

# 2014 Top Insights for the World's Leading Executives

---

## Executive Summary



WHAT THE BEST COMPANIES DO

9	Changing Nature of Work
22	Changing Needs of Internal Clients
32	Changing Nature of the Consumer
36	Changing Nature of Business Customers
39	Changing Impact of Information

© 2014 CEB. All rights reserved. CEB0696414SYN

The pages herein are the property of The Corporate Executive Board Company. No copyrighted materials of The Corporate Executive Board Company may be reproduced or resold without prior approval. For additional copies of this publication, please contact The Corporate Executive Board Company at +1-866-913-2632, or visit [www.executiveboard.com](http://www.executiveboard.com).

---

# 2014 Top Insights

---

## Contents

<b>4</b>	<b>Trends Shaping the Business Frontier</b>	<b>28</b>	<b>Procurement &amp; Operations</b>
		29	Achieve More Consistent Influence
<b>9</b>	<b>Human Resources</b>	<b>30</b>	<b>Market Insights</b>
10	The Performance Transformation	31	The Future of Corporate Insights
11	Your Brand Needs to Do More	<b>32</b>	<b>B2C Marketing &amp; Service</b>
12	More Learning Through Less Learning	33	Rethinking the Live Service Interaction
13	Take Your HR Team to the Next Level	34	Closing the Digital Gap
14	Rethinking the Workforce Survey	35	Inside the Millennial Mind
15	What Makes a High Potential?	<b>36</b>	<b>Sales &amp; B2B Marketing</b>
<b>16</b>	<b>Finance</b>	37	Consensus Marketing
17	A New Standard for Transforming Finance	38	Creating Customer Consensus
18	The Future of Overhead Cost Management	<b>39</b>	<b>Communications</b>
19	Balancing Governance and Guidance	40	Changing Critical Perceptions
<b>20</b>	<b>Information Technology</b>	<b>41</b>	<b>Legal, Risk &amp; Compliance</b>
21	Overcoming the Insight Deficit	42	How Audit Can Improve Management of Information Security Risk
22	The Looming IT Crisis That Might Surprise You	43	Advance Identification and Prevention of Compliance Risks
23	Harnessing Business-Led IT	<b>44</b>	<b>About CEB</b>
<b>24</b>	<b>Innovation &amp; Strategy</b>		
25	Closing the Strategy-to-Execution Gap		
26	Unlock the Innovation Potential of Your R&D Workforce		
27	Building and Sustaining a Culture of Quality		

---

# Trends Shaping the Business Frontier

---

Although the adage “the only constant is change” is well known (and well worn), the ability to spot meaningful changes—and as importantly, to adapt to them—is hardly easy or common. As a result, executives often recognize change too late or misunderstand the implications of those changes for their teams. And those misses cost firms dearly in terms of direct, indirect, and opportunity costs. As we look back on our most recent research and reflect on the changes that affect thousands of executives in organizations around the globe, there are five critical areas of change that require your immediate attention.

---

## 1. Changing Nature of Work

As the way organizations create value evolves, the very nature of work is also changing. Employees have to become more flexible across geographic and functional boundaries. Simultaneously, the value that

---

employees create is becoming more interdependent on other employees' work, placing a premium on what we call "network performance." In fact, our research finds that workforces that excel at both individual task performance and network performance can boost year-over-year revenue growth by 11% and profit growth by 5%. This change in the nature of work requires firms to reengineer how they attract, develop, and manage human capital.



## 2. Changing Needs of Internal Clients

For internal service providers in the organization, clients seem to be more difficult than ever to serve. Clients' need to move quickly has led them to claim more authority and freedom in decision making. That in turn requires internal service providers—from IT to HR to risk management to strategy development—to enable their clients to do much of the work that those same providers used to do.

Internal service providers are enabling clients to

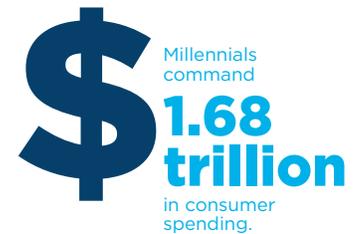
**self-serve.**



A dark blue icon of a telephone handset, positioned to the right of the text 'self-serve.' and below the text 'enabling clients to'.

### 3. Changing Nature of the Consumer

As technology and demographic shifts alter consumers' experiences and expectations, suppliers are under pressure to close the gap between the branded experience they provide and what consumers have come to expect. For example, millennials are displaying growing desires and values for self-expression, belonging, and social relevance—not only with products but also with the experience around products. Brands that fall short in millennial consumers' eyes risk losing touch with one-quarter of the US population, which makes up the majority of first-time homebuyers and new parents and commands \$1.68 trillion in annual consumer spending. With this in mind, brands must close the value divide, digitally expressed, with consumers.



Millennials  
command  
**1.68**  
trillion  
in consumer  
spending.

### 4. Changing Nature of Business Customers

As deal complexity has risen, so too has customers' risk aversion and the number of stakeholders dedicated to a given sales purchase. CEB research shows that

---

5.4 people are involved in the average B2B buying process. The consensus that these groups require for decision making slows down the purchase and adds dysfunction to the buying process, something that buyers and suppliers alike must learn to overcome. Without any intervention, sale cycles extend, and both buyers and suppliers walk away with smaller deals than either side wanted.



## 5. Changing Impact of Information

Although it's no surprise that the information we have access to is growing exponentially, executives underappreciate the toll that it takes on the users of that information. We see users struggling as they hit the limits of their cognitive ability to process, make sense of, and ultimately put to use the huge and varied array of information at their fingertips. From consumers to executives, people see more options now than they had in the past. They have access to more information to aid them in the decision-making

---

process, and yet they struggle more to make decisions and often fail. Further, our research shows that the cost of poor decision making can be upward of \$375 million. Leaders in the organization need to make information helpful, not harmful, to decision making.



The cost of poor  
decision making  
can be upward of  
**\$375  
million.**

### **Supporting Executives and Their Teams to Address These Challenges**

All of these changes have significant implications for executives managing their functions. Most executives will likely face more than one of these changes at any one time. At CEB, we help enable our members to survive and thrive in this fast-changing environment.

In the enclosed materials, we'll address a specific subset of these changes and the resulting challenges executives face that are most critical to address for the performance of your team and organization.

---

# Human Resources

---

The nature of work is changing. Our management approaches, however, haven't kept up. To drive breakthrough performance, the best HR teams operate with a singular focus: to drive an employee's individual performance as well as his or her ability to work with and through others.

# The Performance Transformation

## Strategies to Build a Workforce of Enterprise Contributors

[Learn More](#)

### **Situation**

The new work environment is full of performance challenges, yet performance must improve by 27% to meet business goals over the next 12 months.

### **Insight**

The best companies attract, develop, engage, and enable a new kind of performer who is effective at his or her individual tasks as well as at working with and through others.

### **Potential**

Workforces that excel at making enterprise contributions can almost double their impact on financial outcomes.

# Your Brand Needs to Do More

---

## Moving from Appeal to Influence

### [Learn More](#)

#### **Situation**

Job applicants have access to more information about potential employers than ever before—and with more choices comes more doubt.

#### **Insight**

The best companies move away from creating the most appealing image of the employer for a mass audience—or branding for appeal—to branding for influence.

#### **Potential**

A branding for influence approach entails providing trusted guidance to help applicants make better decisions about whether to apply, and it yields greater returns.

# More Learning Through Less Learning

## Building a Productive Learning Culture

[Learn More](#)

### **Situation**

Conventional training falls short in developing the skills and engaging employees in the way the new work environment demands.

### **Insight**

De-emphasize participation in learning, and focus instead on learning relevance, learning capability, and learner networks.

### **Potential**

A productive learning culture boosts employees' performance and overall learning capabilities.

# Take Your HR Team to the Next Level

## Increasing the Strategic Value of Transactional HR Roles

[Learn More](#)

### **Situation**

Less than one-fifth of line leaders rates HR as an effective strategic partner to the line.

### **Insight**

Four organizational barriers are impeding the strategic effectiveness of HR Business Partners (HRBPs).

### **Potential**

Organizations that improve HRBP competencies and minimize or remove organizational barriers can nearly double their number of effective HRBPs.

# Rethinking the Workforce Survey

---

## Achieving Strategic and Cultural Alignment for Your Organization

[Learn More](#)

### **Situation**

Despite achieving high levels of employee engagement, 80% of business leaders say their employee engagement initiatives do not drive business outcomes at their company.

### **Insight**

CEB research reveals that 60% of highly engaged employees do not believe their work is aligned with company goals.

### **Potential**

The ClearAdvantage approach assesses engagement, alignment, and agility—three competencies that every organization needs to succeed today. It also measures critical workforce capabilities needed to execute on your organization's specific business priorities.

# What Makes a High Potential?

Quite Possibly Not  
What You Think

[Learn More](#)

## **Situation**

A high-potential (HiPo) program, seen by many organizations worldwide as the feeder to its leaders of the future, is statistically more likely to fail than succeed.

## **Insight**

Only one in seven high performers are actually HiPos. Candidates are being nominated for subjective reasons and not scientific reasons.

## **Potential**

Assessing the ability, aspiration, and engagement of your HiPos makes your odds of success much greater. By looking at these three components, you have a structured, scalable, and practical framework for your selection process.

# Finance



**The nature of work is changing, and many finance teams are turning to transformation to manage this challenge—unfortunately, 70% fail. Leading companies successfully approach change by creating more effective finance operating models, improving overhead productivity, and developing the right nontechnical staff skills—all to help the business make better decisions and enable and support growth.**

# A New Standard for Transforming Finance

## Adopting the Disciplines of a Profit Center

[Learn More](#)

### **Situation**

Finance teams are being asked to do more today than ever before—driving organizations to launch massive transformation projects in an attempt to decrease cost and add value.

### **Insight**

The best finance teams view the function as a profit center—measuring cost, value, and finance service levels in tandem, all while hiring and developing the finance competencies that matter most in delivering value to the business.

### **Potential**

Through this approach, finance teams can determine which services are most profitable and stop providing those that are not. In essence, instead of trying to do more with less, leading finance teams do better with less.

# The Future of Overhead Cost Management

---

Adapting to the New Nature of Work in the Corporate Core

[Learn More](#)

## **Situation**

CEOs and CFOs are being heavily pressured by investors to maintain cost discipline and improve margins—particularly on overhead costs.

## **Insight**

Cost manage ad hoc and project-based (i.e., judgment-based) work, not just transactional spend, to ensure G&A functions stay efficient.

## **Potential**

The costs associated with judgment-based work amount to more than 2% of sales for the average company, which exceeds spend on transactional work.

# Balancing Governance and Guidance

## Developing the Talent That Makes Great Finance Teams

[Learn More](#)

### **Situation**

The finance function is evolving toward a more advisory-based service model. But all too often, finance teams lack the requisite skills to evolve from a controlling or reporting role into a consultative partner role.

### **Insight**

Although technical skills remain a critical requirement for finance employees, leading companies also allocate resources to building judgment- and relationship-based skills that underpin the most valuable aspects of Finance's business partnership.

### **Potential**

Finance teams that invest in the key, nontechnical competencies are three times more likely to make strategic business decisions, twice as likely to be highly productive, and nearly three times more likely to be strong in attracting and retaining the best talent.

# Information Technology



The nature of work is changing and technology has become the most integral business driver. As a result, IT organizations are under greater strain as business leaders become more ambitious with their technology initiatives. To succeed in this environment, IT must make changes to the way it approaches IT strategy, operations, and workforce.

# Overcoming the Insight Deficit

## Big Judgment in an Era of Big Data

[Learn More](#)

### **Situation**

Companies are investing large sums to derive insight from the information streaming in from all corners of the enterprise, but less than 40% of employees have sufficiently mature skills to use data effectively for decision making.

### **Insight**

“Big data” needs to be complemented by “big judgment.” Big data and more advanced analytics will dramatically amplify the effects of human decisions.

### **Potential**

Functions with the highest Insight IQ—the ability to find and analyze relevant information to make better decisions—perform, on average, 24% better than their peers across a wide range of metrics.

# The Looming IT Crisis That Might Surprise You

---

## Why Talent Matters

[Learn More](#)

### **Situation**

Today's work environment demands wholesale restructuring of IT talent. But most IT organizations are unprepared for the changes taking place today and will simply not be able to make the leap.

### **Insight**

The highest performing CIOs spend more time on talent development than on any other activity.

### **Potential**

By getting talent decisions right, IT organizations can help their companies drive up to a 12% increase in revenue.

# Harnessing Business-Led IT

## Rebalancing Roles and Capabilities in IT Strategy and Spending

[Learn More](#)

### **Situation**

Nearly two-thirds of business leaders feel that Corporate IT is not effective at providing capabilities for the collaboration, analysis, and mobility needed to improve productivity and achieve objectives.

### **Insight**

Organizations can become more responsive by helping business leaders and employees become more proficient at leading their own technology projects, rather than trying to further increase IT's responsiveness.

### **Potential**

CIOs should treat business-led IT as another, often better, way to achieve the core goals of Corporate IT, allowing companies to exploit technology for competitive advantage like never before.

# Innovation & Strategy



Pressure for growth has renewed or increased many companies' focus on innovation, while organizations themselves have become more complex. Launching a product or strategy today requires employees to navigate new matrices and layers of internal business partners. To help employees work better individually and together, leading companies are concentrating on the skills and initiatives that help employees collaborate across functions and drive change when needed.

# Closing the Strategy-to-Execution Gap

---

[Learn More](#)

## **Situation**

On average, companies lose nearly 40% of their strategic plans' value during execution. For large organizations, this means hundreds of millions, or even billions, of dollars left on the table.

## **Insight**

The best companies improve execution by spending less time generating organizational buy-in for the strategy and more time unlocking the organizational capacity required to implement it.

## **Potential**

Effectively unlocking capacity can drive 60% greater manager action to align with strategy and also increase execution outcomes by 31%.

# Unlock the Innovation Potential of Your R&D Workforce

[Learn More](#)

## **Situation**

Quality leaders are in a new era of risk, in which productivity demands make errors more likely to happen, and social media and increased regulatory oversight make those errors more likely to be noticed.

## **Insight**

Five behavioral markers can predict R&D staff's innovation potential, and the best companies use those markers to assess and develop their staff to build more effective R&D teams.

## **Potential**

Companies with high-innovation potential R&D workforces have new product sales performance that is 77% better than other companies', on average. For a \$10 billion company, that's \$1.4 billion in additional new product sales.

# Building and Sustaining a Culture of Quality

---

[Learn More](#)

## **Situation**

Quality leaders are in a new era of risk, in which productivity demands make errors more likely to happen, and social media and increased regulatory oversight make those errors more likely to be noticed.

## **Insight**

Five behavioral markers can predict R&D staff's innovation potential, and the best companies use those markers to assess and develop their staff to build more effective R&D teams.

## **Potential**

Companies with high-innovation potential R&D workforces have new product sales performance that is 77% better than other companies', on average. For a \$10 billion company, that's \$1.4 billion in additional new product sales.

# Procurement & Operations

---

**As cost and productivity expectations persist, many functions are rethinking the way their work gets done to remain both efficient and innovative. But not all business partners may welcome these kinds of transformations. To stay progressive, the best companies enable employees to exercise greater influence over internal clients and alter the entrenched views their function.**

# Achieve More Consistent Procurement Influence



[Learn More](#)

## **Situation**

Procurement staff face an uphill battle when trying to influence stakeholders on noncore activities, such as innovation or penetration of more complex and emotional categories.

## **Insight**

To increase influence, leading CPOs are shifting their focus not only to developing influence skills but also to making it easier for staff to apply those skills.

## **Potential**

Procurement organizations in which staff can influence business partners realize 4.4x greater savings and execute a higher proportion of noncore procurement projects than the average function does.

# Market Insights



**In today's information-saturated environment, business partners make poor decisions 50% of the time. Market Insights can help, but current efforts are falling short. Leading functions assist business partners with multiple sources of data in a way that is more scalable and better suited to meet their needs.**

# The Future of Corporate Insights

---

[Learn More](#)

## **Situation**

Decision makers are casting a wider net to gather information that will provide them direction, but most struggle to make sense of the information they have access to.

## **Insight**

Market insights functions can deliver more business impact through multisource synthesis and greater political navigation.

## **Potential**

Better enable decision makers to act on a consistent, insightful understanding of customers and the marketplace.

# B2C Marketing & Service

An iceberg floating in the ocean, with only the tip visible above the water. The background is a deep blue gradient. A white horizontal bar is positioned below the title.

**Consumer preferences and trends are evolving rapidly. Many brands are struggling to keep up and are losing ground as consumers demand higher levels of service through a more digital experience. Making matters worse, these changes are driven by a massive generation that is notoriously difficult to engage. Winning consumers over today requires building new capabilities that make brands more agile and provides deeper, more intimate knowledge of buyers.**

# Rethinking the Live Service Interaction

## The Hidden Side of Customer Expectations

[Learn More](#)

### **Situation**

Despite significant investments in improving the live customer interaction, service organizations are only keeping pace with rising customer expectations of service.

### **Insight**

By focusing solely on the live interaction itself, service organizations are missing more than 50% of what drives positive customer outcomes. The best companies also examine and address what happened prior to the customer's call.

### **Potential**

Companies whose service reps effectively surface and address pre-interaction factors, such as customer perception and past experience, can see a 40% or greater improvement in customer outcomes.

# Closing the Digital Gap

---

The Relevance Consumers  
Demand at the Scale  
Marketing Needs

[Learn More](#)

## **Situation**

Marketing's digital savviness is rapidly falling behind that of consumers.

## **Insight**

Leading companies are rewiring their marketing systems, including core processes, the talent mix, and overall structure.

## **Potential**

Brands are able to succeed in a fast-paced, networked world while still retaining the ability to scale.

# Inside the Millennial Mind

---

[Learn More](#)

## **Situation**

Brands are finding millennials tough to engage, difficult to win over, and impossible to turn into brand loyalists.

## **Insight**

Organizations need to tap into the core values that resonate across this highly varied spectrum of consumers.

## **Potential**

Brands are able to succeed in a fast-paced, networked world while still retaining the ability to scale.

# Sales & B2B Marketing

---

As deal complexity has risen, so too has customers' risk aversion and the number of stakeholders dedicated to a given purchase. Leading marketing and sales teams build consensus among diverse groups by tapping into the right values and fostering an environment of collective learning.

# Consensus Marketing

## How to Motivate Buyers to Win Group Purchases

[Learn More](#)

### **Situation**

Marketers are pumping up their value propositions to build preference among all members of growing buying groups.

### **Insight**

In large groups, desired purchases often fail because no one takes on the personal risk or effort of driving purchase consensus.

### **Potential**

Demonstrating identity value to customers drives commercial outcomes more than any other type of B2B value.

# Creating Customer Consensus

Guiding Diverse  
Stakeholders to  
Recognize Greater  
Common Value

[Learn More](#)

## **Situation**

Today's B2B purchases are made by large groups of highly diverse stakeholders.

## **Insight**

Dysfunction—not diversity—is the real problem plaguing today's B2B purchases.

## **Potential**

Reps who mitigate group dysfunction and facilitate collective learning are seeing a tremendous impact on winning high-quality deals.

# Communications

---

**Influencing stakeholder perceptions has never been more challenging for communicators, who struggle to compete with an ever-increasing volume of voices, channels, and messages. To change critical perceptions, the best teams focus on strategic management of what happens after they break through the noise.**

# Changing Critical Perceptions

## Creating Content That Influences Information-Saturated Audiences

[Learn More](#)

### **Situation**

Most teams are trying to connect with more audiences, in more ways, more often and are adding a wide variety of nontraditional channels—with little success.

### **Insight**

Focus on listening and understanding stakeholders' motivations and information context to provide targeted content.

### **Potential**

Effectively change perceptions and meaningfully shape the conversation.

# Legal, Risk & Compliance



**Given the changing impact of information, traditional monitoring processes and technology advancements alone no longer deliver effective identification, management, and prevention of business risks. This change demands the need for early detection and root-cause analysis.**

# How Audit Can Improve Management of Information Security Risk

---

## Strengthening Assurance Over Information Security Risk

[Learn More](#)

### **Situation**

The speed of information technology advances, ease of access to digital data, and rising, costly cyber attacks have significantly magnified the information risks for today's business landscape.

### **Insight**

A large proportion of root causes that define information security failures can be linked to poor governance, insecure behaviors, and insufficient risk sensing across the organization.

### **Potential**

Leading audit executives increasingly focus on identifying the root causes of uncoordinated governance and insufficient awareness of information risk—rather than the traditional method of only assessing IT technical controls and deficiencies.

# Advance Identification and Prevention of Compliance Risks

---

## Building Predictive Compliance Monitoring Program

[Learn More](#)

### **Situation**

Constant changes in business operations and growth strategies profoundly impact risk management and heighten the need for effective compliance monitoring.

### **Insight**

The cost of noncompliance rises rapidly over time, making early detection through effective monitoring critical to a company's bottom line and overall reputation.

### **Potential**

Leading compliance executives replace traditional activity-focused metrics with forward-looking key risk indicators (KRIs) to monitor the root causes of operational and behavioral noncompliance, yielding significant risk reduction.

## About CEB

CEB, the leading member-based advisory company, equips more than 10,000 organizations around the globe with insights, tools, and actionable solutions to transform enterprise performance. By combining advanced research and analytics with best practices from member companies, CEB helps leaders realize outsized returns by more effectively managing talent, information, customers, and risk. Member companies include approximately 90% of the Fortune 500, more than 75% of the Dow Jones Asian Titans, and 85% of the FTSE 100. More at [cebglobal.com](http://cebglobal.com).

**16,000+**

Senior Executives

**110+**

Countries

**10,000+**

Organizations

**85%**

of the FTSE 100

More than

**75%**

of the Dow Jones  
Asian Titans

**300,000+**

Business Professionals

Approximately

**90%**

of the Fortune 500

## **Products & Services**

### **Best Practices & Decision Support**

Thirty years ago, we realized that the most pressing challenges facing business leaders everywhere had often already been addressed—or were being solved—by other executives. That remains true today and is at the core of our business.

CEB offers more than 50 different memberships aligned to functional and key industry leadership roles. Our membership model is designed to deliver insights, tools, and advice that lead to transformative outcomes for your team and your company.

### **Leadership Councils**

Leadership Councils are for innovative leaders who want to optimize the performance of their function—and business.

They provide on-demand access to best practices, easy-to-use analytic and implementation tools, and tailored advisory support—at a fraction of the cost of other professional advice sources. Our Leadership Councils help functional leadership teams benchmark their performance and execute effectively by applying insights from peer companies.

Unlike other resources, our insights and tools are intelligently sourced from a world-class member network, selected without bias, and proven effective through intensive quantitative analysis.

---

## Features of Membership

-  **Research and Insight:** Our more than 200 unique studies published annually help business leaders evaluate new issues and challenges.
  -  **Proven Best Practices:** Our more than 300,000 tested approaches to solving business challenges are derived from our network of more than 5,300 leading companies.
  -  **Advisory Support:** Experts in more than 220 disciplines provide personalized guidance and project support for executives and their teams for pending decisions, new tactics, internal presentations, and other needs.
  -  **Decision and Diagnostic Tools:** Analysis and support provide customized, actionable views of the most important performance metrics in your corporate function.
  -  **Peer Benchmarks:** Relevant, quantitative data and analysis provide clarity on the most efficient resource allocation and high-impact areas of focus.
  -  **Executive Networking:** On-request advice, feedback, and perspective comes from peer interaction with more than 15,000 leading executives as well as from online peer discussion groups.
  -  **Live and Online Learning Events:** We offer a wide variety of events exclusively for senior executives as well as staff training and skill development opportunities.
  -  **Leadership Transition Support:** Avoid the common pitfalls specific to your leadership transition. Rely on our transition expert advisors to navigate the transition period with objective third-party guidance, insight, and joint problem solving.
-

## **Talent Management**

CEB knows talent drives corporate performance. Our stall points research showed that nearly all preventable performance stalls are caused by underlying talent-related factors. And as our new work environment research makes clear, the nature of business performance has changed dramatically, with work becoming more distributed, more diverse, and more interdependent. These factors converge to amplify the level of precision required for talent management decisions. Yet companies often manage this vital resource through—at best—intuition and local manager preference and—at worst—habit.

CEB aims to change that. We now offer a uniquely comprehensive and differentiated suite of insights, services, and technology solutions designed to help companies more effectively plan, recruit, assess, develop, empower, and engage employees.

---

## Learn More

Dive further into these functional insights and download related resources at [cebglobal.com/topinsights](https://cebglobal.com/topinsights).

## Contact Us

[CEB.Support@executiveboard.com](mailto:CEB.Support@executiveboard.com)

+1-866-913-2632

Interested in Membership?



[cebglobal.com](https://cebglobal.com)