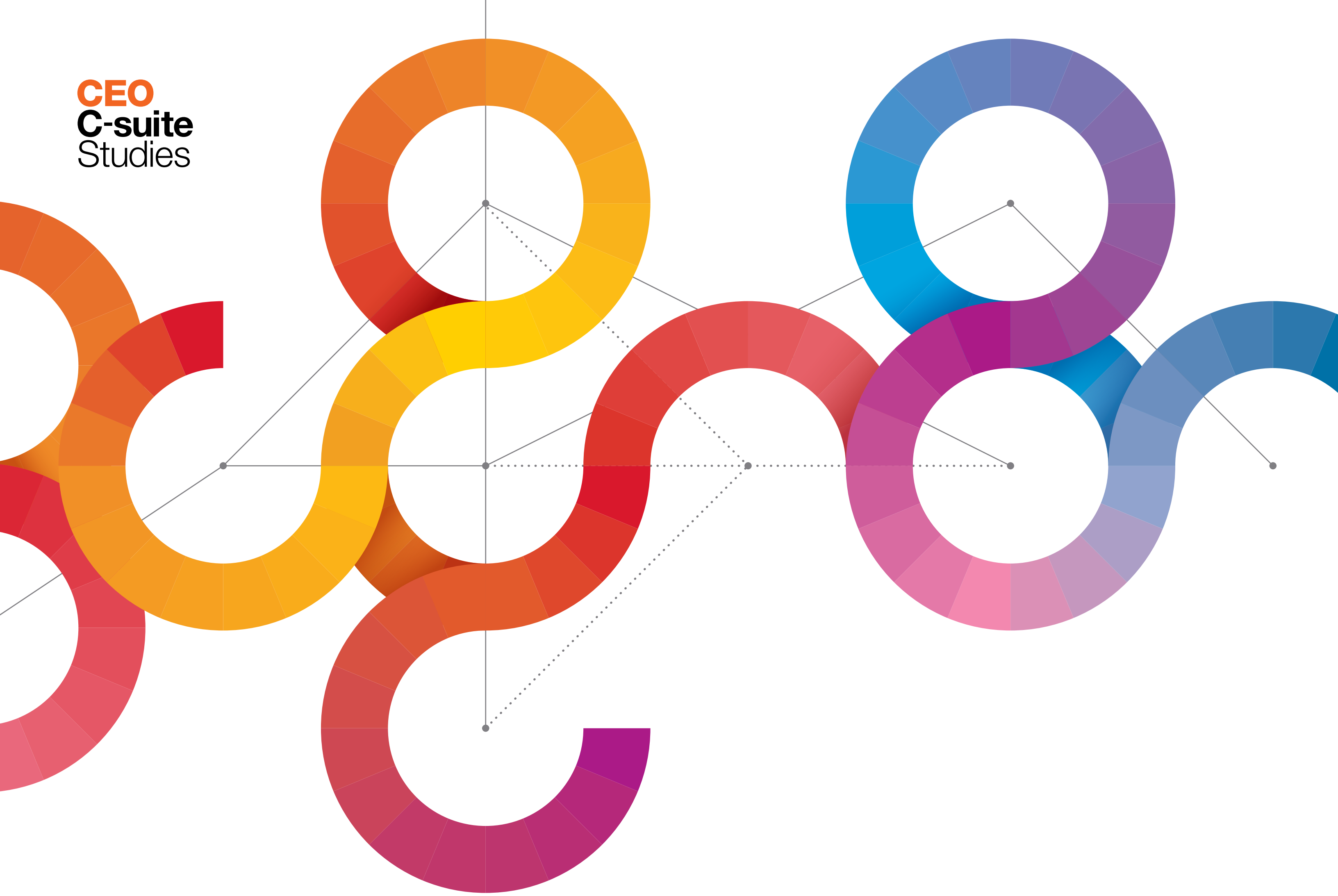
CEO
C-suite
Studies



Leading Through Connections

Insights from the Global Chief Executive Officer Study

IBM

The illustration on the cover of this report symbolizes the many varied connections influencing the 1,709 Chief Executive Officers who spoke with IBM as part of this study. The colors represent the three imperatives that emerged from our analysis: empowering employees through values, engaging customers as individuals, and amplifying innovation with partnerships. And the way the colors blend suggests the growing need to collaborate and deepen these vital relationships.

This study is based on face-to-face conversations with more than 1,700 chief executive officers in 64 countries.

A note to fellow CEOs

Every two years for the last decade, we've had the privilege of sitting down with CEOs and public sector leaders in every part of the world to gauge their perspective on emerging trends and issues.

This year, they identified the overflow of data and information as one of the most important issues influencing their strategic business decisions.

In conducting this study, it's not hard to understand why. CEOs are looking beyond the benefits of connected supply chains and more integrated back-office systems. Their focus is shifting to the power and potential of recent advances in social media and analytics to reimagine connections among people — whether that's customers, employees, partners, investors or the world at large.

That aspiration comes with major implications for strategy, structure and culture. Many of the highest-performing enterprises are already developing far more open cultures and embracing the most disruptive forms of new innovation.

The 2012 IBM CEO Study, *Leading Through Connections*, identifies and analyzes this trend through the eyes of more than 1,700 CEOs and public sector leaders, to whom we are so grateful for their participation.

Ginni Rometty

Ginni Rometty
President and Chief Executive Officer
IBM Corporation

Contents

"Building talent and culture will have the most significant, longest-lasting impact on an organization — more so than any other activity a CEO can do."

John R. Strangfeld, Chairman and CEO, Prudential Financial

Executive summary

How are CEOs responding to the complexity of increasingly interconnected organizations, markets, societies and governments — what we call the connected economy? To find out, we spoke with more than 1,700 CEOs and senior public sector leaders from around the globe.[1]

For some time now, businesses have been refining and optimizing their networks of suppliers and partners. They're streamlining supply chains, creating massive back-office efficiencies and perfecting everything from just-in-time inventory to predictive merchandising. But something just as meaningful has been happening in the marketplace — the sudden convergence of the digital, social and mobile spheres — connecting customers, employees and partners in new ways to organizations and to each other. These changes put pressure on the front office to digitize and adapt but also create opportunities for the organization to innovate and lead.

Leaders are recognizing that our new connected era is fundamentally changing how people engage. This shift is one reason why, for the first time since this CEO Study series began in 2004, technology now tops the list of external forces impacting organizations. Above any other external factor — even the economy — CEOs expect technology to drive the most change in their organizations over the next three to five years.

Our key findings

CEOs have a new strategy in the unending war for talent. They are creating more open and collaborative cultures — encouraging employees to connect, learn from each other and thrive in a world of rapid change. Collaboration is the number-one trait CEOs are seeking in their employees, with 75 percent of CEOs calling it critical.

The emphasis on openness and collaboration is even higher among outperforming organizations — and they have the change-management capabilities to make it happen.[2] As CEOs open up their organizations, they are not inviting chaos. The need for control remains, but it is evolving into a new form — one better suited to the complexity and pace of business today.

To engage customers as individuals, CEOs are building analytical muscle to respond with relevance and immediacy. As a group, CEOs are investing in customer insights more than any other functional area — far above operations, competitive intelligence, financial analysis and even risk management. More than 70 percent of CEOs are seeking a better understanding of individual customer needs and improved responsiveness. Given the need for deep customer insight, outperformers have a distinct advantage. They are far more adept at converting data into insights, and insights into action. Although face-to-face will remain the most prevalent form of customer interaction, CEOs expect a step-change in the use of social media. Over half expect social channels to be a primary way of engaging customers within five years.

Extensive partnering is providing the edge CEOs need to take on radical innovation. The pressure to innovate is not subsiding, and organizations are teaming to meet the challenge. More than half of all CEOs are partnering extensively to drive innovation. Compared to their less successful peers, outperformers are partnering for innovation more aggressively. But they are also tackling more challenging and disruptive types of innovation. Instead of settling for simply creating new products or implementing more efficient operations, they're more likely to be moving into other industries or even inventing entirely new ones.

Outperformers:

Organizations that surpass industry peers in terms of revenue growth and profitability, according to their CEOs. Compared to underperformers:

73%

more outperformers excel at managing change

84%

more translate insights into action better than industry peers

48%

more are moving into different industries

> "To innovate, we need to take in insights accumulated across various industries and knowledge generated by many different people."
>
> **Kenichiro Yamanishi,** President and CEO, Mitsubishi Electric Corporation

Our key recommendations

Drawing on more than 1,700 CEO conversations and our own management consulting experience, we believe three imperatives are essential for outperformance.

Empowering employees through values

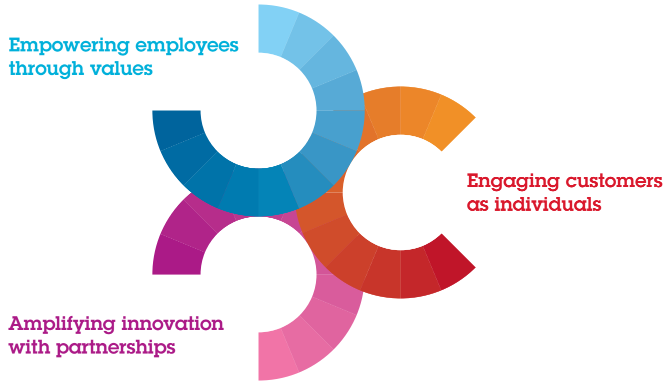
For CEOs, organizational openness offers tremendous upside potential — empowered employees, free-flowing ideas, more creativity and innovation, happier customers, better results. But openness also comes with more risk. As rigid controls loosen, organizations need a strong sense of purpose and shared beliefs to guide decision making. Teams will need processes and tools that inspire collaboration on a massive scale. Perhaps most important, organizations must help employees develop traits to excel in this type of environment.

Engaging customers as individuals

The pursuit of customer knowledge is as old as business itself, but where and how those insights are found and used are radically changing. To effectively engage an individual consumer, client or citizen, organizations must weave together insights about the whole person — from sources they likely haven't consulted in the past. They will need stronger analytics capabilities to uncover patterns and answer questions they never thought to ask. Client-facing staff and channels must be equipped to act on those insights. And since customers are increasingly mobile, organizations must be active there too, ready to engage in the context of the moment.

Amplifying innovation with partnerships

Rising complexity and escalating competition have made partnering a core innovation strategy for many organizations. But to enable sustained, fruitful innovation partnerships, organizations will need deeper, more integrated relationships. Partnering organizations will have to share collaborative environments, share data — and share control. And even when the organization is performing well, CEOs must occasionally break from the status quo and introduce new external catalysts, unexpected partners and some intentionally disruptive thinking.



CEOs' leadership agenda

Today's CEOs are leading their organizations through an uncharacteristically disruptive era — one that is quite different from those their predecessors have faced. And many CEOs have found themselves in a position of learning while leading.

To steer their organizations effectively, CEOs told us three leadership traits are most critical: inspirational leadership, customer obsession and leadership teaming across the C-suite. Interestingly, these characteristics closely align with the goals of empowering employees through values, engaging customers as individuals and amplifying innovation with partnerships. This linkage illustrates what CEOs intuitively know: their evolution as leaders directly impacts their organizations' behavior, culture and, ultimately, results.

Majoring on what matters

CEOs say they must exhibit:

61%
Customer obsession

60%
Inspirational leadership

58%
Leadership teaming

Embracing connectedness

Technology is now driving more organizational change than any other force — even the economy. How are CEOs harnessing this unrealized potential?

> "Through the use of technology, we're evolving to become more patient-centric. Technology is empowering the individual person."
>
> **Luis Cantarell,** President and CEO, Nestlé Health Science

The CEO reality: No new normal

Six years. That is the average time-in-role of the CEOs and public sector leaders we interviewed for this Global CEO Study. During that time, these leaders have experienced the full spectrum of economic volatility — booms, dips and financial disintegration.

Although battle-tested, these CEOs are still concerned about the economy. Shakeups like the European financial crises are felt worldwide. And mature markets are grappling as high-growth economies shift attention from manufacturing for export to capturing domestic markets. Contending with such a remarkable range of economic risks, CEOs are becoming increasingly accustomed to volatility.

They simply expect unpredictability. For them, there is no "new normal." As one U.S. government agency leader told us flatly, "There isn't a single day I come into work when I know what will happen." Unable to control or even anticipate economic outcomes, these CEOs have shifted their focus elsewhere.

Technology takes top spot

Since our CEO Study series began, technology — in its widest sense — has progressively risen on CEOs' radar. It now ranks as the number-one factor impacting organizations (see Figure 1).

While CEOs are invigorated by the opportunities, they also fear falling behind, given the pace of technology change. "The biggest risk we face is technological," explained one CEO of a French industrial products firm. "If we fail to anticipate a huge technology step, we might go out of business."

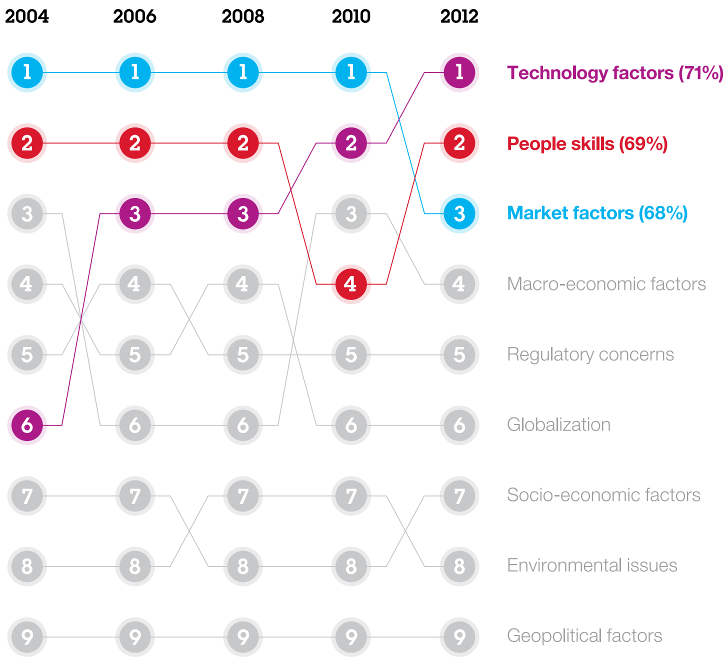


Figure 1

Technology pushes to the top Of all the external forces that could impact their organizations over the next three to five years, CEOs now see technology change as most critical.

During their watch, this group of CEOs has seen technology inspire entirely new industries and fundamentally disrupt others. Some CEOs spoke of how advances in alternative energy, biotechnology, nanotechnology and other fields far beyond IT are revolutionizing products, operations and business models. Others described new possibilities created by a physical world outfitted with millions of networked sensors.

> "In a collaborative environment, organizations will need new models of working — ones highly dependent on technology."
>
> **Nicolino Spina,** CEO, Jornal Valor Econômico

CEOs also discussed the whirlwind of "social" change they're witnessing. Facebook, Renren, Twitter, Weibo, Foursquare and other technology upstarts have stormed across markets and industries.[3] Smart, mobile devices are pervasive. And new technologies are emerging to help organizations store and make sense of the "big data" this digital storm is creating.

Given such an array of change, where do CEOs think technology will impact their organizations most?

New connections, great expectations

Technology's impact is obviously broad-based; it is difficult to imagine any aspect of an organization not touched in some way. However, as we looked across the whole of CEOs' responses, one consistent theme emerged: an overwhelming focus on changes in how people engage with the organization and with each other. The view that technology is primarily a driver of efficiency is outdated; CEOs now see technology as an enabler of collaboration and relationships — those essential connections that fuel creativity and innovation.

Each of CEOs' key sources of sustained economic value — human capital, customer relationships and innovation — is being fundamentally affected (see Figure 2). Technology is creating entirely new ways of connecting innovators inside and outside organizations, altering organizational composition, structure and span of control.

It's allowing organizations to understand and engage customers, consumers, clients and citizens on a more personal level, precisely when, where and how they want. It's providing novel ways of inspiring employees' individual and collective creativity, and revolutionizing how teams collaborate, make decisions and get work done. Simply put, technology is reinventing connections with — and among — employees, customers and partners.

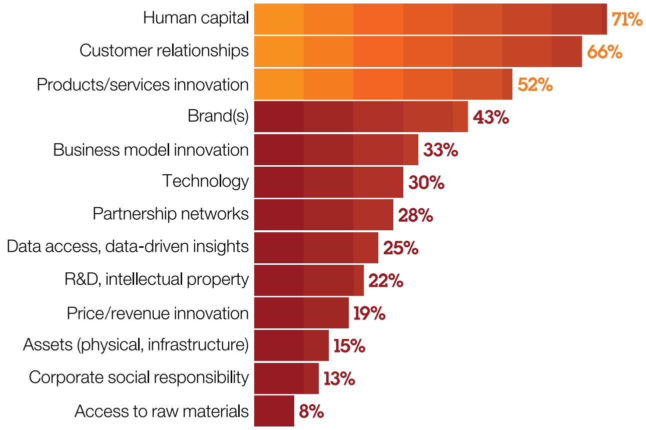
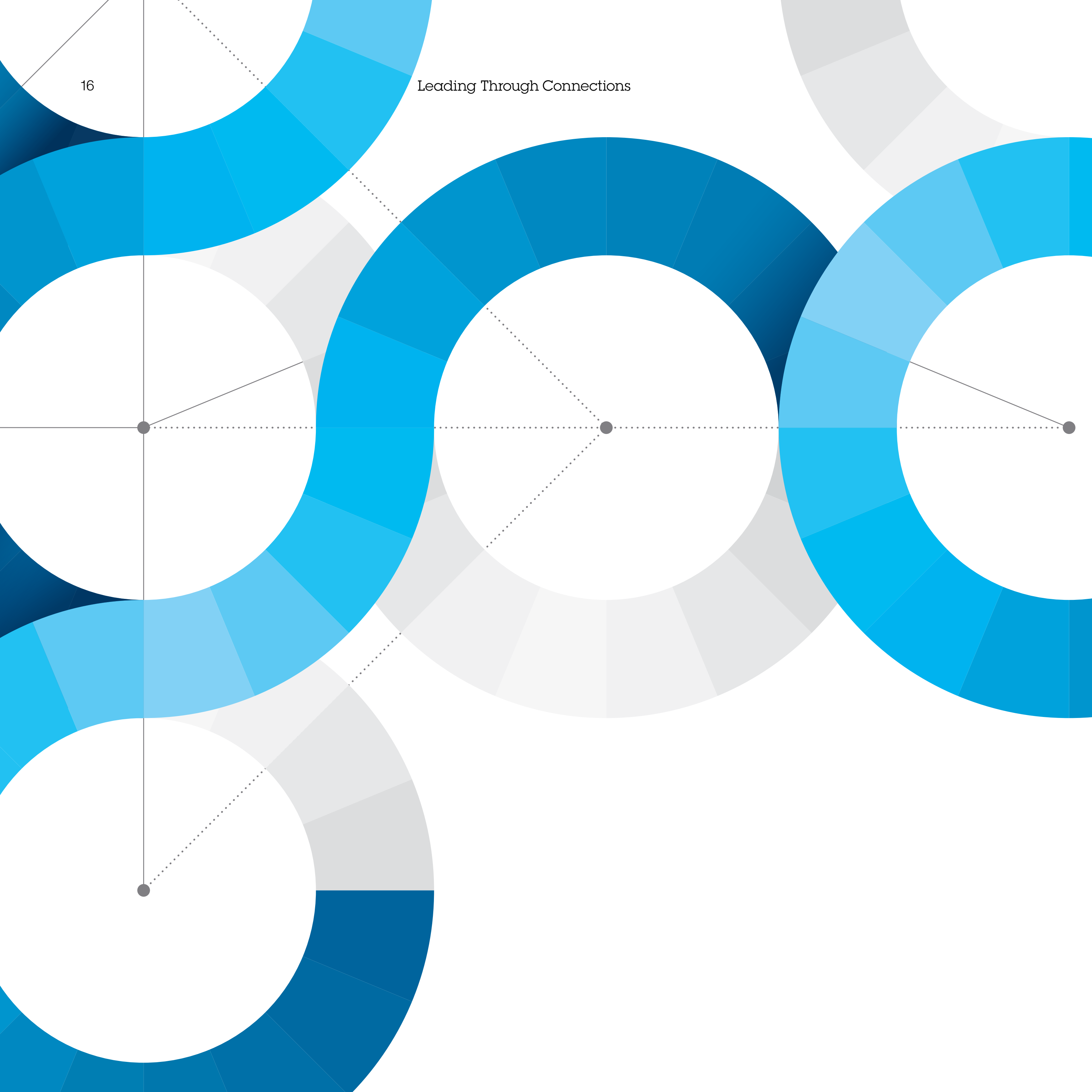


Figure 2

Prime sources More than half of all CEOs see human capital, customer relationships and innovation as key sources of sustained economic value.

Whether struggling for share in mature markets or grabbing territory in growth markets, CEOs must differentiate their organizations. And our study findings suggest they intend to do so through new and deeper connections. To drive outperformance, CEOs are:

- Empowering employees through values
- Engaging customers as individuals
- Amplifying innovation with partnerships.



Empowering employees through values

CEOs see greater organizational openness ahead. But as rules are refined and collaboration explodes, how will they avoid chaos, protect the business and deliver results?

> "We are focused on empowering employees to be more creative and active in creating the company's future. We need to mobilize our collective brain power for innovation."
>
> **Dirk Van de Put,** President and CEO, McCain Foods

Tight control gives way to more openness

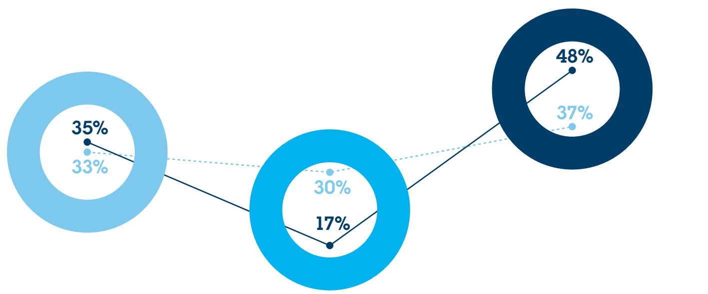
CEOs acknowledge the need for continued operational control — to enforce regulatory compliance, drive standardization and avoid waste. However, most CEOs believe they have adequate controls already in place, and, generally speaking, they don't see a growing need to control.

Instead, it's the opposite end of the spectrum — the trend toward openness — that CEOs believe will have the greatest impact on their organizations. They anticipate demands for even more transparency, and the competitive need to open up their organization to collaborate more internally and externally. Interestingly, this emphasis on openness is 30 percent higher among outperformers (see Figure 3).

Figure 3

Opening up CEOs believe their organizations will be impacted more by the pressure to be open than the need to control.

Outperformers
Underperformers



Operational control

Tight operational and financial control to ensure compliance, avoid waste and enforce standards, norms and behaviors

Balance between openness and control

Organizational openness

Opening of organizations and empowerment of individuals to facilitate innovation, collaboration and creativity

Although organizational openness might sound soft, CEOs are looking for hard outcomes. Through diversity of thought and the free flow of ideas, they expect innovation. By turning the workforce into a market intelligence network, they're expanding their ability to sense shifts and respond nimbly. By empowering employees to act on their own ideas, CEOs are building employee accountability, initiative and loyalty. And by equipping employees to work in an open environment, they are arming the people who represent their brands to the world.

Yet, the question leaders are wrestling with is how best to accomplish this. As one U.K. CEO from the insurance industry asked, "How do you unleash the innovative power of the people who deal with your customers every day?"

Openness puts a premium on corporate culture

As CEOs ratchet up the level of openness within their organizations, they are developing collaborative environments where employees are encouraged to speak up, exercise personal initiative, connect with fellow collaborators, and innovate.

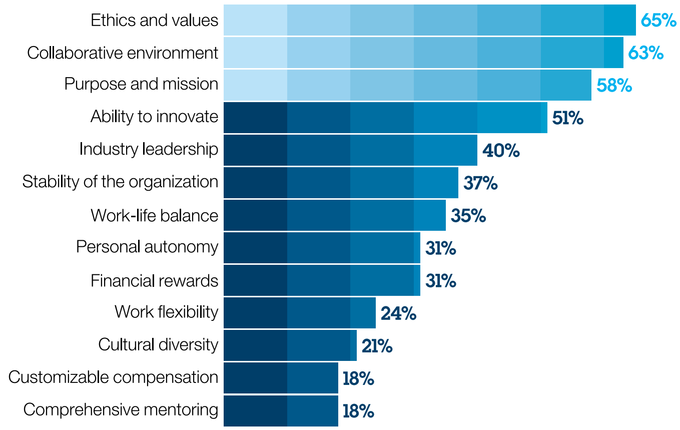
Equally important, CEOs recognize the need for organizational values and a clear sense of purpose to guide decisions and actions as some formal controls loosen (see Figure 4). Clearly, openness increases vulnerability. The Internet — especially through social networks — can provide a worldwide stage to any employee interaction, positive or negative. For organizations to operate effectively in this environment, employees must internalize and embody the organization's values and mission. This is reinforced by feedback from CMOs as well. In our 2011 Global Chief Marketing Officer Study, 57 percent of CMOs reported that significant work is needed in this area across their organizations' workforces.[4]

"We wanted to hire 'workers,' but 'human beings' show up. Social media is driving that. Work is becoming an expression of personal values."

Arkadi Kuhlmann, Founder, ING Direct USA

Figure 4

Engaging employees To draw out the best in their workforces, CEOs are most focused on three organizational attributes.



> "It is important for employees to see the company's values as a reflection of their own. Values are at the core of the social contract between company and employee."
>
> **Wichian Mektrakarn,** CEO, AIS

Interestingly, this is an area where growth-market CEOs are taking action. They are 79 percent more likely than their mature market peers to be making significant changes to their organizational values over the next three to five years.

The future-proof employee

Across industries and geographies, CEOs consistently highlight four personal characteristics most critical for employees' future success: being collaborative, communicative, creative and flexible (see Figure 5). Given their intent to create greater openness, CEOs are looking for employees who will thrive in this kind of atmosphere.

However, we believe there's another driver behind the high ranking of this particular group of traits. For years, organizations have been embroiled in the so-called war for talent. The challenge has historically been a shortage of particular skills. But today, it's virtually impossible for CEOs to find the future skills they will need — because they don't yet exist. Bombarded by change, most organizations simply cannot envision the functional capabilities needed two or three years from now. Conventional training faces some of the same challenges. By the time courses are designed and delivered, the subject skills are already becoming outdated.

Instead, CEOs are increasingly focused on finding employees with the ability to constantly reinvent themselves. These employees are comfortable with change; they learn as they go, often from others' experiences. As a healthcare CEO from Australia explained, "Today's connected economy is full of ambiguity, and the characteristics required to navigate that ambiguity are collaboration, creativity and communication."

> "Enhancing the capabilities of our employees is a key factor for our group's competitiveness. We must leverage the strengths of those with various backgrounds to generate new value and achieve sustainable growth."
>
> **Koichiro Watanabe,** President and Representative Director, Dai-ichi Life Insurance Company

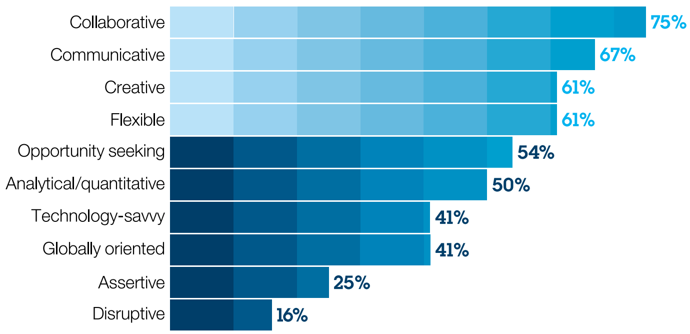


Figure 5

Most wanted Four traits stand out as critical for employees' future success.

> "To increase innovation, we will need to transform our organizational culture to be more open and dynamic."
>
> **Jing Xirui,** CEO, Beijing-Fanuc Mechatronics

For those surprised by the relatively low ranking of technology savviness, CEOs were quick to explain. They see it as foundational. As one New Zealand CEO from the education industry put it, "It's like asking 'can you read and write?'"

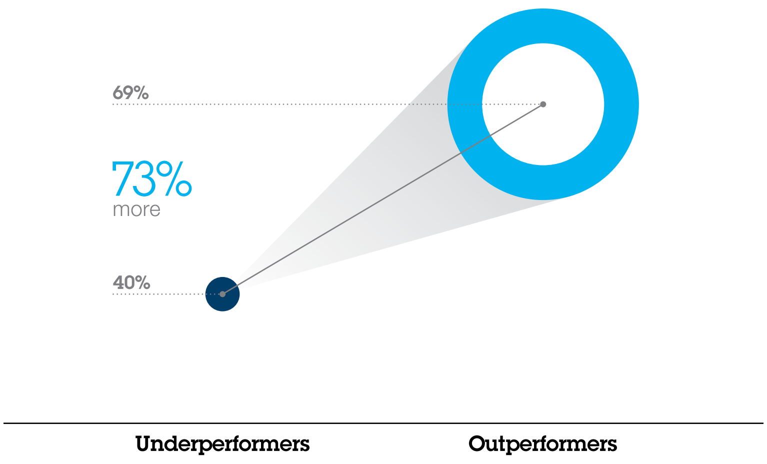
Change comes easier for outperformers

For many organizations, becoming more open and collaborative requires significant change — something our findings suggest outperformers manage much more successfully (see Figure 6). In fact, since we began analyzing this capability in 2006, each of our CEO studies has consistently demonstrated that outperformers excel at change.

In addition to the cultural mindset shift, CEOs pointed out a number of practical and logistical considerations when creating a more open, collaborative environment — starting with the basics of how employees work together. As the CEO of a U.K. insurance firm proposed, "We have a much more connected economy, so we need a much more connected workforce."

Figure 6

Outperformers' advantage These organizations demonstrate a much stronger track record of successfully managing change.



And with more employees participating in highly social, media-rich environments outside of work, traditional corporate collaboration tools look outdated and limiting. “To connect with the new generation of employees,” a banking CEO from Argentina acknowledged, “we will need to change communication methods. We are the e-mail generation; they are the social network generation.”

“As CEOs, we need new ways of running the organization — or more accurately, we need novel ways of letting the organization run.”

Shaun Coffey, CEO, Industrial Research Ltd.

CEOs are also contemplating different management systems and organizational structures. “In a rapidly changing environment, we must foster free communication and eliminate layers to maintain speed,” explained a professional services company CEO from Japan. An insurance CEO from the Caribbean put it more bluntly, “We need to blow up the hierarchy so ideas can flow up more easily.”

In fact, 52 percent of the CEOs we interviewed intend to make significant changes to their organizations to improve internal collaboration. Those ambitions are even higher in some industries: 63 percent in professional services, 60 percent in healthcare and 59 percent in education and automotive.

Moving the organization toward more collaborative innovation is not something CEOs are delegating to HR. They intend to involve the entire C-suite and personally lead this shift. A healthcare CEO from the Netherlands told us, “I plan to intentionally stimulate internal and external cooperation, actively connecting people within and across organizations.” Another CEO from Canada expressed similar convictions: “One of the most important things I can personally do is push more on the edges of the sandbox and make sure everyone is looking outside of it.”

Taking action

Globalization and increased connectedness have fundamentally changed how the world works. Like the rest of society, organizations are moving into an era of openness, characterized by individual empowerment, operational transparency and decentralized communications. For CEOs, it's no longer a question of *should* the organization become more open and collaborative? But rather, it's *how* do I run an open organization?

Empowering employees through values

Replace rulebooks with shared beliefs.

As a practical matter, CEOs cannot manage openness through process alone. In an open environment marked by constant change and increased complexity, organizations need a new way of enabling everyday decision making. Employees must instinctively know how to handle unexpected situations. Their choices and actions are best guided by shared beliefs and values.

- **Confront cultural reality.** Take a hard look at your corporate character — not the reputation you intend to project, but what is actually revealed through the decisions and actions of employees and leaders.
- **Build values employees will live out.** Allow the organization to collectively compose its core values. Thinking and behaving in ways consistent with the organization's values cannot be induced. Employees must truly believe in the purpose, mission and values of the organization. And to develop a shared belief system, employees must help create it.
- **Recalibrate controls.** As organizations become more open, the need for control remains. The key is determining which rules to keep and refine. Seek to eliminate those that can be "controlled" through values.

Build future-proof employees.

It is difficult for organizations to predict the emerging capabilities they will need even just a few years from now — harder still to find and hire people with those areas of expertise. Instead, organizations need employees who are equipped to adapt — those who are collaborative, communicative, creative and flexible. CEOs can't teach employees to be "future proof," but they can create an environment where these traits develop more naturally.

- **Create unconventional teams.** Intentionally mix specialties and expertise so that employees rub shoulders with diverse types of people who think differently and have different backgrounds.
- **Concentrate on experiential learning.** Broaden the range of situations and experiences that employees are exposed to in their normal work. Incorporate external influences — like customers and partners — wherever possible.
- **Empower high-value employee networks.** Encourage employees to develop a diverse and extensive network of contacts. Don't underestimate the value of their social networks as both potential collaborators and prospective customers.

Provide the means to collaborate at scale.

As organizations globalize and the boundaries between functions blur, organizations need more extensive, sophisticated methods of collaborating.

- **Pursue social collaboration technologies.** Ensure employees can quickly find needed expertise and have the means to engage the collective intelligence of the organization. Capture experts' knowledge in searchable repositories to share more broadly and enable social learning.
- **Devise incentives that foster collaboration.** Employees typically understand the organizational value of collaboration; be sure they're clear on how it benefits them individually. Capitalize on social collaboration's intrinsic motivators, such as visibility and reputation, competitive spirit and working toward a shared goal.
- **Re-imagine the employee "suggestion box."** Use social media technologies to breathe new life into the age-old pursuit of good ideas. Build engagement and enthusiasm through open dialog and collective construction of solutions. Provide feedback on results so employees see the impact of their collaboration.

Case study: Bausch + Lomb

One team focused on one mission

Established in 1853, Bausch + Lomb is a leading global healthcare brand focused solely on eye health. It offers a wide range of products sold in more than 100 countries. In 2007, the company was taken private in the wake of product supply and quality issues, a weak pipeline and a number of earnings restatements. In early 2010, its new CEO initiated a major turnaround effort to reinvigorate and refocus this historic company.

In addition to providing direction — in the form of a clearly defined vision, mission and strategy — the company set out to effect real cultural change grounded in “High Performance Behaviors,” which include Earning Trust, Growing and Helping Others Grow, and Sharing Accountability. The company also placed increased focus on front-line managers — essentially inverting the classic management pyramid.

To facilitate communication and sharing of best practices among its employees, Bausch + Lomb utilizes a combination of social and mobile technologies that augment its other communication channels.

Just two years into the company’s transformation, Bausch + Lomb has made substantial progress that has resulted in sales growth acceleration, margin expansion and the build-out of its innovation pipeline, which now includes some potential game changers. Central to the company’s success to date are its people who are focused on its all-important mission: helping people see better — to live better.

Engaging customers as individuals

CEOs are searching for customer insight. But even if they discover it, are their organizations equipped to respond with relevance and speed?

> "Fundamentally, the only competitive advantage one has is client knowledge."
>
> **Thomas Kalaris,** CEO, Barclays, Wealth and Investment Management

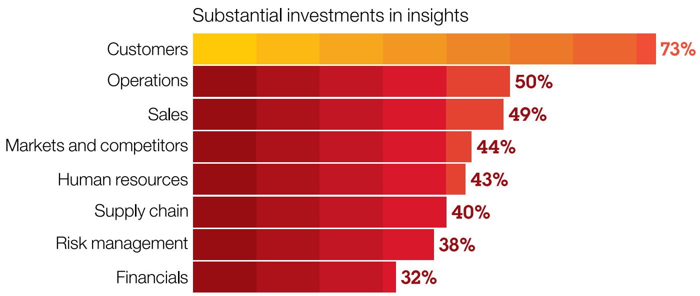
Individualization: Death of the average

Across all aspects of their organizations — from financials to competitors to operations — CEOs are most focused on gaining insights into their customers. Seventy-three percent of CEOs are making significant investments in their organizations' ability to draw meaningful customer insights from available data (see Figure 7). Compared to their mature-market counterparts, growth-market CEOs are pushing more aggressively to improve insights across all areas of their organizations, including customers.

Although customer insight has always been highly prized, in recent years, the pursuit has changed in two key ways. First, there's far more raw data to draw from than ever before. And second, "knowing the customer" is no longer confined to segmentation, statistical averages and historical inferences.

Figure 7

Above all, know your customer In terms of investment, CEOs are prioritizing customer insights far above other decision areas.



After more than a decade of talking about "markets of one" and "mass customization," the means are finally catching up with the rhetoric. Technological advances are making it feasible to understand customers — based on actual, real-time behavior — and engage them as *individuals*.

However, engaging customers as individuals involves far more than responding in a singular fashion; it is about knowing a customer as a whole human being — with interests, attitudes and life circumstances that color preferences and needs. Such knowledge can radically improve how organizations respond to customers, but can also lead to entirely new products and services.

The traditional approach to understanding customers better has been to consolidate and analyze transactions and activities from across the entire organization. But to remain relevant, organizations have to go much further. They must piece together a more holistic view of the customer based on how he or she engages the rest of the world, not just their organizations.

Through their increasingly digitized lives, consumers, clients and citizens are implicitly and explicitly sharing information about themselves, what they individually value, when and how they want to interact. The challenge for organizations is two-fold: can they pick up on these cues, especially if the information comes from outside? And can the appropriate parts of the organization act on the insights discovered?

Where are you looking for insight?

From our 2011 Global Chief Marketing Officer Study, we learned organizations are still focused primarily on understanding markets, not individual customers.[5] More than 80 percent of CMOs rely on market research and competitive benchmarking to make strategic decisions.

While these traditional sources of information are still valuable, they offer little insight into individual customers. In contrast, blogs, consumer reviews and other unstructured online sources can reveal customer sentiment at a personal level, *in context*. However, relatively few CMOs are exploiting these new sources: only 26 percent track blogs, only 42 percent track third-party reviews and only 48 percent track consumer reviews.

"Each customer has distinctive traits we need to understand. To manage this complexity, we must be a digital cheetah — fgcpac _lb cvacjjclr."

Hasnul Suhaimi, President, XL Axiata

"You can copy products, but you cannot copy customer relationships!"

Hartmut Jenner, CEO, Alfred Kärcher

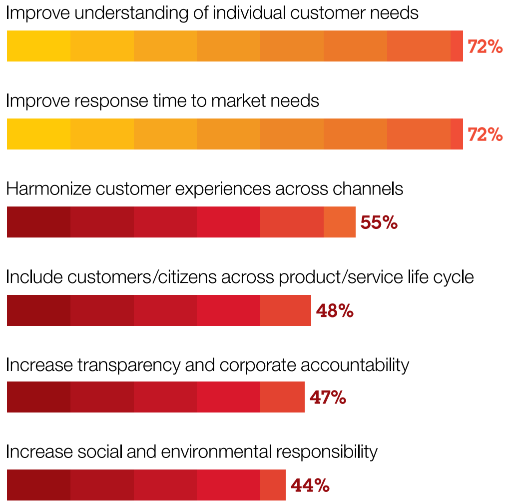
In both regards, CEOs recognize the need for improved capabilities. Seven out of every ten CEOs are making major changes in their organizations to deepen the understanding of individual customer needs (see Figure 8). CEOs in some industries have an even more acute focus: 86 percent in electronics, 80 percent in automotive and 78 percent in both media and entertainment, and consumer products.

CEOs are equally focused on improving responsiveness. Organizations are under intense pressure to respond not only how customers want, but also when and where. Immediacy has value. As one U.S. CEO in the financial markets industry put it, "This is now a continuous feedback kind of world, and we need the organizational nimbleness to respond."

Obviously, organizations can profit from unique insights they discover about customers. But long-term value comes when organizations use that knowledge to help individual customers achieve their own desired outcomes.

Figure 8

Understand and act CEOs are implementing extensive changes to enable faster, more relevant responses to markets and individuals.



A U.K. CEO from the insurance industry explained the goal this way: "It's not just about differentiating ourselves — it's about how we can help our clients be different."

Outperformers excel at acting on insights

Compared to their underperforming peers, outperformers have more access to data, greater capacity to draw meaningful insights and, perhaps most important, a stronger ability to act on those insights. Essentially, they are insight-driven (see Figure 9).

Across the full sample, though, almost one-quarter of CEOs say their organizations operate below par in terms of driving value from data. CEOs expressed frustration about their inability to capitalize on available information. Like many of his peers, a consumer products CEO from North America acknowledged, "We have lots of data, but only 10 percent of it is useful information. And even within that 10 percent, we are not using it effectively. Impactful analytics is not in our genes."

> "Survival skill 101 for the next five years will be deriving insight ahead of peers."
>
> **Mike Rillstone,** CEO, Health Support Services NSW

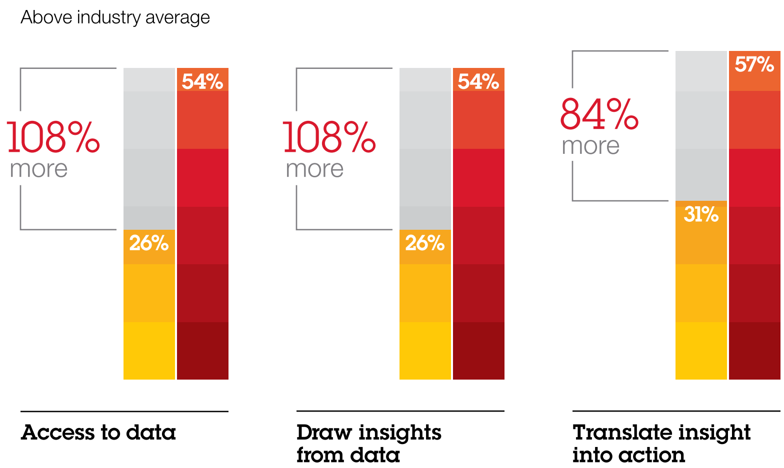


Figure 9

Outperformers wield a data edge Across the three dimensions of access, insights and action, outperformers far surpass underperforming peers.

- Underperformers
- Outperformers

> "Of course we need better information and insight; what we need most is the capability to act on it."
>
> **Kim Salkeld,** Head of Efficiency Unit, Hong Kong SAR Government

Given the data explosion most organizations are facing, CEOs recognize the need for more sophisticated analytical capabilities. A CEO from Germany shared the challenge confronting his life sciences company: "With thousands of customers, products, and contractual terms and conditions, pricing and incentive models become very complex. Analytics is a key way to get this complexity under control. But we are not yet good enough in this regard."

In an era of connected customers, the volume and variety of available data can be overwhelming. As an insurance CEO from Hong Kong commented, "Initially, it feels like you're drinking from a fire hose."

To create insights they can execute against, organizations need help synthesizing disparate information. "To increase the business value of information," explained a life sciences industry CEO from Japan, "we need data from various angles. In addition to sales data, we need to know why sales increased. We need to know how and where we are influential."

Even organizations capable of extracting insights today often struggle to act on them. CEOs want to embed these capabilities into their everyday processes, making them integral and, as one electronics industry CEO from China added, "more systematic." Speed is another critical issue. As one U.S. CEO from the chemicals and petroleum industry warned, "The time available to capture, interpret and act on information is getting shorter and shorter."

Traditional gives way to social

According to CEOs, face-to-face interaction via their sales forces and other institutional representatives is by far the most dominant method of engaging with customers today. But the future landscape looks quite different.

Currently, social media is the least utilized of all customer interaction methods. However, CEOs predict it will push past websites, call centers and channel partners, and become the number-two way to engage customers within the next five years (see Figure 10).

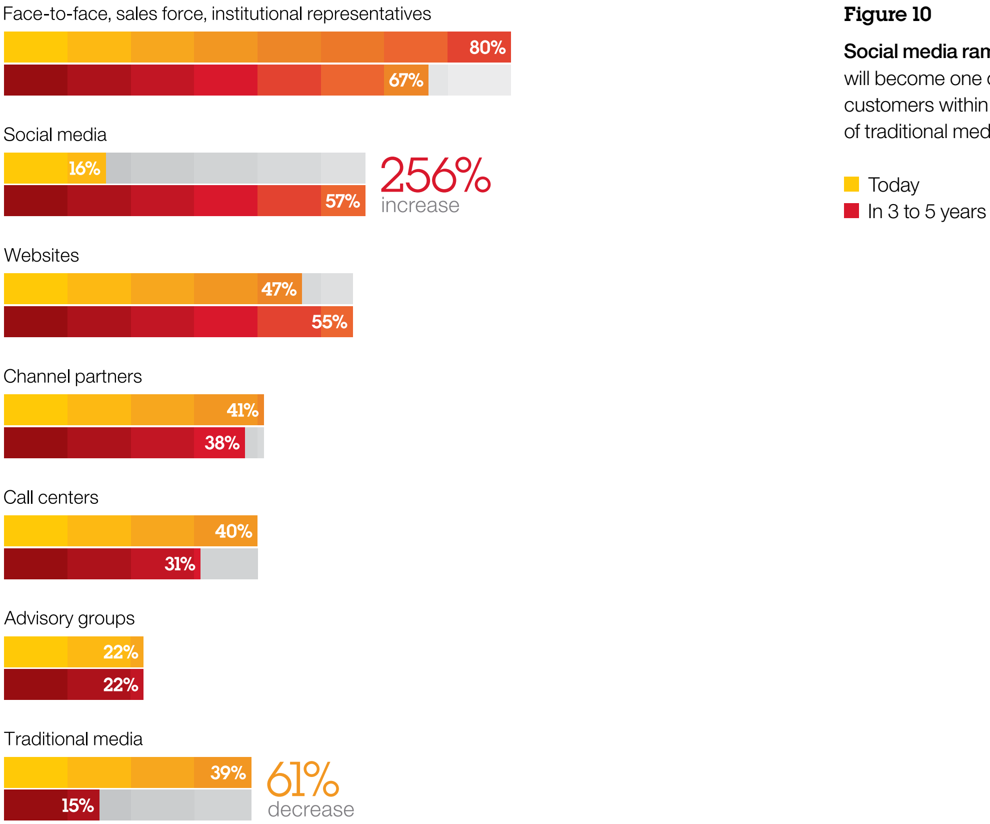


Figure 10

Social media ramp up CEOs believe social media will become one of the top two ways to engage customers within five years, mainly at the expense of traditional media.

"Social networking has and will continue to significantly change how we do business. The way we collaborate with our customers will be transformed."

Enrique Salem, CEO, Symantec

Interestingly, views on social media vary widely across industries. A higher percentage of CEOs in education (77 percent), telecommunications (73 percent) and retail (72 percent) expect social media to be a key channel for customer engagement. In industrial products, only 34 percent of CEOs believe social media will play a significant role — the lowest of all industries; insurance (51 percent) and electronics (52 percent) are below the overall average.

A U.S. CEO from the financial markets industry likened social media's march to that of the Internet itself: "From 1995 to 2000, the web went from something only some people used to something almost everyone used to conduct business. I view social media in the same way — we're approaching the stage when almost everyone will have to figure out how to use it to conduct business successfully."

Social media: Moving past the hype

Despite social media's frequent use as a way of communicating to customers, CEOs recognize its real value as a source of insight and a means of collaboration. "We use social media less as a marketing or distribution channel and more as a knowledge platform to obtain information about customers," explained an insurance CEO from Switzerland. Of course, engaging with customers via social media escalates expectations for timely, relevant and individualized interaction.

The CEOs of business-to-business (B2B) organizations were also quick to note that social media is not just a business-to-consumer phenomenon. As a U.K. CEO from the media and entertainment industry pointed out, "Our B2B customers are also consumers of social media; you cannot split the two." And an electronics industry CEO from Japan described how his organization is helping B2B customers innovate by "incorporating the end user's voice directly into product development."

As they do with most technology trends, CEOs are working to sift the social media hype from real opportunity. And skepticism is often intensified by fear. “We’re not yet comfortable that social media has matured to the point we’ll benefit more than we’ll suffer,” explained an industrial products industry CEO from the United States. In a social media world, CEOs realize their brands are in the hands of customers and employees. Control is shifting from institutions to individuals.

Believers are even unsure where to start. In the words of one Australian healthcare industry CEO, “Social media has grown faster than industry knowledge on how to use it.” And a life sciences industry CEO from Switzerland frankly admitted, “We are all scared to death about social media within our industry. We want to start with it. But we’re all just looking at each other, and nothing material is happening.”

Though CEOs frequently mentioned dipping their toes into social media waters, few claim to be personally immersed. This arms-length involvement puts CEOs in a precarious position. They are making critical judgments about a disruptive technology without much firsthand knowledge. And they’re uncomfortably reliant on the counsel of less experienced Generation Y advisors. “For the first time in my career, I feel old. People in their 20s work and think about this social stuff in a different way,” a U.K. insurance industry CEO shared. “We’re using it as a way of connecting with friends and socializing; the kids coming up are using it as a way of life.”

“Our business will continue to be ‘face to face,’ just on a different medium. How service gets delivered will change, and we will need to take advantage of different forms of social media.”

David McKay, Group Head, Canadian Banking, RBC Royal Bank

Taking action

When learning more about individual customers, there is no shortage of information. The challenge for CEOs is equipping their organizations for discovery and relevant action. How can an organization apply insights to offer exactly what a particular customer needs at a particular location at a particular point in time?

Let "big data" reveal the customer you never knew.

The power of data analysis used to be found in asking really good questions — a hypothesis-driven approach. But today's sophisticated analytics provide more opportunities to freely explore big data, detect patterns and reveal things you never thought about asking. In our connected economy, data is a critical new "natural" resource. And knowing how to effectively access, analyze and use it is crucial to understanding and engaging individual customers.

- **Look outside to complete the view.** Incorporate external sources, especially social media and complementary data sets from partners. Blend internal and external views to discover unexpected insights.
- **Connect pieces into profiles.** Use analytics to distill what's valuable from an abundance of data. Assemble vital pieces into holistic profiles of individual human beings — based on how they interact with other people and institutions, not just yours.
- **Empower customer-facing staff with predictive analytics.** Embed insights where front-line decisions are made. Ensure data-driven decision making is part of everyday processes. Improve productivity and outcomes by helping people know where to focus their efforts.

Listen lavishly, respond with focus.

The goal of understanding customers better is not to learn more so that you can barrage them with more offers. Instead, it's so that you can be discriminating and perhaps offer less — exactly what this individual customer needs, precisely when and where he or she needs it.

- **Listen at an individual level.** Look beyond aggregate customer information based on market segmentation. Use sources that allow you to hear directly from individual customers, such as consumer-generated reviews, online communications and blogs.
- **Capture what employees see and hear.** Establish easy ways to channel clues employees observe in their customer interactions. Incorporate these insights into your analysis and share appropriately with other parts of the organization.
- **Respond with relevance and speed.** Study each customer touch point. Find ways to respond more selectively and create deeper connections that build loyalty and advocacy. Often, customers share more information if they receive something relevant in return.

Be where your customers expect you to be.

Mobility is elevating customer expectations. Organizations have a tremendous opportunity to create value out of immediacy — to be ready with relevant services and information in the context of the moment.

- **Leverage the fact that mobile "changes everything."** Don't just imitate your website on the mobile device; take advantage of location-based services and new forms of e-commerce. For example, offer virtual pop-up stores that "appear" while customers are at specific locations, such as sports arenas, shopping malls or tourist attractions.
- **Blend the physical and digital worlds.** Don't think of mobile as a separate channel. Exploit augmented reality to make mobile part of integrated, multichannel customer experiences.
- **Offer value that stands out.** Mobile not only enables greater connectivity; it also increases the odds that customers will be distracted. Interact in ways that are attention-grabbing, meaningful and, most of all, tailored to the individual.

Case study: Magazine Luiza

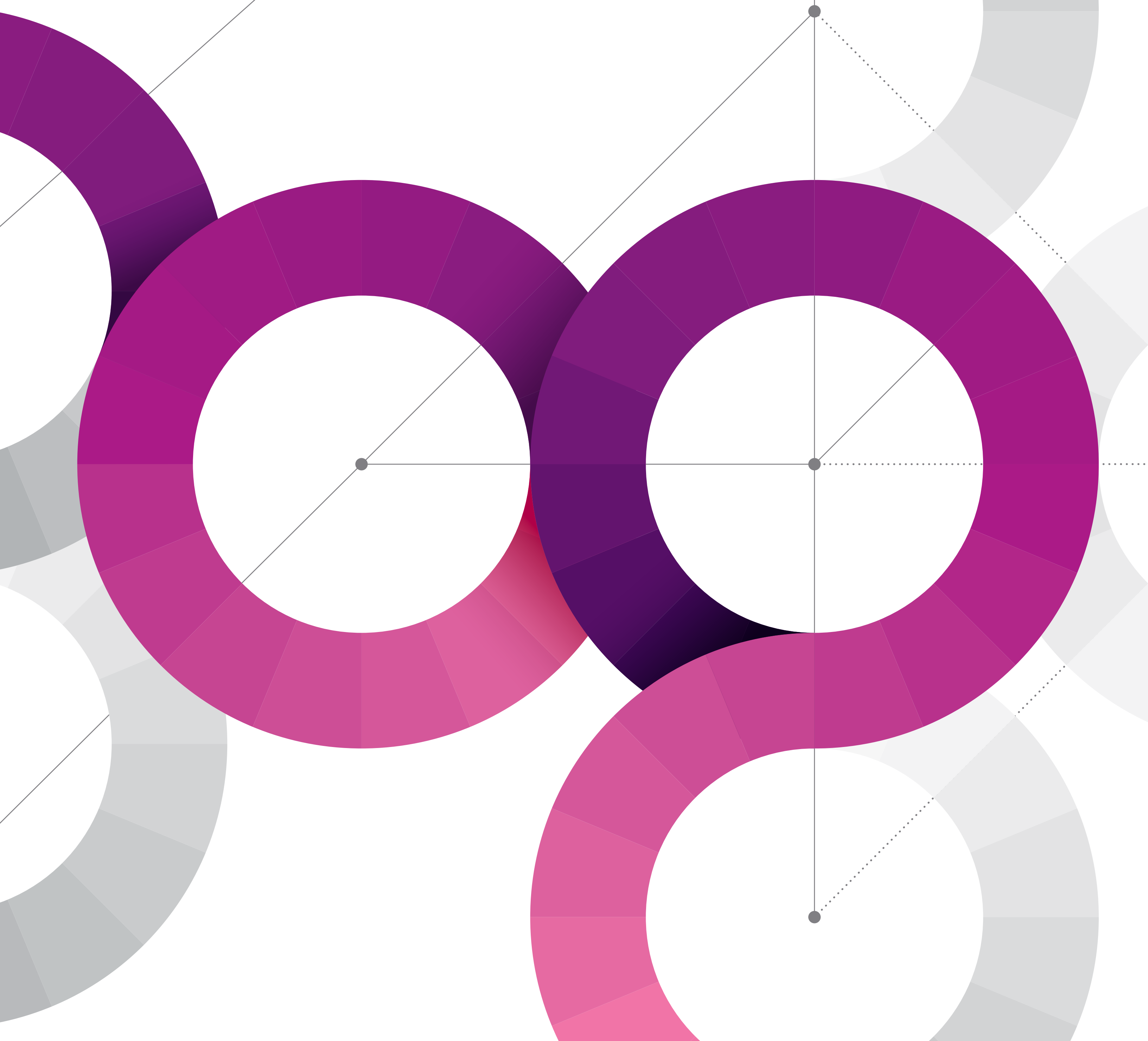
Maintaining a human touch in an online world

Since starting as a small retail shop in 1957, Magazine Luiza, now the second-largest department store chain in Brazil, has connected with customers on a human level. To engage buyers, the retailer aims to fulfill dreams, not just deliver bargains. For those who often have scrimped and saved to buy their first refrigerator or new furniture, Magazine Luiza wants the experience to be happy and memorable.

While growing its physical store network, Magazine Luiza also became an early e-commerce adopter. But in addition to its online store, the retailer launched an innovative “bricks and clicks” store format, where shoppers sit with associates who guide them on Internet shopping trips. These stores often become social hubs by offering services supporting the local community, like cooking classes or computer training.

As customers grew more accustomed to online shopping, Magazine Luiza humanized its website with a virtual salesperson named Lu. Through videos, podcasts, blogs and tweets, Lu communicates and interacts with customers.

More recently, Magazine Luiza has established a new channel, taking its bent toward individualization and community into the social world. Through Magazine Você — your store — customers can create personalized storefronts with their favorite products and share them via Facebook or Orkut. Store “owners” earn a commission when someone from their social network buys a product; Magazine Luiza collects payment and ships the goods. Already, more than 20,000 social stores have sprung up, with average conversion rates that are higher than the retailer’s online store. Through these stores, Magazine Luiza expects to touch 1 million customers within one year of launch.



Amplifying innovation with partnerships

With nearly 70 percent of CEOs aiming to partner extensively, what will make this a differentiating strategy?

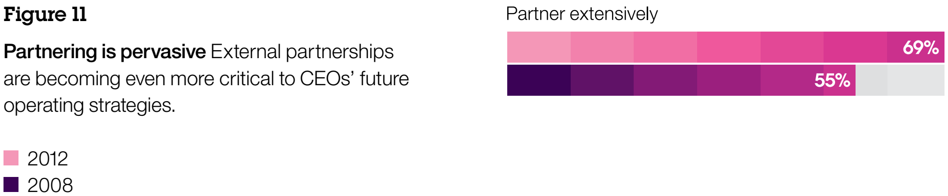
> "We recognize that innovation is also happening outside of our organization, and we need to align with the right thought leaders and partners."
>
> **Phil Molyneux,** President, Sony Electronics

Saying "so long" to solo innovation

Confronted with growing complexity at every turn, organizations are finding it nearly impossible to be successful when executing entirely on their own. Consequently, only 4 percent of CEOs plan to do everything in-house. Over the past few years, partnering has become increasingly prevalent. In 2008, a little over half of the CEOs we interviewed planned to partner extensively. Now, more than two-thirds intend to do so (see Figure 11).

Figure 11

Partnering is pervasive External partnerships are becoming even more critical to CEOs' future operating strategies.



For some time, partnering has been a primary way of expanding rapidly into new geographic markets. An electronics industry CEO from China jokingly told us, "To go overseas, we need to 'borrow a ship' first. We can't grow as fast as we want unless we partner extensively."

But that need for speed extends to innovation as well. As a telecommunications CEO from France explained, "We're partnering to bring new innovative services to market faster." In fact, 53 percent of CEOs are partnering extensively to *innovate*. And in government, education and healthcare, more than 60 percent are doing so. Consumer products (40 percent), insurance (40 percent) and media and entertainment (44 percent) are less likely to innovate collaboratively.

We also found that outperformers are more inclined to innovate with external partners (see Figure 12). As one Hong Kong CEO from the industrial products industry shared, "To address our clients' increasingly complex needs, we have to leverage our global business partners."

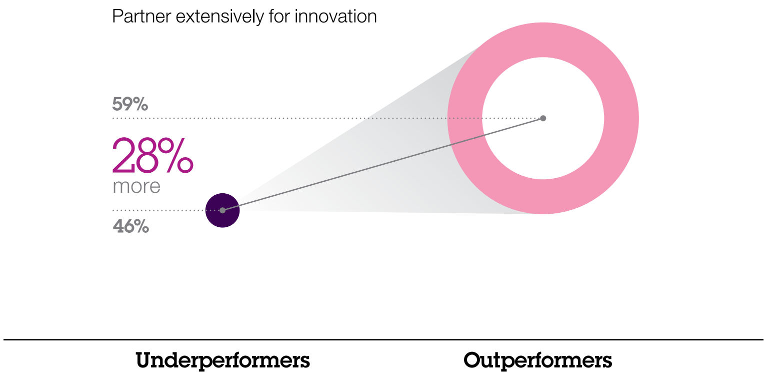


Figure 12

Outperformers out-partner Financially successful organizations are even more inclined to innovate with partners.

Partnerships: The next frontier for openness

Over the past few years, organizations have made strides in becoming more open and transparent with employees and customers. But being open is harder with partners. "We tend to see everyone as a competitor," admitted a banking CEO from Vietnam. "We need to see them as partners. We need to find win/win solutions and share profits. But this is a cultural shift; it's hard to change."

Partnering, of course, introduces new kinds of risk. In a world of increased transparency and instantly disseminated social media, organizations are often judged by their partners' actions, not just their own. The practices of any part of a globally distributed supply chain can tarnish even the most highly regarded brands.

The organizational changes required to be open and collaborative with partners are even more extensive than for internal openness. Intellectual property concerns aside, the sheer mechanics of sharing collaboration tools and integrating data are massive. Also, building trust is much harder. An education industry CEO from Australia shared, "We need to partner more, but we have to trust that other people will care as much as we do."

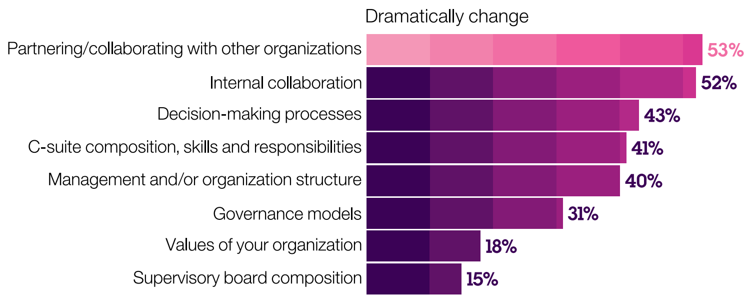
> "If we are going to lead innovation, we need to continue to strengthen our efforts in the partnering space."
>
> **John Morgan,** CEO, New Zealand National Institute of Water and Atmospheric Research

Despite the hurdles, more organizations are deciding to partner to expand the range of what is possible, tap into new sources of revenue and gain new competitive advantages. Ironically, the need to be unique in the marketplace — to differentiate — increasingly requires organizations to work together.

As a result, more than half of CEOs are making extensive changes to enable their organizations to work with external collaborators (see Figure 13). A consumer products CEO from Spain described the shift this way, "Our innovation processes are becoming more open, with more external collaboration, not just in-house collaboration." In our earlier research, CMOs pointed to the same fact: they expect use of partnerships to increase by over 50 percent in the next three to five years.[6]

Figure 13

Equipping for external collaboration Compared to other potential areas of change, CEOs are most focused on enabling external collaboration.



"Leapfrogging is very challenging, given our unknowns; however, incremental expansion will take us way too long."

Marc Mayrand, Chief Electoral Officer, Elections Canada

Outperformers take on radical innovation with partners

Over the past decade, CEOs have watched digitization and other technology trends render business models obsolete and disrupt entire industries. As one U.S. retail industry CEO confided, "In our industry, the biggest risk we face is not regulatory mandates, as many think. It's industry disruption, like what happened to the home video market." Understandably apprehensive, CEOs are looking for ways to anticipate — or create — disruptive innovation.

This is where outperformers’ tendency to partner comes into play. When comparing outperformers with underperformers, we saw no significant difference in their approaches to product and service innovation. Both groups have similar plans for integrating, bundling and tailoring products and services, and extending their product/service portfolios.

Where they differ is in their approach to business model innovation. While underperformers focus more on improving operations and redefining their own enterprise models, outperformers have more ambitious innovation targets. They intend to upset entire industries. As a group, outperformers are 48 percent more likely to break into other industries and twice as inclined to invent entirely new ones (see Figure 14).

Simply put, partnering gives outperformers the edge they need to tackle the toughest forms of innovation. As a professional services company CEO from India explained, “In the industries we support, innovation is required to address all the disruptions in the environment — technology, financial, etc. Extensive collaboration will be the key.”

Types of business model innovation

Enterprise model innovation
Redefining the organization’s role in the value chain, where it collaborates, how it operates

Revenue model innovation
Changing the way the organization monetizes value

Industry model innovation
Changing the way a whole industry works or creating an entirely new industry

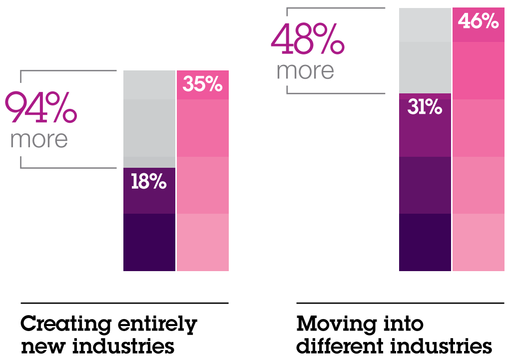


Figure 14

Outperformers are bolder innovators They are far more likely to pursue innovation that disrupts entire industries.

Underperformers
Outperformers

Amplifying innovation with partnerships

Taking action

As the bar continues to rise on what it takes to engage customers and outperform competitors, organizations are teaming with external partners to tackle the innovation challenge. However, collaborative innovation is hard. Being open internally is difficult enough, but the hurdles are even greater outside firewalls and formal chains of command. How can CEOs help their organizations connect with partners in new ways that accelerate innovation?

Fundamentally change how you partner.

As the pressure to innovate (and the cost to do so) mounts, CEOs are reevaluating how they engage partners. Boundaries between organizations are becoming more porous. Interactions span more functions and are more continuous than sporadic. Control and governance must increasingly be shared.

- **Achieve differentiation through social innovation.** Extend communication and collaboration tools so that peers can interact seamlessly regardless of organizational affiliation. Integrate data resources to reveal unexpected, mutually beneficial insights. Use cloud technologies to make it easier to work across locations and time zones.
- **Expand scope of partnerships.** The majority of organizations now engage partners in collaborative innovation. But often that collaboration is confined to specific stages, like ideation, or only specific functions such as R&D, but not sales, marketing or HR. Evaluate ways to extend and connect existing partnerships.
- **Tackle the shared governance challenge.** Establish ways to share key aspects of control — such as prioritization, decision making and funding — that are traditionally dominated by one partner.

Make partnerships personal.

As with customers and employees, technology now presents opportunities for much deeper connections with partners. Opportunities for innovation — both serendipitous and orchestrated — are rising in step with interconnectedness.

- **Broaden responsibility for managing partnerships.** Embed relationship management capabilities within the organization; use centralized alliance management functions primarily to supply specialized skills, such as deal structuring or compliance.
- **Foster relationships at each level across partnering organizations.** People make partnerships. Provide avenues to develop personal connections among peers at every level, not just among top executives. Inspire collaborative entrepreneurship by sharing responsibilities across both organizations.
- **Consider the possibility of "partners" being a community of people.** Connectivity is changing the very nature of partnerships. Don't limit your view to organizations. Your most valuable "partnership" might be a group of individual people. Social media significantly widens the aperture to identify, form and connect with relevant communities of interest.

Break collaboration boundaries.

To address rising complexity, organizations need to look beyond traditional partners and conventional views on innovation for new inspiration and necessary capabilities.

- **Explore unconventional partnerships.** Study nontraditional alliances emerging in other industries and look for parallel applications in your own. Address market shifts or create new solutions by integrating capabilities not commonly found in your own industry.
- **Think like a disruptor.** Intentionally stretch thinking beyond business as usual, even when business as usual is working. Question norms. Introduce new stimulation from outside — customers, academics and partners who are not part of your normal innovation circle.
- **Innovate together as a system.** Some problems are simply too difficult to solve even with a cadre of partners. Approach untenable issues or grand challenges by partnering across the entire system, with competitors, governments, non-governmental organizations and more.

Case study: Royal Dutch Shell

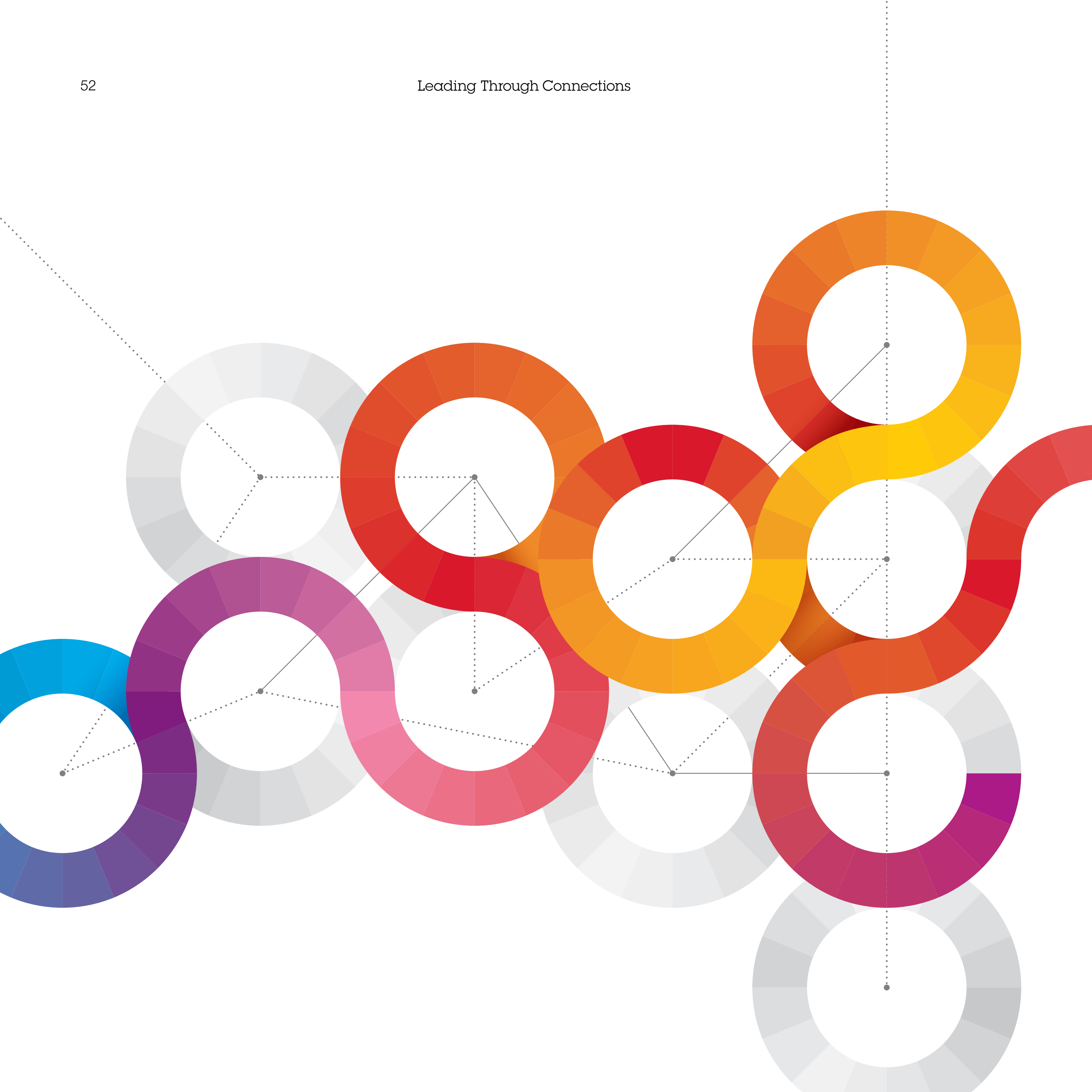
Partnering to power the future

Global energy company Royal Dutch Shell has a long history of partnering for innovation. When Shell Transport and Trading merged with the Royal Dutch Petroleum Company in 1907, it transformed the fortunes of both companies. They turned from struggling entities to a successful enterprise in twelve months.

Today Shell continues to collaborate on energy innovations, working with partners to diversify the fuel supply and reduce its environmental impact. This includes the commercial production of sustainable, low-carbon biofuels, the development of next-generation biofuels from waste products, and hydrogen fuel-cell technology. Shell has also partnered extensively on the use of traditional fuels, such as natural gas, which can reduce emissions when used in transportation.

Recently, Shell has taken an innovative approach to addressing the world's future energy and environmental challenges. In the coming decades, population growth and rising prosperity will increase global demand for energy, water and food. This challenge is proving difficult for leaders to address because it crosses traditional boundaries between countries, industries, and the public and private sectors.

Shell is working with experts to explore the interconnections between the energy, water and food systems to gain a deeper understanding of the long-term risks and opportunities. This includes mapping the key linkages and possible solutions, such as sustainable urban design, and research to quantify water use for electricity generation, transport fuels and heating.



Leading in the connected era

Undoubtedly, our world and the institutions and people in it are becoming more connected. The question is: how will CEOs respond organizationally and personally?

> "There is a sea change in what leaders need to do. But the top priority is driving even more collaboration, primarily external."
>
> **Colin MacDonald,** CEO, Land Information New Zealand

The connected organization is centered on people

Often, there's a tendency to focus on how humans are making the world more digital. But our study findings suggest the opposite. The digital world is actually making us more personally connected as humans. By erasing the constraints of time and distance, technology is freeing people to do what comes naturally — explore, engage, expand our personal and professional circles and our knowledge.

Ironically, the rise of digital, social and mobile technology is making people more important. To create greater value, CEOs must take advantage of newly enabled connections with and among employees, customers and partners. We've outlined a number of actions to help CEOs and their boards get a fast start:

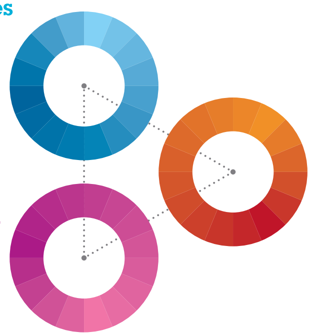
Leading Through Connections

Empowering employees through values

Replace rulebooks with shared beliefs.

Build future-proof employees.

Provide the means to collaborate at scale.



Engaging customers as individuals

Let "big data" reveal the customer you never knew.

Listen lavishly, respond with focus.

Be where your customers expect you to be.

Amplifying innovation with partnerships

Fundamentally change how you partner.

Make partnerships personal.

Break collaboration boundaries.

However, outcomes depend on execution capabilities. As part of our analysis, we compared the responses of outperformers and under-performers across more than 200 topics. Their views differed on less than 20 percent of the questions. CEOs largely think alike. The difference is in their ability to engage the entire C-suite in evoking significant change across their organizations. As one Chief Executive from Switzerland told us, the most crucial characteristic for a CEO today is the ability to "organize a major wake-up call."

> "It's difficult to lead innovation across all areas — that's what partners are for."
>
> **Jan Fahlén,** CEO, Swedish Transport Administration ICT

CEOs leading while learning

To lead in this period of rapid, disruptive change, CEOs told us three traits are most crucial: customer obsession, inspirational leadership and leadership teaming (see Figure 15).

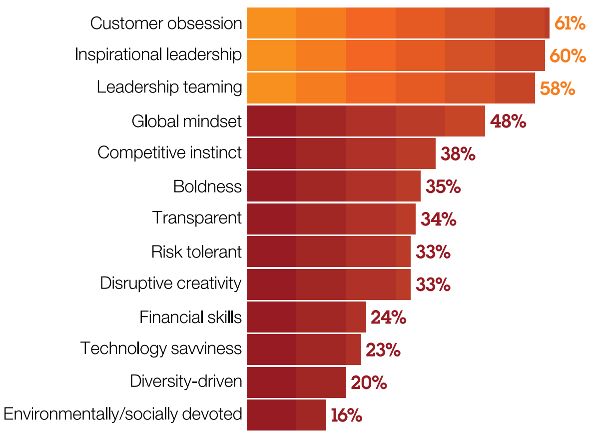


Figure 15

What makes CEOs leaders CEOs outline three traits critical to their personal success.

> "Communication is central to every country's agenda: to be connected is the starting point for everything else."
>
> **Paolo Bertoluzzo,** CEO, Vodafone Italy

These characteristics actually reinforce and complement their goals for their organizations:

- Customer-obsessed leaders will drive the organization toward deeper, more contextual customer insights.
- Inspirational leaders will engage, motivate and guide employees with values and shared purpose rather than tight control.
- Leaders who team will model collaboration for their organizations. They'll be coalition builders, internally and externally.

Today's CEOs are in a position few of their predecessors have faced. Although there have been many eras of technology disruption in the past, several factors make this period different. First, a number of new technologies are rippling through society at the same time, and they're being adopted much faster.

In addition, disruptive technologies of previous eras almost always originated in business or government, and then spread to consumers. But recent advances are flowing in the reverse direction and are being absorbed more rapidly by the younger generation.

As a result, CEOs have found themselves in a somewhat vulnerable situation. They are surrounded by technologies and ways of relating and working that new hires — and even their children — may understand better than they do. "CEOs need a feeling for social trends and for the current value change," explained a financial markets CEO from Europe. "In this context, a dose of humbleness can help."

For many CEOs, it's a matter of learning while leading. Like their employees, CEOs must reinvent themselves (admittedly much harder in their very visible roles). As one U.S. government CEO shared, "You need to constantly recreate yourself as a leader. Once you are there, you are not. Leaders are always subject to, 'What have you done today?'"

To lead in unfamiliar territory amid constant change, CEOs will need to learn from their own networks. They will need to assemble those networks like portfolios — with generational, geographic, institutional diversity. Then, they'll need to help their organizations do the same.

"You can buy people with your wallet or stimulate them with your academic prowess, but neither lasts long. What you need is their hearts… They need to believe in what they are doing."

Andrew Liveris, CEO, Dow Chemical

What will you make of this opportunity?

Regardless of which regions or industries they operate in, CEOs today are dealing with a phenomenal range of fast-moving challenges. But they also have never had so much opportunity. And what is newly possible is expanding just as rapidly.

Connectedness is the hallmark of our era — and the driver of numerous possibilities. But what will CEOs do with this defining characteristic? How will they create value from it — for their customers, their employees, their partners and, by extension, their organizations? Individually, those choices will dictate the success of their organizations. Collectively, they will inspire our future.

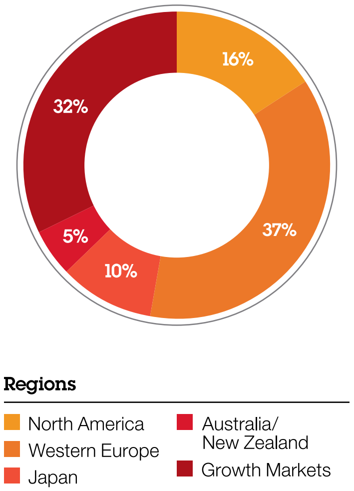
Let's continue the conversation at **ibm.com**/ceostudy

How our research was conducted

Between September 2011 and January 2012, we met face to face with 1,709 CEOs and senior public sector leaders worldwide to better understand their future plans and challenges in an increasingly connected economy.

This is IBM's fifth biennial Global CEO Study. From this research, we now have data from more than 5,000 CEO interviews stretching back to 2004, which has enabled extensive longitudinal analysis to shed light on how perspectives are changing — or not — over time.

The CEOs we spoke with lead organizations of different sizes in 64 countries and 18 industries (see Figure 16). Sixty-eight percent are located in mature markets; the remaining 32 percent are in growth markets. Just over half (52 percent) lead global or multinational organizations; 48 percent are nationally focused. To smooth any geographic distortion, CEO responses were weighted based on actual regional gross domestic product (GDP) for 2010.[7]



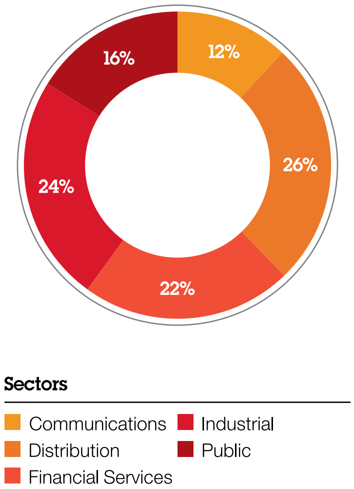


Figure 16

About our research More than 1,700 CEOs worldwide participated in this study.

As part of our analysis, we sought to understand differences between responses of CEOs in financially outperforming organizations and those in underperforming organizations. This categorization was based on CEOs' assessment of their own organizations.[8] We asked CEOs to rate their organization's three-year revenue growth and profitability as compared to their industry peers. Organizations that excelled against both financial measures were classified as outperformers; those with low rankings in both areas were classified as underperformers; and all others were considered peer performers.

Acknowledgments

We would like to thank the 1,709 CEOs around the world who generously shared their time, experience and insights with us. Special appreciation goes to the CEOs who allowed us to use their words and their organizations' stories to illustrate key points throughout this report.

We would also like to acknowledge the contributions of the IBM team that worked on this Global CEO Study:

Leadership team: Saul Berman and Peter Korsten (Study Executive Leaders), Grace Chopard, Steven Davidson, Wendy Feller, Ron Frank, Kazuaki Ikeda, Christine Kinser, Peter Kirby, Kristen Pederson, Roland Scheffler, Ian Watson, Katharyn White and Mike Wing

Project team: Anthony Marshall (Study Director), Angela Assis, Stephen Ballou, Linda Ban, Kristin Biron, Angie Casey, Rachna Handa, Ellen Johnson, Keith Landis, Eric Lesser, Kathleen Martin, Natsuko Miura, Gavin Roach, Christian Slike, Vincent Trujillo, Vanessa van de Vliet and Lisa Wearing

And the many regional and industry coordinators and sponsors, as well as the hundreds of IBM leaders worldwide who conducted the face-to-face interviews with CEOs.

The right partner for a changing world

At IBM, we collaborate with our clients, bringing together business insight, advanced research and technology to give them a distinct advantage in today's rapidly changing environment. Through our integrated approach to business design and execution, we help turn strategies into actions. And with expertise in 17 industries and global capabilities that span 170 countries, we can help clients anticipate change and profit from new opportunities.

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IBM Institute for Business Value

The IBM Institute for Business Value, part of IBM Global Business Services, develops fact-based strategic insights for senior business executives around critical public and private sector issues. This Global Chief Executive Officer Study is part of our ongoing C-suite Study Series. Additional studies from the IBM Institute for Business Value can be found at ibm.com/iibv and via the IBM IBV app for iPad or Android.

Notes and sources

1 The term “CEOs,” when used throughout this report, refers to the 1,709 executives interviewed for the 2012 IBM Global Chief Executive Officer Study.

2 Outperformers are organizations that surpass industry peers in terms of revenue growth and profitability, according to their CEOs. For additional information, see section entitled, “How our research was conducted.”

3 The list mentioned is only a small sampling of popular social networks.
For more information on each:
Facebook — http://www.facebook.com/facebook
Renren (a leading social networking platform in China) — http://renren-inc.com/en
Twitter — http://twitter.com/about
Sina Weibo (a leading Chinese microblogging service) — http://weibo.com
Foursquare (a leading location-based social networking service) — https://foursquare.com/about

4 “From Stretched to Strengthened: Insights from the Global Chief Marketing Officer Study.” IBM Institute for Business Value. October 2011. http://www.ibm.com/cmostudy

5 Ibid.

6 Ibid.

7 IMF World Economic Outlook Database, 2010 Regional GDP, September 2011. http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx

8 This self-assessment methodology has been cross-validated against publicly available financial data during several prior IBM Global C-suite Studies and has proven to be highly correlated with actual financial performance.

For further information

For more information about this study, please send an e-mail to the IBM Institute for Business Value at iibv@us.ibm.com. We will arrange for you to be contacted by the appropriate IBM expert.

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