

Leaders 2020



Fact sheet: Northeastern US

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 about 6% of respondents to our survey qualify for this elite group in the Northeastern US, compared with 16% of the overall sample.



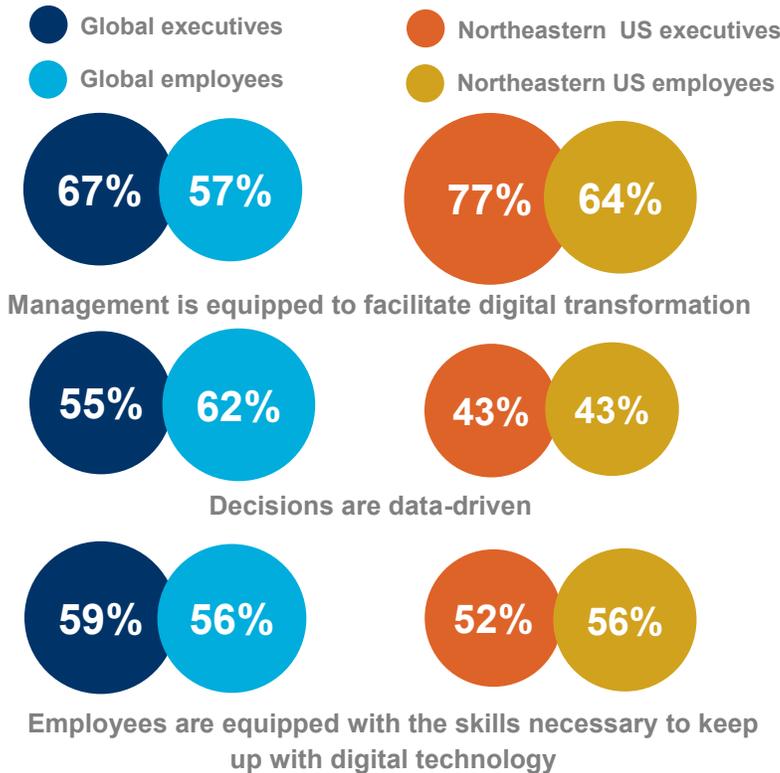
Our analysis of the data shows organizations that meet our criteria see better financial results and have happier, more engaged employees.

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 the Northeastern US.

Lack of leadership slows digital transformation

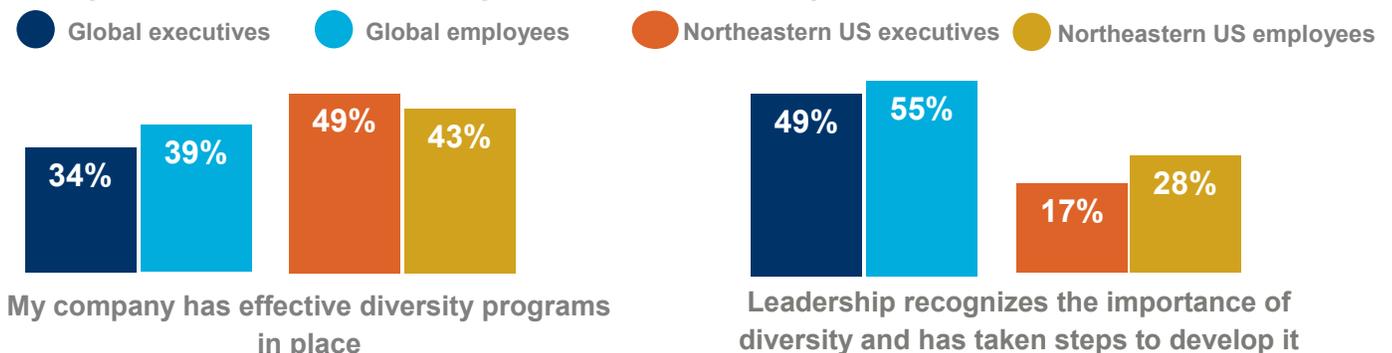
Executives and employees at most companies say management lacks critical digital skills.



- Executives and employees from the Northeast are much more confident than the global total in senior management’s skills in a number of areas, including collaboration, innovation, and using technology for competitive advantage.
- Decision-making strategies may not be data-driven, but they are advanced in other ways. Executives in the Northeast are more likely to say decisions are mapped to company strategies, made in real time, and distributed across the organization.

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.



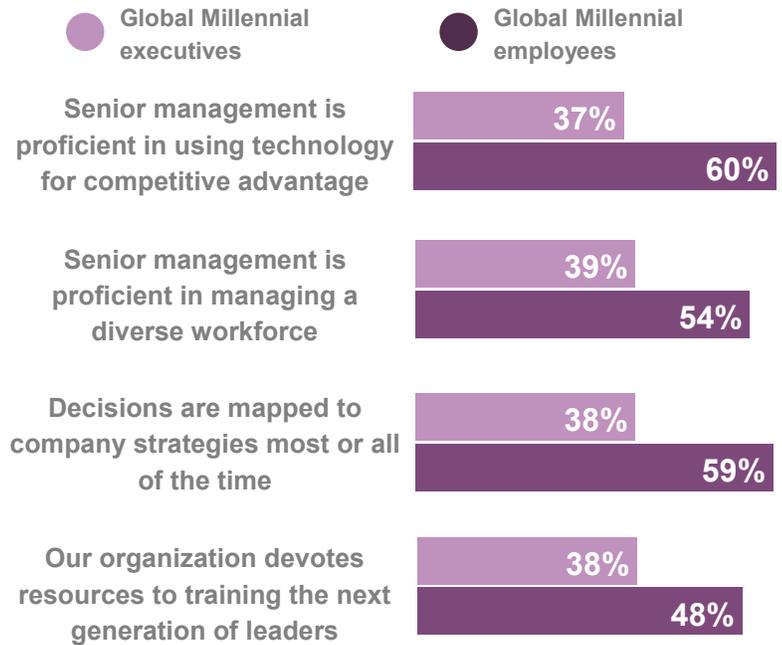
- Executives from the Northeast report slow progress in diversity over the past three years: they are less likely to say it has increased among the general workforce (47%, vs. 67% globally), mid-level leadership (19% vs. 40%), or the board (4% vs. 34%).
- This slow progress could help explain why executives and employees from the Northeast are less likely to report positive effects from diversity on financial performance.

Note: Bullet points represent survey results not pictured in the charts.

Millennial executives are impatient for change

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

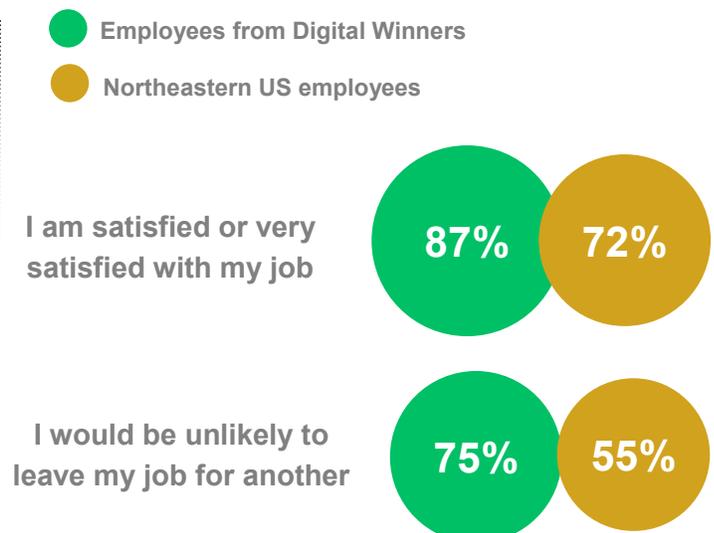
- No Millennial executives in our survey are from the Northeast, although the overall executive sample is comprised of 17% Millennials—a sign that it is harder for young executives to advance in this region.
- Bringing younger executives into the C-suite starts with cultivating leadership skills in employees. More than three-quarters of Northeastern executives say this is the case, but only 40% of employees in the region agree.



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 1% of employees in the Northeast are from Digital Winner companies—a sign that the region should pay extra attention to employee engagement. While 72% are satisfied with their jobs, only about half would stay at their jobs if offered a similar position elsewhere.
- Over two-thirds of Northeastern employees say leaders give ample ongoing feedback to workers, but only 49% say their culture places a high value on employee satisfaction, compared with 57% of the global sample.



Conclusion

It is hard for companies to get where they need to go if their leaders do not know the way. Companies in the Northeast are confident in digital strategies, but need to do more to build diversity and cultivate leadership among younger employees. 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 the Northeast.

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