vs. 52% globally – a 19-point positive gap

Business leaders

29% 44%

■ Total ■ eVangelists

44% feel business leaders demonstrate effective leadership, compared to 29% globally – a 15-point positive gap

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