



# Growth, Talent, and the Three C's: A Review of Global Business Trends



# Executive Summary

Every year, research institutions and consulting firms survey thousands of executives around the globe to keep a pulse on marketplace trends. Forum canvassed and triangulated this research in order to identify trends of strategic importance to our organization. Forum helps client organizations achieve the results of their growth strategies in a more complete, effective, and expedient manner. In particular, we focus on the essential driver of growth strategies: people. As such, the scope of our research was narrowed to studies that explored current and future organizational challenges and opportunities whose ultimate impact depends on people.

Perhaps not surprisingly, all surveys point to a core macro trend: globalization. In fact, the pace of globalization is the key variable in global economic growth.<sup>1</sup> While globalization—facilitated by advances in technology—is not a new phenomenon, organizations and leaders today react to it in new and different ways. This study explores the new ways organizations respond to these challenges. We grouped organizations' strategic responses to these trends into four categories:

## Change: The New Equilibrium

Organizations are faced with the challenge of executing growth strategies in a constantly changing environment. To respond, leaders focus on two related challenges:

- **Navigating Uncertainty:** 92 percent of executives believe the challenges they face are more complex than they were just 5 years ago.<sup>2</sup> New competitors create shock waves throughout entire industries. New technologies shorten product life cycles and lower costs. To mitigate risk and ensure growth, executives plan for different scenarios and think in more future- and market-focused ways.
- **Creating Agility for Sustainability:** Agility is the organizational response to the uncertain and fast-changing global environment. Eight out of ten organizations perceive the pace of change to be speeding up,<sup>3</sup> and agility enables organizations to keep up. Agile organizations execute a strategy while remaining open to options for growth and change. Eighty-eight percent of companies have either speed or agility on their agenda, and 55 percent are taking steps to increase one or both.<sup>4</sup>

## Collaboration: Common Goals, Uncommon Times

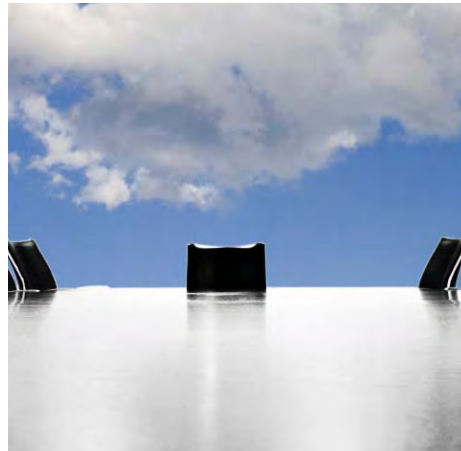
Growth requires seamless communication and collaboration among many parties. And yet, technological, cultural, and organizational rifts stand to stunt that growth. To bridge these divides, leaders focus on three broad areas:

- **Bridging Divides:** Cultural differences are often stumbling blocks, particularly for multinational companies (MNCs) expanding their reach into emerging markets. And it's not getting any better: support for globalization is waning in the West. The implications are enormous and suggest a real need for leaders who can lead across cultural, generational, and geographical differences.
- **Redefining the Term "Co-Worker":** Many companies will increase the number of their collaborative relationships with third parties, such as strategic alliances, over the next 3 years. Other companies are collaborating with the ultimate third party: the customer. Internal collaboration is also increasingly seen as key to providing cohesive, value-added solutions.
- **Using Web 2.0 Technology: Now, Not Futuristic:** Web 2.0<sup>5</sup> technologies are used for both internal collaboration and as an interface with suppliers and customers, enhancing communication, collaboration, and intimacy among employees and the marketplace. Web 2.0 is certainly not just for tech-savvy teenagers: 79 percent of organizations view the collaborative aspects of Web 2.0 as a way to increase corporate revenue and/or margins.<sup>6</sup>

## Critical Customers

Customers today have more information, more options, and more power than ever before, and they are increasingly demanding and critical of firms' value propositions and behaviors. To maintain customers' share of mind and wallet, leaders focus on three challenges:

- **Differentiating Through Customer Engagement:** 80 percent of managers say their company delivers superior customer service, but only 8 percent of customers would agree.<sup>7</sup> Perhaps this is because customers seek more than service—they seek a more customized, emotional experience as well. In fact, executives believe that deeper customer engagement will have almost double the impact on their company's growth in 5 years as it does presently.<sup>8</sup>
- **Creating Processes and a Culture for Ongoing Innovation:** Seven out of ten organizations experienced disruptive change over the past year. High-performing companies strive to be the game changers, rather than scramble to react to the bold moves and ingenuity of others.
- **Corporate Social Responsibility: The Web of Accountability:** Driven largely by consumer outrage over unethical business practices, corporate social responsibility (CSR)<sup>9</sup> instills ethical behavior that takes into account the well-being of the environment, communities, and employees. In 2000, 42 percent of executives and investors believed that CSR was a "central" or "important" factor in business and investment decisions. In 2005, that figure jumped to 85 percent.



Many of the organizational challenges and opportunities whose ultimate impact depends on people fall under the purview of one of these three Cs: Change, Collaboration, and Customers. These issues all serve to drive growth in the global environment and are intricately interrelated—so interrelated, in fact, that firms approach these trends in integrated ways. For example, a firm may collaborate with customers in the innovation process to provide new value and provide a better experience. But while most of the trends on our list overlap in some way, all trends seem to touch on one significant trend: talent management.<sup>10</sup>

### **Growing People to Drive Profitable Growth**

Seventy-five percent of executives believe talent management is a critical issue.<sup>11</sup> The increased focus on talent management results from a maelstrom of challenges: the demographic shift

driving a dearth of talent; the globalized talent market; the need for new, complex sets of capabilities to drive growth; and firms (particularly those in emerging markets) struggling to attract and retain talent. Increasingly, executives view talent management not as a “nice to have,” but as a critical tool used in the service of achieving business objectives.

These issues (change, collaboration, customers, and talent management) are not new—far from it. But the pace, urgency, and methods of approaching these issues are different today. To explore these issues in more depth, read Forum’s report, *Growth, Talent, and the Three C’s: A Review of Global Business Trends*.

## Change: The New Equilibrium

More companies are experiencing major change (for example, shifting the direction of core business or restructuring the portfolio of a conglomerate) than ever before. From 1985 to 1994, 49 percent of companies experienced this type of major change. From 1995-2004, it was 57 percent. Over the next decade, this number is predicted to rise to 72 percent.<sup>13</sup>

Change and uncertainty is the “new normal.” New competitors create shock waves throughout entire industries. New technologies shorten product life cycles and lower costs. In the 1970s, only 15 to 20 percent of industries could be defined as turbulent (for example, major changes in the rules for winning or rapid shifts in how competitors positioned themselves). Today, that figure is closer to 50 percent.<sup>14</sup> A recent global study showed 7 out of 10 organizations had experienced disruptive change over the past year, and 8 out of 10 organizations perceived the pace of change to be speeding up.<sup>15</sup>

In short, things are changing—and they are changing fast. In the 1980s, the average holding period of a share of common stock was 3 years; today it’s down to 9 months. The average lifespan for companies has dropped to 10 years from 14, and tenure for CEOs has dipped to less than 5 years from 8 years in only a decade.<sup>16</sup>

To continue to grow their businesses in these rapidly changing conditions, leaders focus on two broad areas: navigating uncertainty and creating agility for sustainability.

### Navigating Uncertainty

One measure of the uncertainty challenge is that risk—for the first time—is now the number one “executive issue,” according to Accenture.<sup>17</sup> Risk management has traditionally focused on financial, operating, or hazard risks. However, strategic issues such as competitive changes, regulatory shifts, geopolitical and economic instability, brand erosion, or customer attrition are now among the risks that leaders manage. It’s no surprise that 92 percent of executives believe the challenges they face are more complex than they were just 5 years ago.<sup>18</sup> In addition, growth researchers<sup>19</sup> have discovered that:

- 60 percent of executives report that their primary source of competitive advantage is rapidly vanishing
- 65 percent said they would need to fundamentally restructure the commercial model they used to serve their core customers
- 72 percent believe that their primary competitor in 5 years would not be the company that was currently their primary competitor

### About the Research

We conducted a meta-analysis of research studies on business trends published between 2005 and 2007.<sup>12</sup> The meta-analysis approach (with a combined sample size of over 7,000 executives) mitigated the potential of an outlier sample of executives. It also enabled us to identify the “short list” of key trends most cited across the many studies. We focused on the trends for the near term: the next 1 to 5 years.

We initially identified two groups of trends: external marketplace trends and organizational responses to those trends. In order to better understand the challenges and purpose of each organizational response, we completed additional secondary research, mainly in the form of review of journal articles, blogs, surveys, conferences, and books. Some of these data are reflected in this report.



This level of competitive pressure is unprecedented. Multiple variables, shifting constantly and simultaneously, result in a dizzying amount of complexity and ambiguity. Risk is rising because the future is more and more uncertain. As a result, effective decision making is more difficult, and yet more important. And adaptability, the capacity to absorb change and sustain high levels of performance, is among the most critical leadership skills.<sup>20</sup>

As a result of this complexity and uncertainty, and to improve their decision making, executives are focusing externally to improve their ability to plan for future scenarios. Between 2000 and 2006, scenario planning increased in usage as a management tool from 35 to 69 percent.<sup>21</sup> It is now both a top-10 management tool<sup>22</sup> overall, and the number one tool in managing catastrophe risk.<sup>23</sup> Scenario planning helps leaders to anticipate and proactively plan for discontinuous change, thereby protecting their companies and ensuring growth. Such future-focused thinking is a hallmark of high performers. High performers are nearly twice as likely to describe their organization as “we anticipate and plan for change before it happens” or “we induce change and force others to react” than lower performers.<sup>24</sup>

### Creating Agility for Sustainability

Essentially, agility is the organizational response to the uncertain, risky, and ambiguous business environment. Agility is defined as “the ability to move quickly, decisively, and effectively in anticipating, initiating, and taking advantage of change.”<sup>25</sup> More and more, leaders seek to create an organization in which change is normal.<sup>26</sup> An example of this is the research done by Lawler and Worley, which found that organizations should grow through a series of short-term, rather than long-term, competitive advantages.

- 91 percent say importance of agility and speed has increased in the last 5 years.<sup>27</sup>
- Nearly 90 percent of executives see agility and speed as either “extremely” or “very” important to business performance; the benefits are higher revenues and customer satisfaction.
- Companies expect to become significantly more flexible, rising from about 4.1 to 5.2 (on a scale where 1 = rigid and 7 = flexible).<sup>28</sup>
- “Responsiveness to changes in the environment” and “swift adaptability to change” is seen as both the number one source of competitive advantage and the greatest management challenge in the future.<sup>29</sup>

As a result, 88 percent of companies have either speed or agility on their agenda, with 55 percent taking steps to increase one or both.<sup>30</sup> However, it appears that there is no silver bullet to improve agility. Some companies address decision-making abilities and processes, as these have been identified as the biggest barrier to agility and speed.<sup>31</sup> Other companies garner profit and earnings results through changes in their global structure. For example, IBM set up global centers for tasks like software development and has created global teams of experts by industry.<sup>32</sup> Some top-performing companies stress clarity in roles and accountabilities, thereby reducing individual complexity and increasing organizational speed.<sup>33</sup> Still others recognize that the coming “talent gap” for creative and knowledge-based workers will be the biggest threat to their ability to both shift with the marketplace and grow into new markets. As such, they are taking steps to improve their agility by providing learning and development opportunities for their talents. Finally, others institutionalize an innovation process to quickly react to a changing marketplace.



## Collaboration: Common Goals, Uncommon Times

Growth requires seamless communication and collaboration among many parties. And yet, technological, cultural, and organizational rifts stand to stunt that growth. To bridge these divides, leaders focus on three broad areas: bridging divides, redefining the term “co-worker,” and using Web 2.0 technology.

### Bridging Divides

The success of organizations competing in the global environment requires people of different cultures, geographies, and organizations to work together as a cohesive unit. This is critical not just to organizations but to the global economy itself. However, a 2007 poll of 45,000 people across the world demonstrates that support for economic globalization is waning in the West. Americans and Western Europeans are less supportive of international trade and MNCs than they were 5 years ago. By way of contrast, the people of China and India, the rising economic powers in Asia, show near unanimous approval of global trade.<sup>34</sup> Globalization requires the free flow of talent, ideas and resources—and that concerns people of nearly every country. Threats to culture, traditions, and security cause the most distress. Such concerns and social complexities are a roadblock to growth, and are among the most challenging aspects of management.<sup>35</sup> Indeed, “cultural hostility to more open interaction with outside agencies” is one of the most significant barriers to improved relationships with customers, suppliers, and other external parties.<sup>36</sup>

The implications are enormous and suggest a real need for leaders who can lead across cultural, generational, and geographical differences. As MNCs grow and expand into new geographies, many seek standardization: the application of practices in regions overseas that are derived from, and are successful in, their own culture. However, leaders of Western MNCs may need to think twice before assuming that they do not act differently from those of different cultures. For example, 97.2 percent of Western leaders, as compared to 70.6 percent of leaders from Asia-based Asian companies, find leadership skills transferable between different geographies. Similarly, 68 percent of Western leaders, compared to 91 percent of leaders of Asia-based Asian companies, feel global business leadership differs from business leadership due to managing culturally diverse people and operations.<sup>37</sup>

### Redefining the Term “Co-Worker”

Organizations increasingly use collaborative strategies to share the costs and risks of entering new, emerging, and/or uncertain markets. For example:

- Companies expect the revenue contribution of alliances to increase from 19 percent to 47 percent in 5 years.<sup>38</sup>
- 97 percent of corporate development executives forecast that the use of strategic alliances will increase in their organizations.<sup>39</sup>
- Nearly 80 percent of executives believe coordination across product, functional, and geographic lines is crucial for



growth. (However, only 25 percent believe their organizations are effective in sharing the knowledge across boundaries.)<sup>40</sup>

Collaboration with third parties, such as the use of strategic alliances, drives growth by providing a tremendous way to gain speed and agility, overcome regulatory barriers, and leverage resources, as well as gain access to customers, technology, and know-how.<sup>41</sup> Other companies are collaborating with the ultimate third party: the customer. Since customers ultimately define “value,” organizations are now involving them early in the design process.<sup>42</sup>

Collaboration will also gain importance within organizations, as work continues to require more complex, collaborative decision making (“tacit interactions”).<sup>43</sup> Managing those tacit interactions, however, will challenge many leaders as it requires different skills from traditional management. It is about creating the conditions—fostering connectivity, removing barriers, facilitating learning—rather than engineering connections from top to bottom.

Increasing the productivity of tacit interactions is a major source of competitive advantage. This advantage may appear in higher customer satisfaction levels. Among companies that best execute a customer-focused strategy, many do so by intentionally promoting collaboration and cooperation.<sup>44</sup> For example, Scottrade, the U.S.-based online broker, uses “teamwork” as one of the two

consistent performance measures used throughout the entire organization (the other is “serving customers”). These two factors are correlated: the ability of back-office operations employees to collaborate with and serve their internal customers impacts external customer satisfaction and engagement. As such, Scottrade makes all employees bonus-eligible, and 20 percent of each bonus is tied to effectiveness in serving customers.<sup>45</sup> Not coincidentally, Scottrade has been named by J.D. Power and Associates as the online trading service with the highest investor-satisfaction ratings for 6 of the past 7 years.

### Using Web 2.0 Technology: Now, Not Futuristic

Web 2.0<sup>46</sup> technologies are used for both internal collaboration and as an interface with suppliers and customers, enhancing communication, collaboration, and intimacy among employees and the marketplace. Examples of the application of Web 2.0 technologies include social networking, knowledge management, and integrated supply chains. Although Web 2.0 is often cited as a future trend and is associated with younger users, this collaborative technology is a present-day reality. If the social networking web site MySpace were a country (in terms of user population), it would rank between Japan and Mexico, and Web 2.0 is certainly not just for tech-savvy teenagers:

- 79 percent of organizations view the collaborative aspects of Web 2.0 as a

way to increase corporate revenue and/or margins.<sup>47</sup>

- 75 percent plan to either maintain or increase their investments in technology that encourages user collaboration.<sup>48</sup>
- 30 percent expect Web 2.0 tools to cut costs especially in the area of customer service and support.<sup>49</sup>

Indeed, many companies are seizing upon these technologies as cost-effective communication channels with customers. Pitney Bowes’ small business group is among the many organizations that engage their customers through the use of chat, which provides personalized and quick interactions with customers. Although technology is providing productivity gains and an ever-increasing availability of knowledge, greater mobility, and lower cost of entry for competitors, it also has its downside. Many people struggle with feeling overwhelmed with information, with being “always on,” and with constant interruptions to their work and personal lives.



## Critical Customers

With the increase in availability of information and competitive options, today's customers demand improved products and services at lower costs. Essentially, customers demand consistent performance at a great price—and while you're at it, as an emotional experience. To provide superior experiences, organizations focus their efforts on three broad challenges: differentiating through customer engagement, creating processes and a culture for ongoing innovation, and practicing corporate social responsibility.

### Differentiating Through Customer Engagement

Customers now have more information, more options, and more power than ever before. The risk of customer attrition has been called "the most subtle and most widespread risk of all."<sup>50</sup> As such, organizations are emphasizing the importance of customer information—data on changing priorities, tastes, and met and unmet needs. Organizations use this information in myriad ways, not the least of which is the creation of customer engagement.<sup>51</sup> Customer engagement will only increase as a key source of competitive advantage. In fact, executives believe this strategy will have almost double the impact on their company's growth in 5 years as it does presently.<sup>52</sup>

And yet, organizations struggle to become customer-centric:

- 80 percent of managers say their company delivers superior customer

service, but only 8 percent of customers would agree.<sup>53</sup>

- Fewer than 25 percent agree with the statement "We understand our customers."<sup>54</sup>
- Only 48 percent of respondents felt that customer-facing employees are empowered to correct a negative issue with the customer experience.<sup>55</sup>
- 26 percent of respondents indicated that lack of engagement accounted for 26 to 50 percent of their annual sales losses.<sup>56</sup>

Technology will play a major role in customer engagement, as it enables broad access to customers. But technology is not the only answer; people remain critical to customer satisfaction and retention. People bear the largest responsibility for building a relationship that leads to trust—believed by executives to be the number one factor in customer decision making.<sup>57</sup> While people play a critical role in the customer experience, business leaders express concern over the ability of people to appropriately engage customers. A 2006 study reported that 65 percent of executives felt that face-to-face customer contact would be "the biggest challenge for maintaining a consistent customer experience, far ahead of any other channel."<sup>58</sup>

Selden and McMillan observed a great example of employees delivering on customer needs in 7-Eleven Japan. One day the weather suddenly switched from cool to hot, so a part-time employee made

an early-morning decision to serve cool noodles for the local construction workers who patronized the store. His order was received over the satellite network, shipped, and arranged to display the cold, refreshing food and drinks on such a hot day. Everything was sold out at a large profit, and the customers had a great experience! 7-Eleven Japan does many things right—it has an integrated infrastructure and great customer R&D. But it also has a "culture dedicated to educating, empowering, and engaging those closest to the customer."<sup>59</sup> This combination has helped make 7-Eleven Japan one of the world's most successful convenience retailers.

### Creating Processes and a Culture for Ongoing Innovation

Innovation is the creation of substantial new value for customers and the firm by creatively changing one or more dimensions of the business system.<sup>60</sup> Pursued by practitioners and academics for years, innovation remains equal parts elusive and essential. Foster and Kaplan believe that "no more than a third of today's major corporations will survive in economically important ways over the next 25 years."<sup>61</sup>

Executives of course know the importance of innovation.<sup>62</sup> And yet, organizations still struggle with it. Investments in innovation provide satisfactory financial returns to less than half of organizations, but 74 percent plan to increase spending. It's simply too important not to pursue. Although there are many facets and challenges to



innovation, the creation of a corporate culture that fosters it stands out: 40 percent of executives say they are weak in this area. At the same time, recent research has identified climate (particularly one that encourages risk taking) as the most important factor in innovation.<sup>63</sup> This is a shift; whereas climate and culture was once maligned as “soft,” 9 of 10 global executives now believe that corporate culture is as important as strategy for business success.<sup>64</sup>

Wells Fargo is one organization that has weaved innovation into their culture.<sup>65</sup> The U.S.-based financial services company created an “innovation network” to stimulate and gather ideas from across the company. More than 250 Wells Fargo employees submitted ideas, resulting in seven high-quality innovations for the company. Beyond the financial benefits these ideas generated, greater employee engagement resulted as well. For companies with risk-averse cultures, “innovation networks” provide a safe transition to a more risk-accepting culture. Open and anonymous in nature, they provide a safe medium for employees to share ideas without fear of immediate rejection. In addition, it also reinforces a message to employees (and, as importantly, senior leadership) that innovation is not simply the work of corporate strategists—it comes from everyone.

### Corporate Social Responsibility: A Web of Accountability

Driven largely by consumer outrage over unethical business practices, corporate social responsibility (CSR)<sup>66</sup> goes beyond the requirements of Sarbanes-Oxley and other regulatory issues. It instills ethical and transparent behavior that takes into account the well-being of the environment, communities, and employees. At its best, CSR generates a sense of higher purpose, engaging both employees and customers. CSR can also drive growth, and has recently gained visibility and importance to investors and executives alike. For example:

- In 2000, 42 percent of executives and investors believed that CSR was a “central” or “important” factor in business and investment decisions. In 2005, that figure jumped to 85 percent.
- The number of the largest 250 companies who issue a separate report for CSR has risen from 42 percent in 2001 to 71 percent in 2006.
- 74 percent of executives are driven by economic considerations as the reason for CSR reporting.
- General Electric is spending nearly all of its multimillion-dollar corporate advertising budget on Ecomagination, its environmentally friendly products, despite the fact that they account for only 8 percent of GE’s sales.<sup>67</sup>

Another side benefit of CSR is employee engagement and retention. Recent research has demonstrated that the degree of community involvement has an impact on employee engagement and retention.<sup>68</sup> In fact, 72 percent wish their employers would do more to support a cause or social issue, up from 38 percent in 2004.<sup>69</sup> CSR could have particular influence on the younger generation (a.k.a. the Millennial generation or Gen Y). For example, 90 percent of Americans who entered the workforce after July 2000 will actively seek out employers whose corporate responsibility behavior reflects their own behavior and values.<sup>70</sup>

However, some scoff at CSR as merely an empty nod to political correctness, including Robert Reich, former U.S. Secretary of Labor and a leading left-wing thinker.<sup>71</sup> He may have a point: 81 percent of executives agree that CSR needs to be a priority, but only 60 percent say that they integrate internal priorities with obligations to do right by society. Whether this trend will continue to gain importance or fade away remains to be seen.



## Growing People to Drive Profitable Growth

While most of the trends on our list overlap in some way, all trends seem to touch on one significant trend: talent management.<sup>72</sup> Today's increased focus on talent management results from a maelstrom of challenges: the demographic shift driving a dearth of talent; a globalized talent market; the need for new, complex sets of capabilities to drive growth; and firms (particularly those in emerging markets) struggling to attract and retain talent. Other firms have enough people, but they lack the breadth and depth of capability to achieve strategic success. Stripping out layers of management in order to provide operating and cost efficiencies compounds the problem. As a result, necessary development and expected advancement opportunities no longer exist. Additionally, talent management often mirrors the silo structures of organizations, and so many managers are left ill-prepared to lead outside of their division.<sup>73</sup> Lastly, many leaders perceive talent management to be an HR process rather than a growth driver for which they should be accountable.

Research reveals a talent management revolution brewing:

- Only half of executives believe they are actually identifying and promoting the right people in their organizations.<sup>74</sup>
- Only 25 percent of companies are highly confident their high-potential talent can meet future growth needs.<sup>75</sup>
- Only 53 percent of leaders worldwide are satisfied with their organization's development opportunities; only one-

third of organizational succession plans are effective.<sup>76</sup>

- 75 percent of executives believe talent management is a critical issue.<sup>77</sup>

Increasingly, executives view talent management not as a "nice to have," but as a critical tool used in the service of achieving business objectives. For example, "acquiring/developing the right talent" is the number one challenge for organizations seeking to improve their company's innovation performance.<sup>78</sup> To overcome this challenge, some companies staff growth initiatives with high-potential leaders from other business units or regions.<sup>79</sup> This practice both stimulates innovative thinking and serves as a tremendous learning opportunity for leaders when they are given the proper support.

Talent management is also critical to executives who seek growth in emerging markets. Not only is lack of available local talent the top challenge, but most organizations don't know how to attract, engage, develop, deploy, and retain the best people in these regions. As such, some companies go to great lengths to secure and manage talent. For example, Tata Consultancy Services Ltd. of India calculates the return on investment that each hire makes, based on recruiting costs, retention rates, and development progress. Based on these findings, they target particular talent demographics and have even made blanket offers to every individual in a graduating class of a college they've targeted.<sup>80</sup> For Tata, clearly the opportunity costs of missing out on the right talent outweigh the potential costs of

a poor hire. These aggressive practices are more and more commonplace in emerging markets, where the war for talent is particularly fierce.

Just as organizations up the ante on acquiring talent, many are more disciplined in the creation of pipelines of leaders. Firms provide leaders with the appropriate skills at each level of management to prepare them for the next level.<sup>81</sup> These firms realize that without the proper talent with the right skills, their growth strategies are seriously at risk.

### Summary

Clearly, these trends are interconnected, an intricate mosaic of challenges and keys to growth in the global environment. Competitive advantage belongs to the organizations that:

- Execute growth strategies with an agile approach in a constantly changing environment
- Bridge technological, cultural, and organizational divides toward common goals
- Provide value in new and differentiated ways to increasingly demanding customers
- Attract, engage, develop, deploy, and retain the right talent to execute their growth strategies with an eye to the future

Leaders who invest in the right capabilities today will enjoy a healthy economic advantage tomorrow.





## Endnotes

- <sup>1</sup> A particularly useful study by The Economist Intelligence Unit illustrates this fact. The study identifies several possible global economic scenarios and links each scenario to core factors driving globalization. Those scenarios are presented here in order of their likelihood of occurrence: Controlled Globalization (current state—gradual trade liberalization, in part constrained by security concerns and protectionist pressures), Globalization in Retreat (fears of epidemics, food safety, security and outsourcing of jobs to emerging markets create backlash against globalization), Globalization Unbounded (global growth explodes due to accelerated technological development and dissemination, free flow of labor and knowledge, and integrated financial markets), and Globalization Sunk (worst case scenario, global growth stagnates due to world war or extreme protectionism). Since organizations operate in the global economic milieu, it makes sense that nearly all the top business trends relate to the challenges of growing businesses in the global marketplace: rapid advances in technology, global competition, complexity, and the growing number of consumers in emerging markets, to name a few. *ForeSight 2020: Economic, Industry, and Corporate Trends*, Economist Intelligence Unit, 2006.
- <sup>2</sup> *10 Trends: A Study of Senior Executives' Views on the Future*, Center for Creative Leadership, 2007.
- <sup>3</sup> "Agility and Resistance in the Face of Continuous Change: A Study of Current Trends and Future Possibilities, 2006-2016," American Management Association, 2006.
- <sup>4</sup> "Building a Nimble Organization: A McKinsey Global Survey," *McKinsey Quarterly*, 2006.
- <sup>5</sup> "Web 2.0 is the network as platform, spanning all connected devices; Web 2.0 applications are those that make the most of the intrinsic advantages of that platform: delivering software as a continually updated service that gets better the more people use it, consuming and remixing data from multiple sources, including individual users, while providing their own data and services in a form that allows remixing by others, creating network effects through an 'architecture of participation,' and going beyond the page metaphor of Web 1.0 to deliver rich user experiences." From a 2005 blog posting by Tim O'Reilly, chief executive officer and founder of O'Reilly Media, the company that coined the term, as cited in *Serious Business: Web 2.0 Goes Corporate*, Economist Intelligence Unit, 2007.
- <sup>6</sup> *Serious Business: Web 2.0 Goes Corporate*, Economist Intelligence Unit, 2007.
- <sup>7</sup> *Turning Your Consumers into Die-Hard Fans*, Bain & Co, 2007.
- <sup>8</sup> *Ibid.*
- <sup>9</sup> Corporate social responsibility (CSR) is defined as "the efforts companies make above and beyond regulation to balance the needs of stakeholders with the need to make a profit." Doane, D., "The Myth of CSR," *The Stanford Innovation Review*, Fall 2005, as cited by Arena, Christine in *The High Purpose Company*, HarperCollins, New York, 2007.
- <sup>10</sup> Talent management is a strategically aligned, integrated effort to attract, engage, develop, deploy, and retain the best people equipped to ensure ongoing success of the business.
- <sup>11</sup> *Talent Management: The State of the Art*, A TP Track Research Report, Towers Perrin, 2005.



## Endnotes, cont'd

- <sup>12</sup> Examples include studies by Accenture, AMA, ASTD, Bain & Co., Center for Creative Leadership, Deloitte, Economist Intelligence Unit, The Forum Corporation, IBM, KPMG, McKinsey, and PricewaterhouseCoopers.
- <sup>13</sup> Zook, Chris, *Unstoppable*, Harvard Business School Press, 2007.
- <sup>14</sup> Ibid.
- <sup>15</sup> "Agility and Resistance in the Face of Continuous Change: A Study of Current Trends and Future Possibilities, 2006-2016," American Management Association, 2006.
- <sup>16</sup> Zook, Chris and James Allen, "Diamond in the Rough," *Business Strategy Review*, Autumn 2007.
- <sup>17</sup> Accenture Executive Issues Study, 2005.
- <sup>18</sup> 10 Trends: A Study of Senior Executives' Views on the Future, Center for Creative Leadership, 2007.
- <sup>19</sup> 2004 Growth Survey, Bain & Co.
- <sup>20</sup> Linsky, M., "Leadership Ability—You Either Have It or You Don't," *Harvard Management Update*, April 2007; and Leading Change Research Summary, The Forum Corporation, 2006.
- <sup>21</sup> Management Tools & Trends, Bain & Co., 2007.
- <sup>22</sup> Ibid.
- <sup>23</sup> Catastrophe Risk Management, EIU.
- <sup>24</sup> "Agility and Resilience in the Face of Continuous Change," American Management Association, 2006.
- <sup>25</sup> Ibid.
- <sup>26</sup> Lawler, Edward and Chris Worley, *Built to Change: How to Achieve Sustained Organizational Effectiveness*, Jossey-Bass, 2006.
- <sup>27</sup> "Building a Nimble Organization: A McKinsey Global Survey," *McKinsey Quarterly*, 2006.
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