



ODGERS BERNDTSON

ORGANIZATIONAL EXCELLENCE INDEX PORTUGAL



ODGERS BERNDTSON

Since **1993**
in Portugal

Nº2
in Europe

Nº6
worldwide

Partnership with over **50%** of
Portuguese Stock Index companies

Over **90%**
success rate



EXECUTIVE SEARCH

- *CEO Search*
- *Executive Search*
- *Talent Mapping*

LEADERSHIP DEVELOPMENT

- *Leadership Assessment*
- *Leadership Programs*
- *Team Effectiveness*

ORGANIZATIONAL & TALENT CONSULTING

- *Organizational Excellence*
- *Talent Strategy*
- *Culture Transformation*

BOARD SOLUTIONS

- *Board Effectiveness & Governance*
- *Chair & NED Search*
- *Board & CEO Compensation*

TALENT ACQUISITION

- *Talent Acquisition*
- *Talent Assessment*
- *Young Talent*

ORGANIZATIONS CAPABLE OF ANTICIPATING, INSPIRING AND EXECUTING, CREATE MORE VALUE

Over the past decades, organizations have focused their attention and resources on developing the right strategies, promoting rigorous financial management, creating impactful marketing and sales approaches, and optimizing their operations. The economic development we have seen in this period demonstrates the ability of managers and their employees to promote enormous and continuous growth. However, the last years of disruption have put organizations and their leaders to the test. Success formulas needed to be revisited and readjusted.

In this context, the companies that have demonstrated the most success have been those that have adapted best, adopting the organizational behaviors that have made them able to anticipate, inspire, and deliver consistently.

In summary, organizations with consolidated routines that allow them to execute a strategy in an

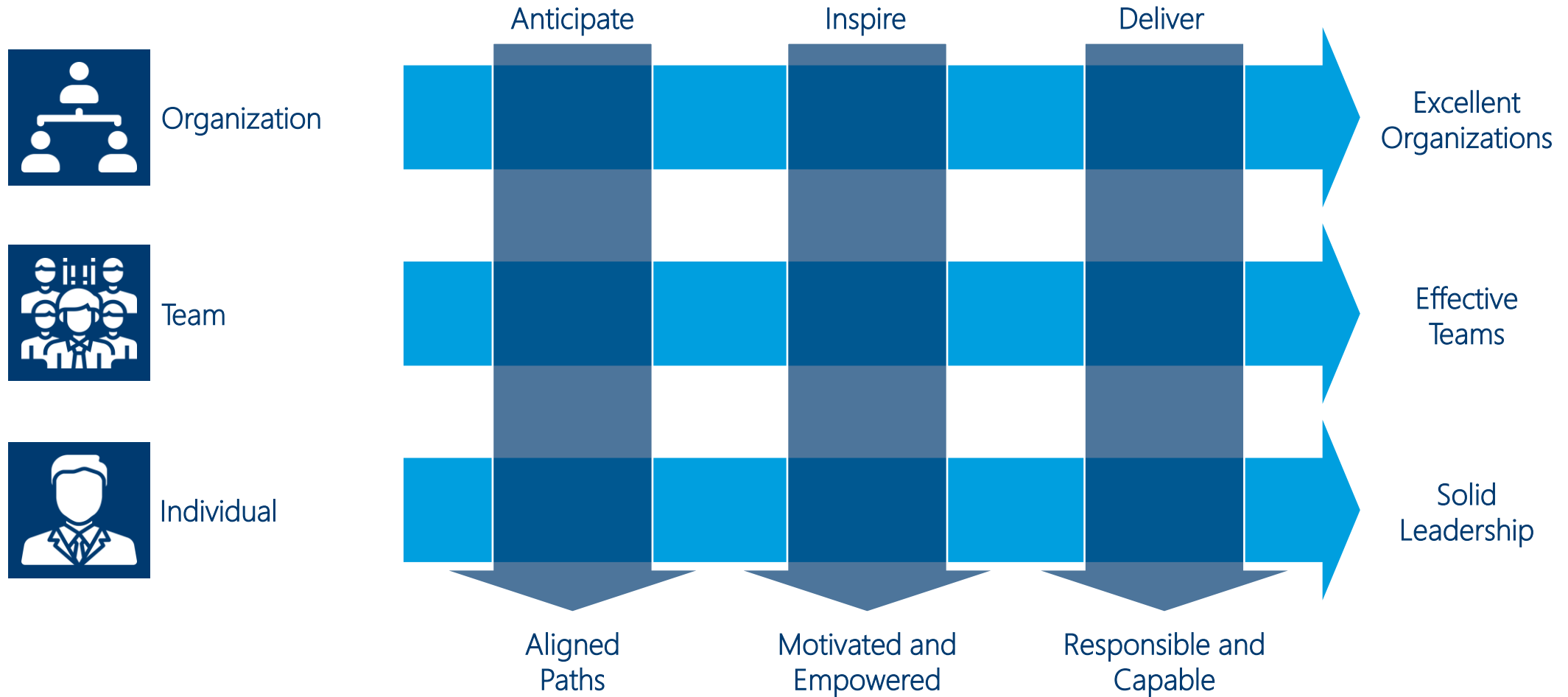
aligned manner and, in parallel, promote continuous adjustment to new market contexts are able to create more value for their shareholders and other stakeholders. Studies point to a 2.2 times higher EBITDA, double the Return on Invested Capital (ROIC) and a 3 times better Total Return to Shareholders (TRS).

Our Organizational Excellence model seeks to work in a targeted way on these behaviors and routines. The results of the Organizational Excellence Index illustrate that Portuguese companies are on the right track. The study also shows that there is enormous potential to focus on more conscious and proactive management of organizational behaviors that can act as a catalyst for value creation.

Pedro Meda
Partner



ANTICIPATE, INSPIRE AND DELIVER – THE 3 DIMENSIONS OF LEADERSHIP AT THE 3 LEVELS OF THE ORGANIZATION



THE ORGANIZATIONAL EXCELLENCE MODEL IDENTIFIES THE BEHAVIORS THAT ARE CRITICAL FOR A HIGH PERFORMANCE



- 1
- Market Intelligence
 - Challenging Vision
 - Clear Goals
 - People Alignment
 - Financial and Risk Management

- 3
- Organizational Collaboration
 - Rewards and Recognition
 - Talent Development
 - Skills and Talent
 - Diversity & Inclusion

- 5
- Standards of Excellency
 - Processes Efficiency
 - Organizational Clarity
 - Empowerment and Accountability
 - Monitor and Control Systems
 - Technology-driven Enablement

- 2
- Sustainability
 - Customer Focus
 - External Knowledge and Benchmark
 - Social Responsibility
 - Ecosystems and Partnerships

- 4
- Trust & Transparency
 - Openness and Learning
 - Meaningful Values
 - Improvement and Innovation
 - Organizational Agility

- 6
- Top Management Leadership
 - Middle Management Leadership
 - Quality of Talent Pool
 - Leadership Development

The Organizational Excellence Index is the aggregated result of these 6 dimensions

THE STUDY AIMS TO GET THE PERSPECTIVE OF NATIONAL BUSINESS LEADERS ON THE STATE OF ORGANIZATIONAL EXCELLENCE IN PORTUGAL

80

**BUSINESS LEADERS
C-LEVEL EXECUTIVES**

7+

**SECTORS OF
ACTIVITY**

(Health, Financial Services, Real Estate, Retail, Construction,
Services, Manufacturing...)

**FROM SMEs TO
PORTUGUESE
STOCK INDEX
COMPANIES**

MAIN CONCLUSIONS

The last two years are perceived by national business leaders as years of **positive performance**.

This **positive assessment** extends to the **organizational excellence** exhibited. The Organizational Excellence Index indicates higher levels of maturity in the dimensions of **Challenging Purpose** (ability to anticipate trends and changes, showing ability to communicate and mobilize the organization around a common vision and goals), **Change Agility** (agility to adapt to change, in an environment of continuous innovation, trust, openness and flexibility) and **Stakeholder Value** (ability to manage relationships with stakeholders, delivering added value to customers, partners and others).

We also noticed that there is a **significant difference** between the **Organizational Excellence** level of companies reporting **high performance** in the last two years when compared to companies reporting **lower performance**. These results confirm international studies on the direct relationship between the ability to create value and the level of proficiency in the behaviors underlying organizational excellence.

Specifically, we identify that there are **5 key behaviors** that all high performing organizations in Portugal exhibit: anticipating trends, effectively managing financial resources, focusing on high standards of performance, continuous improvement, and top management leadership with the necessary skills.

The Organizational Excellence Index also indicates that there is no single path. Along with the core behaviors, the remaining routines in which organizations must achieve high levels of proficiency **depend on their specific context**, namely their starting point, strategy, and culture.

This does not imply, however, that companies should focus on all behaviors in the same way. For example, the study indicates that there are two dimensions that can have a disproportionately positive impact when improved: **Consistent Delivery** (ability to deliver consistently and efficiently by setting high performance standards) and **Great Leadership** (presence of a high-quality leadership pool with the ability to address the organization's challenges and develop leaders for the future).

Finally, a message about the future. The CEOs and Directors consulted report less preparation of organizations to meet the challenges that await them in the coming years. These leaders anticipate that organizations will have to operate in an increasingly decentralized way to meet the challenges, selecting **Talent Management** as the dimension that will require the most attention.

PORTUGUESE EXECUTIVES ARE SATISFIED WITH THE PERFORMANCE OF THEIR COMPANIES IN THE LAST TWO YEARS

Past Performance

Considering your market, how well do you rate your organization's performance in the last two years?

78/100



Satisfaction

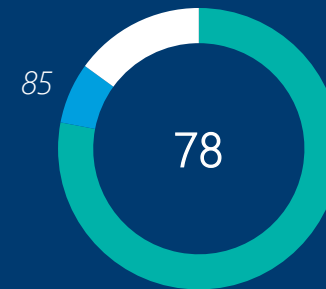
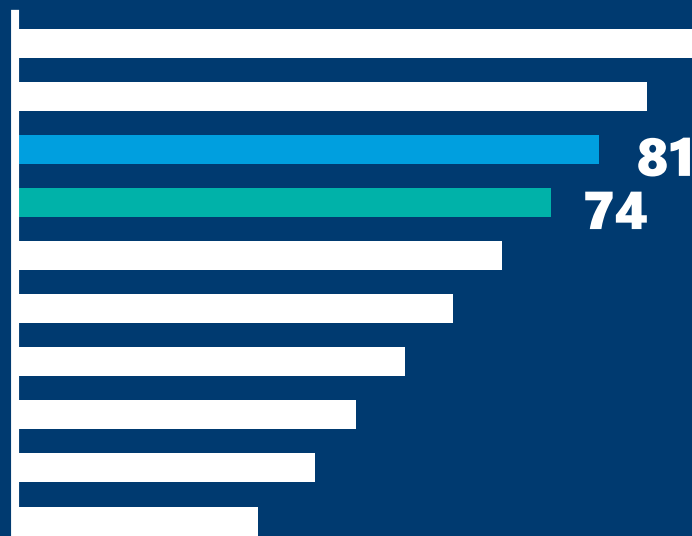
In general, how highly do you rate your level of satisfaction for working in your organization?

81/100



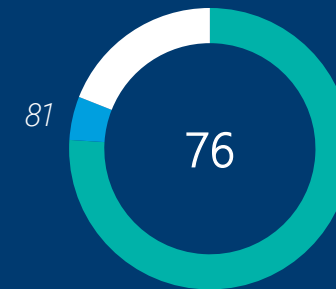
THE PORTUGUESE COMPANIES HAVE AN ORGANIZATIONAL EXCELLENCE INDEX OF 74, HIGHLIGHTING CHALLENGING PURPOSE, STAKEHOLDER VALUE AND CHANGE AGILITY'S PROFICIENCY LEVELS

**ORGANIZATIONAL EXCELLENCE INDEX
GLOBAL RESULT**



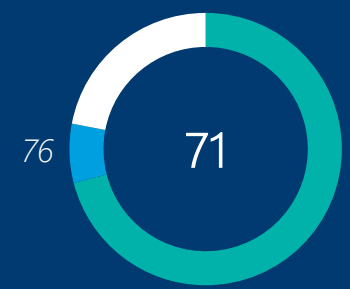
Challenging Purpose

Ability to anticipate trends and changes, showing ability to communicate and mobilize the organization around a common vision and objectives



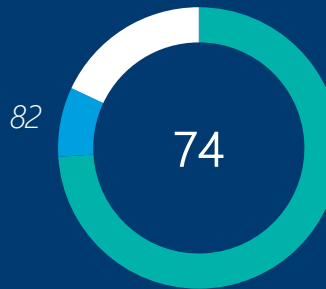
Stakeholder Value

Ability to manage relationships with stakeholders, delivering added value to customers, partners and others



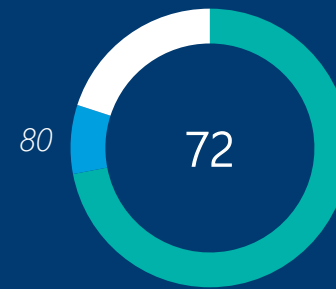
Talent Management

Ability to shape a cohesive, high-performing, involved, motivated and collaborative team



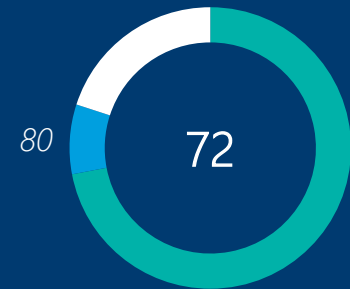
Change Agility

Agility to adapt to change, in an environment of continuous innovation, trust, openness and flexibility



Consistent Delivery

Ability to deliver consistently and efficiently by setting high performance standards



Great Leadership

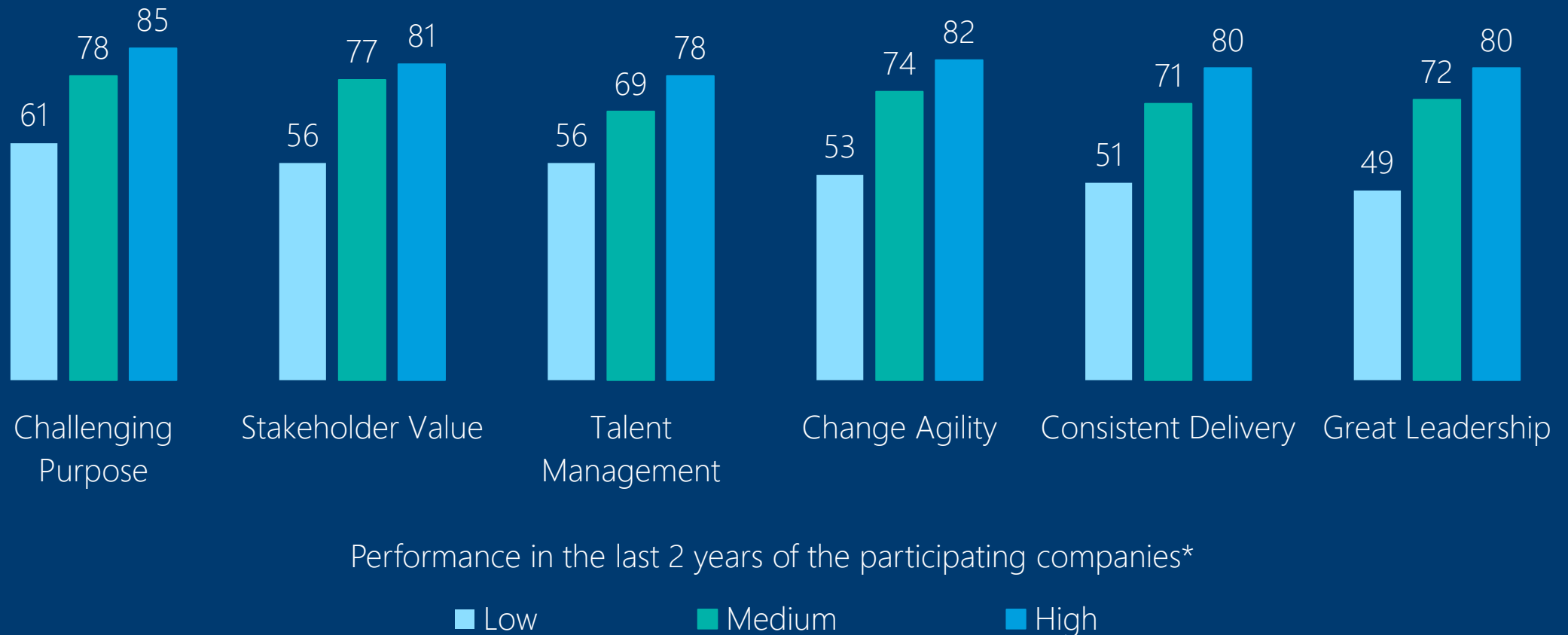
Presence of a high-quality leadership pool with the capacity to meet the organization's challenges and develop leaders for the future

CHALLENGING PURPOSE HAS THE HIGHEST NUMBER OF BEHAVIORS IN THE TOP 5, WHILE GREAT LEADERSHIP AND CONSISTENT DELIVERY OCCUPY THE MAJORITY OF THE BOTTOM 5

Top 5 - Top Rated Behaviors		Average	HPN*	Bottom 5 - Worst Rated Behaviors		Average	HPN*
S V	My organization is customer-oriented, understanding and meeting customer needs.	83	86	C D	My organization is efficient in managing its processes and resources, minimizing unnecessary procedures.	65	74
C P	My organization manages its financial resources effectively, managing risk efficiently.	82	88	G L	My organization has a talent pool with high potential to take on leadership roles in the future.	68	75
C D	My organization is governed by high performance standards, demanding excellence in the results to be achieved.	80	87	G L	My organization demonstrates the ability to develop leaders for the future.	69	76
C P	My organization has a clear and challenging purpose and vision for the future, which generates enthusiasm and commitment.	80	86	T M	My organization has the right competencies, skills, and talent to meet current and future challenges.	70	76
C P	My organization anticipates trends and changes in the market and how they impact the future evolution of the business.	80	86	C D	My organization fosters autonomy and accountability by ensuring that decisions are made at the appropriate level.	70	81

* HPN: High Performing Norm

AN IMPROVEMENT IN ORGANIZATIONAL EXCELLENCE CAN PROMOTE SUPERIOR PERFORMANCE



* Based on the self-evaluation of the study participants

THE PATH TO ORGANIZATIONAL EXCELLENCE

4 KEY QUESTIONS

1

Are there core organizational behaviors that are common across high-performing companies?

2

Are organizational behaviors equally critical for different organizations?

3

Which dimensions of organizational excellence have the most direct impact on future performance?

4

What are the dimensions that most concern leaders in the face of future challenges?

1

HIGH-PERFORMING ORGANIZATIONS DEMONSTRATE PROFICIENCY IN 5 KEY BEHAVIORS

All companies reporting high performance show a high level of proficiency in 5 core behaviors

Analysis indicates that these behaviors can be a baseline requirement for achieving high performance

Anticipation of trends and impacts on the future evolution of the business

Effective management of financial resources, controlling risk efficiently

High standards of performance, demanding excellence in results

Focus on innovation and continuous improvement of processes, challenging the status-quo

Leadership with the right competencies needed to face the strategic challenges

2

APART FROM THE CORE BEHAVIORS, THE IMPORTANCE OF OTHER BEHAVIORS VARIES DEPENDING ON THE ORGANIZATIONAL CONTEXT

Behaviors Exhibited by High-Performing Organizations
- Examples of High-Performing Organizations

	Organization #1	Organization #2	Organization #3
Other critical behaviors	<ul style="list-style-type: none"> Purpose and a clear vision of the future Strategic partnerships Autonomy and accountability Use of technology in key processes 	<ul style="list-style-type: none"> Purpose and a clear vision of the future Clear strategies and objectives Creation of a climate of trust and mutual respect Creation of a pool of high-potential talent 	<ul style="list-style-type: none"> Proactive employee development Autonomy and accountability Creation of a climate of trust and mutual respect Creation of a pool of high-potential talent
Core behaviors	<ul style="list-style-type: none"> Anticipation of business trends and impacts Effective management of financial resources High performance standards Focus on innovation and continuous improvement, challenging the status-quo Leadership with the necessary skills to meet strategic challenges 		

- Behaviors relevant to achieving high performance vary between starting point, strategy and organizational culture
- It is not necessary to exhibit high proficiency in all behaviors

3

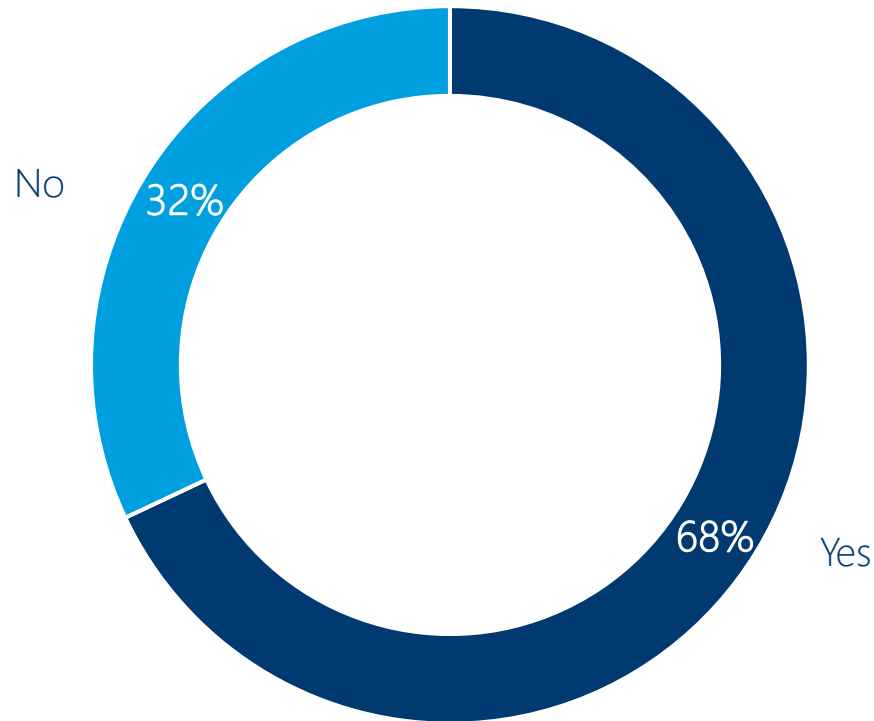
AN IMPROVEMENT IN THE DIMENSIONS OF CONSISTENT DELIVERY AND GREAT LEADERSHIP TENDS TO HAVE A MORE DIRECT IMPACT ON THE ORGANIZATIONS' PERFORMANCE



4

PORTUGUESE EXECUTIVES CONSIDER THAT TALENT MANAGEMENT WILL INCREASE IMPORTANCE IN THE FUTURE

Percentage of Portuguese Executives who consider Talent Management as one of the top three priorities to face future challenges



- Effective Talent Management considered critical to winning in the future
- Dimension with lowest scores in Organizational Excellence Index (71)
- Need to improve:
 - Identification of critical competencies
 - Development opportunities
 - Meritocracy
 - Ability to Collaborate
 - Diversity and Inclusion

HOW CAN ORGANIZATIONS START ON THE PATH TO EXCELLENCE?

DIAGNOSE

Which behaviors have the most room for improvement?

1

PRIORITIZE

Of the identified behaviors, which are the highest priorities to face future challenges?

2

PLAN

What are the initiatives to promote improvement in the prioritized areas?

3

TRANSFORM

How to ensure effective change?

4

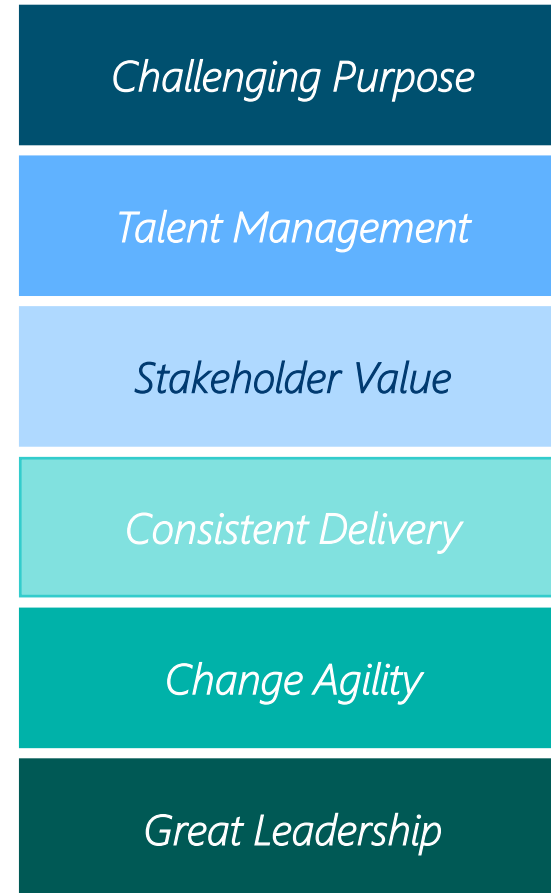
TRANSFORMATION CAN BE PROMOTED BY TARGETED INITIATIVES

GET THE BASICS RIGHT

Working on the core behaviors and dimensions of success

GET READY FOR THE FUTURE

Working on the behaviors and dimensions that will prepare the organization for future challenges



- Advisory Boards
- Top Team Coaching
- ...
- Succession & Career Planning
- Talent Scouting & Mapping
- ...
- Stakeholder Mapping
- Client Structures and Journeys
- ...
- Performance Appraisal and Management
- Organizational Design
- ...
- Agile Governance Model
- Role Modelling & Feedback Systems
- ...
- Leadership Mapping & Assessment
- Leadership Development Programs
- ...

THE IMPORTANCE OF ACTING NOW

*Considering your market, how well
do you rate your organization's
readiness for the challenges of the
future?*

72/100 ▼ *

Readiness for the
Future

* In view of past performance

NATIONAL BUSINESS LEADERS BELIEVE
THEIR ORGANIZATIONS ARE LESS
PREPARED FOR THE FUTURE

CONCLUSION: 6 KEY-MESSAGES

1

LEADERS ARE **SATISFIED**
WITH THEIR COMPANIES'
PERFORMANCE **(78/100)**

2

COMPANIES WITH
HIGHER
ORGANIZATIONAL
EXCELLENCE INDEX
PERFORM BETTER

3

HIGH PERFORMANCE
COMPANIES EXHIBIT **5**
CORE COMMON
BEHAVIORS

4

EACH **CONTEXT** REQUIRES
THE PRIORITIZATION OF
DIFFERENT
ORGANIZATIONAL
BEHAVIORS

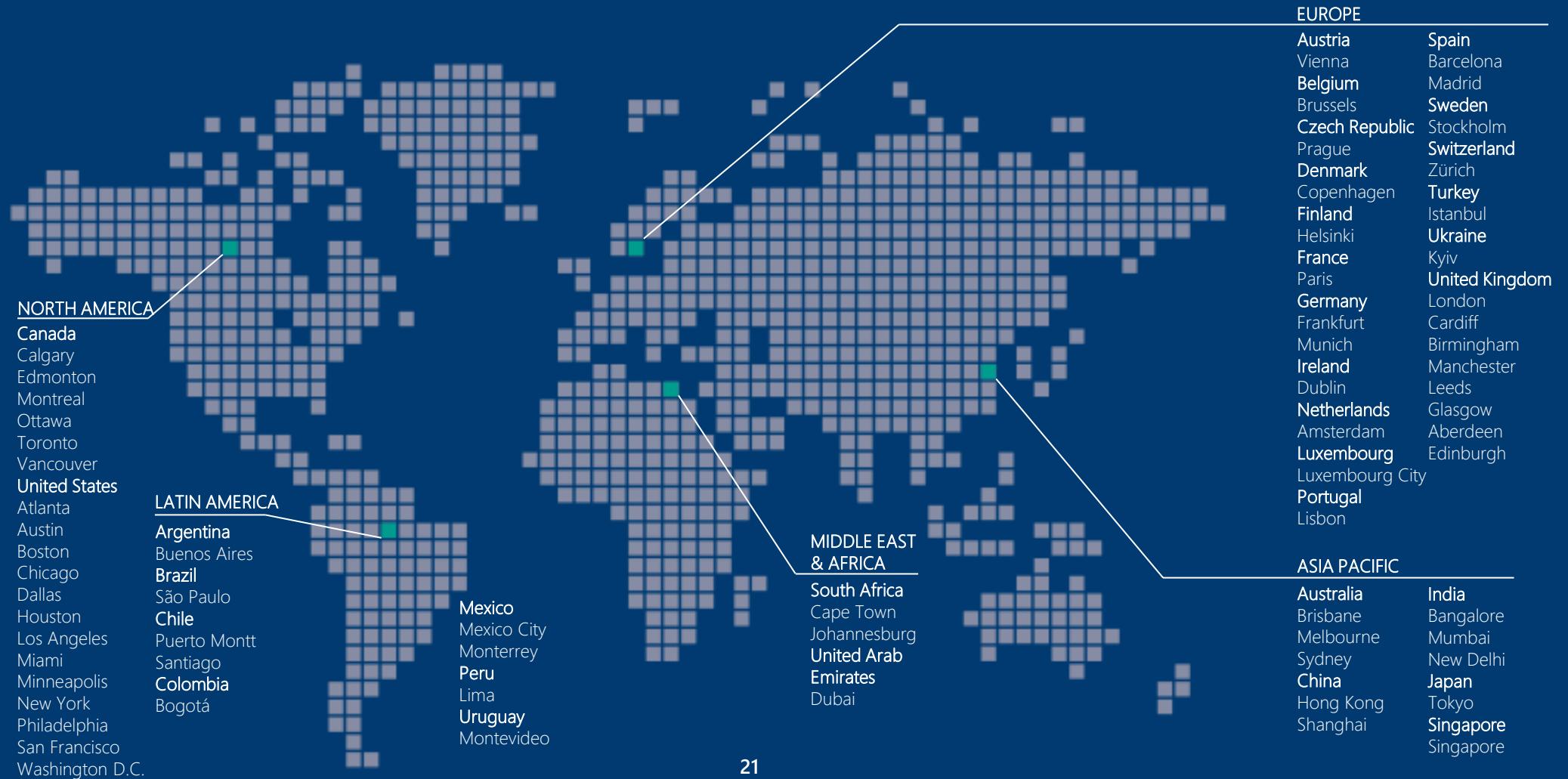
5

CONSISTENT DELIVERY
AND **GREAT LEADERSHIP**
AS THE DIMENSIONS
WITH THE MOST DIRECT
IMPACT

6

LOWER CONFIDENCE IN
THE FUTURE **(72/100)**,
WITH **TALENT**
MANAGEMENT TAKING
HIGHER PRIORITY

66 OFFICES, 32 COUNTRIES





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