

CORNERSTONE

INTERNATIONAL GROUP

SENIOR MANAGEMENT SURVEY RESULTS 2010

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PART 1 • WELCOME

It's that time again! Welcome to the Cornerstone 2010 Worldwide Survey.

This digest of senior management issues and expectations gives insight into business conditions around the world, both current and anticipated.

As one of the leading human resources consulting organizations, we seek to inform and advise businesses on a wide range of issues. This survey is just one of many ways of sharing the latest management opinions among our clients and potential clients.

The Annual Survey by Cornerstone International Group has three key attributes:

- It reflects the reality-based opinion of business leaders around the world
- It represents a broad range in terms of business focus and company size
- It is timely, released within one month of the conclusion of data gathering

With over 100 offices worldwide, we are able to survey small, medium, and large employers – corporations and institutions, for-profit and non-profit, throughout Asia, the Americas, the United Kingdom, Europe, and Africa.



PART 2 • THE RESPONDENTS

The 2010 Cornerstone Survey was completed over a six-week period and findings compiled in May, 2010.

The survey is distributed to the executive level at companies in the countries where we do business, covering all the major geographic regions of the world.

RESPONDENT POSITIONS

The role of respondents is predominantly C-Level, with 60% this year described as Chairman, Chief Executive Officer, Chief Operating Officer, or other senior general management executive.

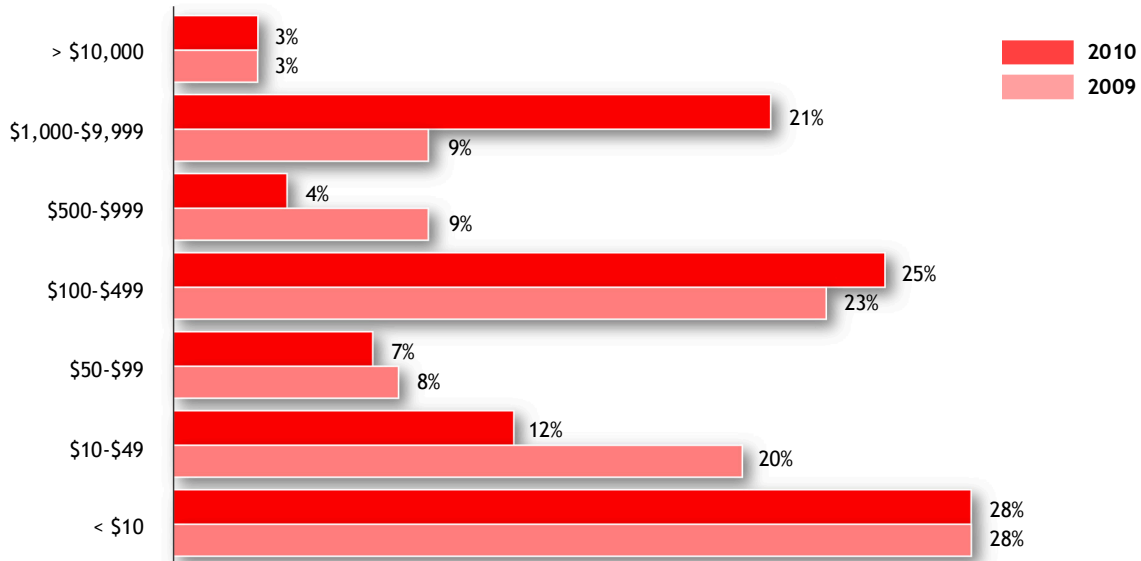
Chief Financial Officers represented 7% of participants, senior executives in Marketing and Human Resources a further 11%, and 22% listed themselves as Other Executive.

SIZE OF ENTERPRISE

Responding firms were fairly evenly distributed over the revenue spectrum with 24% generating \$1 billion or more in sales, 29% positioned between \$100 million and \$999 million, 19% between \$10 million and \$99 million, and 28% under \$10 million.

This is more representative in total than last year, which showed a brief skew in favor of smaller firms.

ANNUAL REVENUE OF PARTICIPANTS

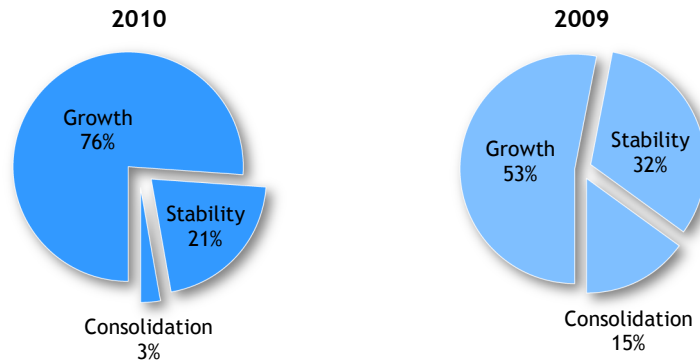


PART 3 • SURVEY FINDINGS

THE BIG PICTURE

This year's survey shows persuasive indications that recovery is underway from global recession and a credit crisis. Business leaders by default seek out opportunity and the majority in our survey have their foot back on the accelerator.

BUSINESS PRIORITIES

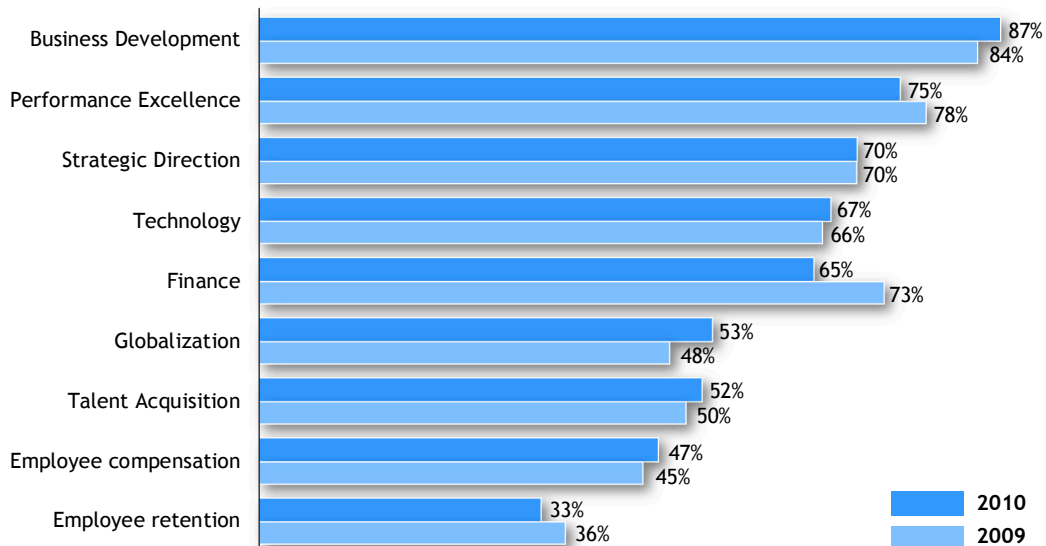


Only one year after seeing 34 or more national governments injecting trillions of dollars to avert economic disaster, 76% of our surveyed firms are back in a growth mode. Although still shy of the heady numbers of 2008 (82% in growth mode), this is an encouraging and even surprising bounce back from last year's 53%. Although business leaders appear reluctant to credit government intervention (see *The Crystal Ball*), it seems clear that the massive, international intervention of a year ago has achieved its objective in large measure.

THE STRATEGY METER

The greatest challenge seen by managers for 2010 continues to be Business Development followed by Performance Excellence and Strategic Direction.

AREAS OF CHALLENGE



After being among the leading corporate priorities, issues related to talent – acquisition, compensation and retention – dropped sharply in strategic importance in 2009 but show the beginnings of a return to prominence this year.

Functions expected to grow in importance were unchanged in their order of selection with most participants listing Sales/Marketing followed by R&D/Innovation.

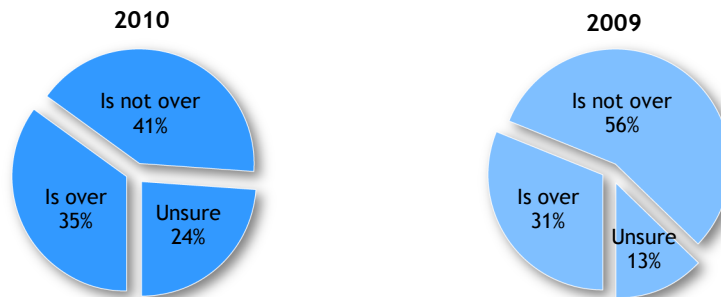
COMMENT: We will be watching the 2011 survey carefully regarding strategic emphasis on human resources. Staying afloat has been Job One for two years but neglecting the strategic management of intellectual assets weakens any foundation for renewed growth.

THE CRYSTAL BALL

The opinions of business leaders around the world support a sense that economic recovery has begun.

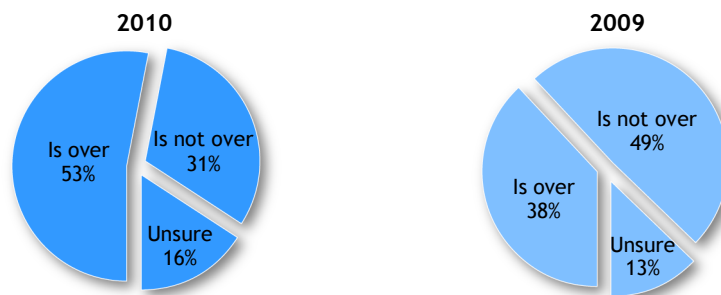
Based on their own experience, those feeling a global recession is over grew by four points to 35% of respondents while the bears declined from a high of 56% last year to 41%. Just under a quarter of the respondents, though, remain on the fence.

GLOBAL ECONOMY



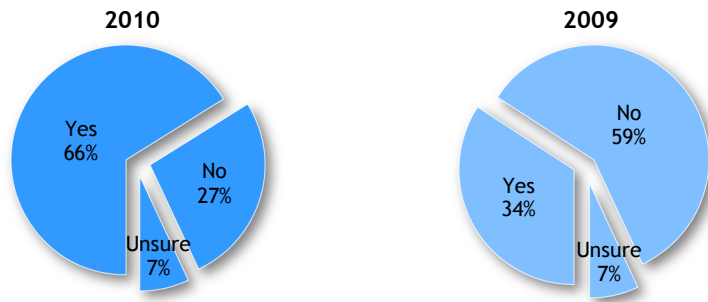
Lenses had a rosier tint when viewing the local economy: over half are optimistic that a recovery is in place, 31% are pessimistic, and the uncommitted is down to 16%.

LOCAL ECONOMY



The more positive outlook is strongly supported by hiring intentions showing almost twice as many participants expecting to hire additional employees – 66% in 2010, compared with only 34% in 2009.

HIRING INTENTIONS



Despite the trillions of dollars at large, the impact of government initiatives in the recovery of local economies is not valued highly: 65% of participants believe they had little or no effect, a figure that grows with hindsight.

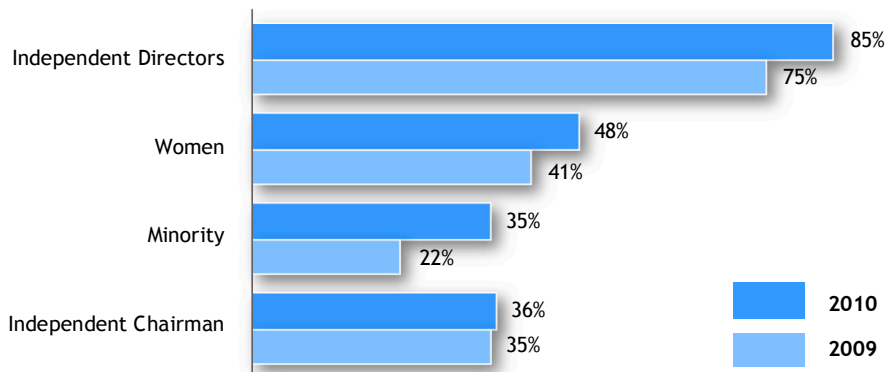
BOARD ROOM REACTIONS

The Board of Directors is realizing an increasingly active role in setting the strategic direction of the enterprise. The number of Boards as “pro-active strategic partners” has climbed to 86% in 2010 from 74% in 2009. More Boards also feel that risk aversion plays a considerably more significant role in attracting independent directors than it did a year ago.

In terms of composition, the numbers of independent, female, and minority members of the Board continue to increase. In the current survey, 85% of Boards now have one or more independents with more than half having five or more.

This is a steady progression, particularly in regard to women and minority directors. Boards with women members number 38%-41%-48% of the total respondents over the past three years and those with minority members have been 17%-22%-35% in those same years.

BOARD COMPOSITION



More firms are using outside consultants to source independent directors.

Likewise, the competence of the Board can be said to be improving. The percentage of firms having as Director a financial expert who meets government compliance requirements has climbed to 80% from 70%.

The diversity of the experience of directors is rated sufficient in 64% of participating firms.

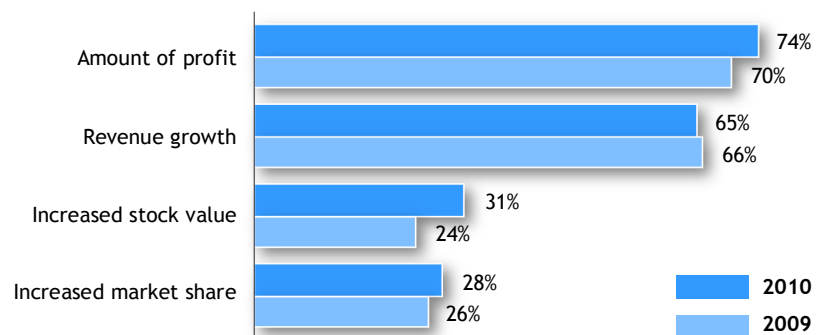
KEYS TO THE WASHROOM

One third of respondents plan key management replacements in 2010 and 82% will use the services of a retained search firm. This is a significant increase over last year (73%) and a return to the more normal, pre-stress levels of 2008 (81%).

Over three-quarters remain satisfied with their choice of search firm, also an improvement over 2009.

In formally evaluating performance, more firms this time turned towards profit versus straight revenue growth. A surprising 18% this year listed no formal evaluation process, double that of 2009.

PERFORMANCE EVALUATION



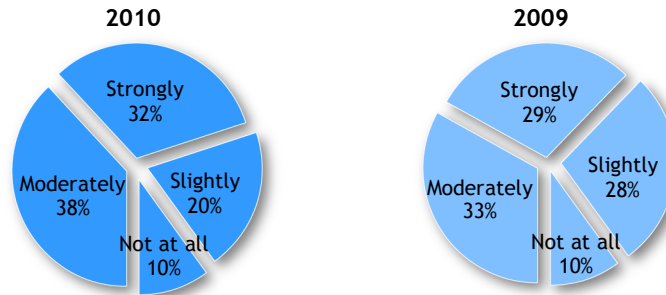
COMMENT: Internal performance evaluation is becoming more attuned to the long term health of the enterprise, with profit the leading metric once again over revenue growth as well as greater adoption of stock value and market share gains as true measures.

It comes as a surprise, however, to note that 18% this year listed no formal evaluation process, double that of 2009. Anomaly? Or another statistic suggesting a contemporary neglect of human resource management in the scramble to survive?

AND TOMORROW?

The concept of sustainability continues to grow in importance among companies worldwide. Only 10% of participants do not incorporate sustainability in their corporate strategy while 70% do so to a moderate or stronger degree.

SUSTAINABILITY

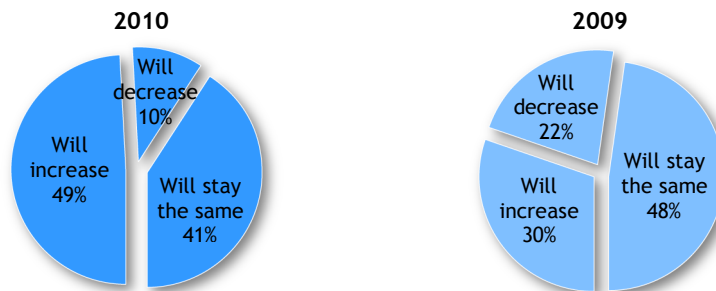


Other strategic considerations taking up executive time in 2010 are the need to address the baby boom surge and the rising economies of China, India, and Brazil.

Technology clearly is one of the first beneficiaries of company investment funds as they again become available, with 49% of firms planning to increase tech investment during 2010, compared with 30% the previous year.

The use of remote conferencing and having employees work from home are also scheduled to grow in 2010.

TECHNOLOGY



PART 4 • CREDENTIALS

Our mission is to accelerate the success of our clients by providing top-quality consulting services that combine our global reach and network resources with the personal service and undivided attention delivered by each of our local offices.

Our list of clients served includes one half of the Global 1,000; two thirds of the Global 500; three quarters of the Global 100; and 9 of the 10 largest multi-national firms in the world.

We represent organizations in almost every industry, every function, and every major geographical region.

Most of our offices command the #1 position in their local market for repeat and referral business, be it executive search, HR consulting, or general management consulting.

NOT THE BIGGEST, BUT THE BEST

Our goal is to be the undisputed world leader and standard-bearer for retained search and consulting.

That doesn't mean being the biggest; it means being the best. And that means the best service, the best value, and the best results – so our clients can attract and develop the very best senior management and the very best Boards in the world.

TO KNOW MORE

To find out more, we invite you to visit www.cornerstone-group.com.





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Retail/Hospitality Practice Group

Franchising Industry Practice Group

Entertainment/Sports/Leisure Practice Group

Paper & Publishing Practice Group

Financial Services/R.E./Construction Practice Group

Not-for-Profit & Public Sector Practice Group

Manufacturing & Transportation Group

Aerospace & Defense Practice Group

Professional Service Firms Practice Group

Utility Industries Practice Group

Agriculture Industry Practice Group

Diversity Practice Group

Board-Level Practice Group

CEO/Managing Director Practice Group

CFO/Chief Administrative Officer Practice Group

CIO/CTO Practice Group

Human Resources Practice Group

Leadership Assessment Practice Group

Mergers and Acquisitions Practice Group

Turnaround Management Practice Group

Executive Coaching Division

Compensation & Benefits Division

Background Investigations Division

Executive Onboarding Division

Outplacement Division

Cornerstone Tenets Patterned after AESC Standards

