

Leaders 2020

Fact sheet: Texas



The pace of change in today's digital economy puts new demands on executive leadership, but the results of a global research program by Oxford Economics and SAP show that most companies are stuck in the past.

Some companies are more prepared for the digital future. Oxford Economics identified a set of capabilities and practices that define the best-led organizations—we call them Digital Winners. At most companies, digital transformation is just beginning: only 19% of executive respondents in Texas qualify for this elite group in Texas, compared with 16% of the overall sample.



Our analysis of the data shows organizations that meet our criteria see better financial results and have happier, more engaged employees.

Four themes, outlined on the following pages, emerged from our research. By focusing on any shortfalls in these areas, companies can boost their chances of becoming Digital Winners.

This fact sheet outlines key findings for Texas.

Lack of leadership slows digital transformation

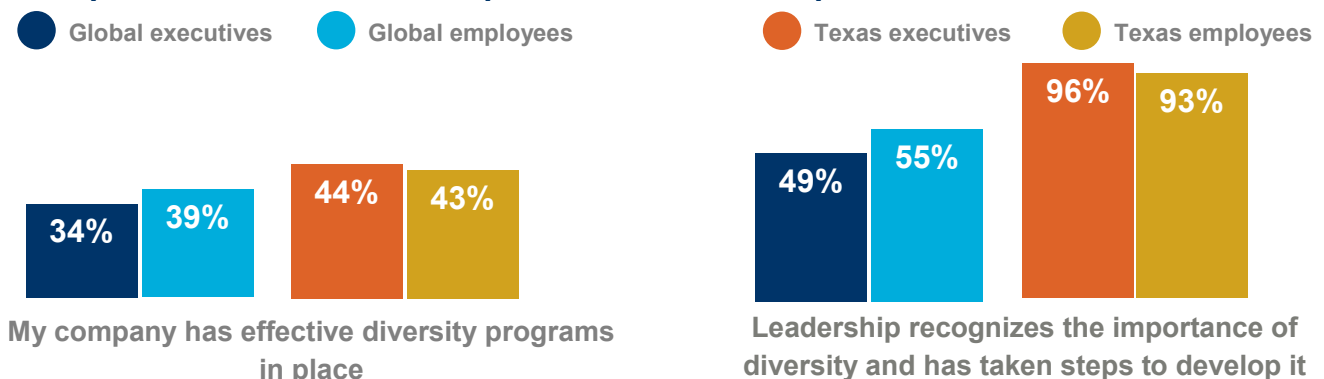
Executives and employees at most companies say management lacks critical digital skills.



- Texan employees and executives have differing views of mid-management: 40% of employees say managers are proficient in using technology for competitive advantage, but executives are the much less likely to say so (21%).
- Only one-third of Texan executives say decisions are made in real time, and just 32% say their company is capable of adapting to decisions in real time.
- Executives and employees agree that their companies encourage workers to develop new skills (75% and 80% respectively), and that they have strategies for cultivating leadership (69% and 71%).

Diversity pays off

Diversity levels are not where they should be for most companies—but it is higher at those with superior executive leadership and better financial performance.

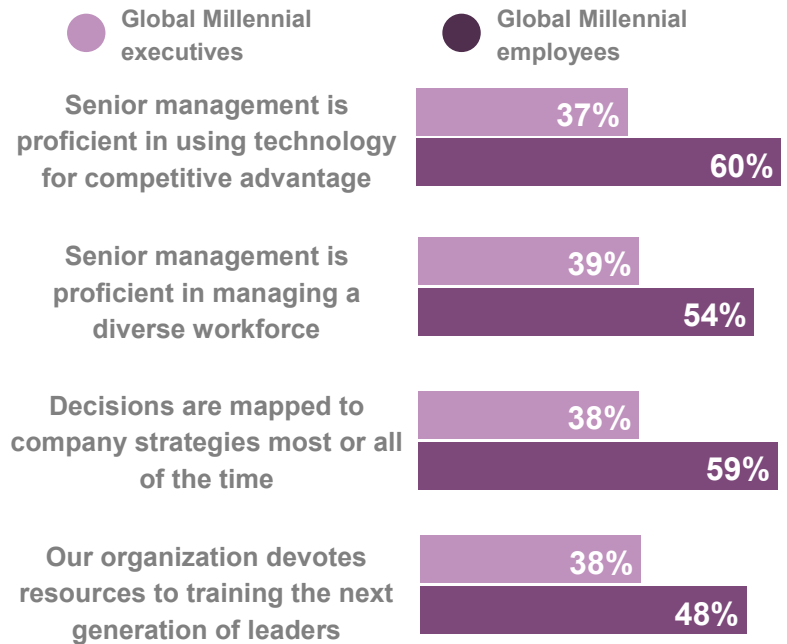


- Employees in Texas are more likely than executives in the state to report diversity change among the general workforce, mid-management, and the board over the past three years.
- Texan executives are more likely to report improved financial performance as a result of diversity (56%, vs. 30% of the global sample).

Millennial executives are impatient for change

A new generation is rising up the org chart, and these young executives want more from leadership.

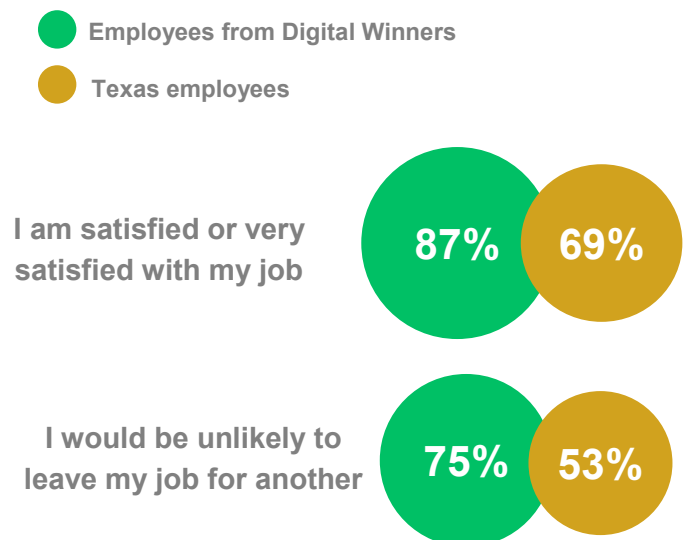
- Millennials make up 40% of the executive sample in Texas—the highest representation for any region in our survey, and a sign that Texan companies are working to develop young leadership.
- Nearly two-thirds of employees (64%) and 85% of executives in Texas say executives are expected to—and rewarded for—developing talent, which will be important as more young executives enter the C-suite.



Digital Winners have more engaged employees

Employees who work at companies with better executive leadership are more satisfied and engaged—and less likely to leave for a new position.

- Just 8% of employees in Texas are from Digital Winner companies—a sign that companies in the state may want to pay extra attention to building employee engagement.
- Texan companies need to do more to build loyalty among employees. While over two-thirds of employees in Texas are satisfied with their jobs, only about half would be unlikely to leave their job if offered another one.



Conclusion

It is hard for companies to get where they need to go if their leaders do not know the way. Texan companies are confident in their talent development and recruiting, but have work to do to develop management skills in core areas. Our research identifies several areas where companies can improve their leadership skills—and their business performance.

- **Communicate a company-wide digital vision.** The best leaders not only have a strategy for going digital—they are sharing it with employees across the organization.
- **Continuously update executive and employee skill sets.** Everyone, from the ground floor to the executive suite, needs digital skills and the ability to learn new ones quickly.
- **Flatten the organization.** Leadership needs to empower managers and workers across the enterprise to make decisions quickly, without bureaucratic bottlenecks.
- **Emphasize diversity.** Companies that cultivate a diverse workforce and take a broad range of employee perspectives into account are better poised to succeed in a global economy—and to keep employees happy and engaged.
- **Listen to young executives.** The growing cohort of Millennial executives has a strong vision for leadership in the digital economy. Taking their advice may be a shortcut to digital transformation.

For more on what it takes to become a Digital Winner, see www.successfactors.com

About the research

Oxford Economics and SAP surveyed 2,050 senior executives and 2,050 employees from 21 countries in the second quarter of 2016 about leadership and workforce development for the Digital Economy. Roughly 20% of the overall sample comes from the US; about 3% are from Texas.

Location: United States, Canada, Brazil, Mexico, Colombia, Singapore, Malaysia, Thailand, Philippines, Indonesia, Australia, New Zealand, Japan, Korea, China, India, France, United Kingdom, Germany, Spain, and Russia

Industries: The overall sample is split roughly evenly among Financial Services, Retail, Public Sector, Healthcare, Consumer Goods, Professional Services, Manufacturing, and Technology

Functions: The overall sample is split evenly among Finance, HR, IT, Sales/Marketing, and Procurement

Company size: 25% \$250m–\$499 m; 25% \$500m–\$1 bn; 50% more than \$1 bn

Gender: 50% male, 50% female

Age: 50% of employees are Millennials