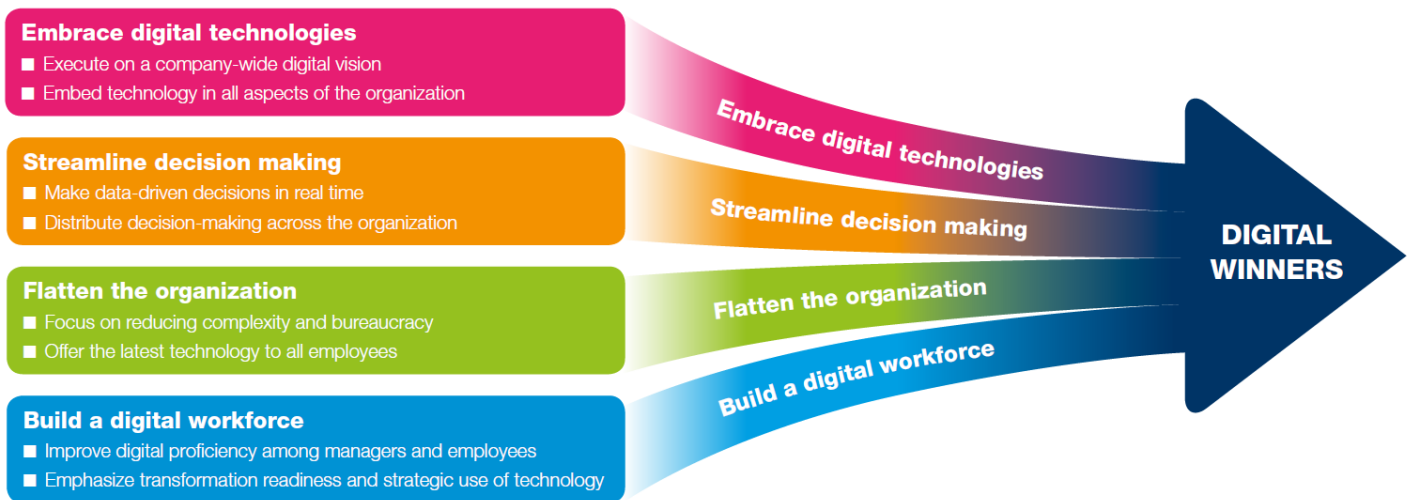


# Leaders 2020

## Fact sheet: California



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 5% of respondents to our survey qualify for this elite group in California, compared with 16% of the overall sample.



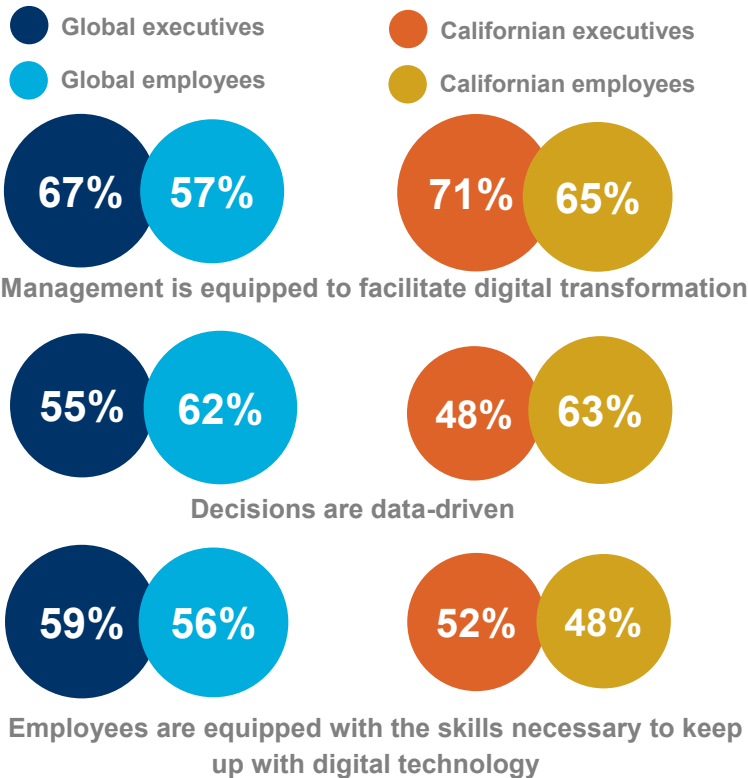
Our analysis of the data shows organizations that meet our criteria see better financial results and have happier, more engaged employees.

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 state of California.

## Lack of leadership slows digital transformation

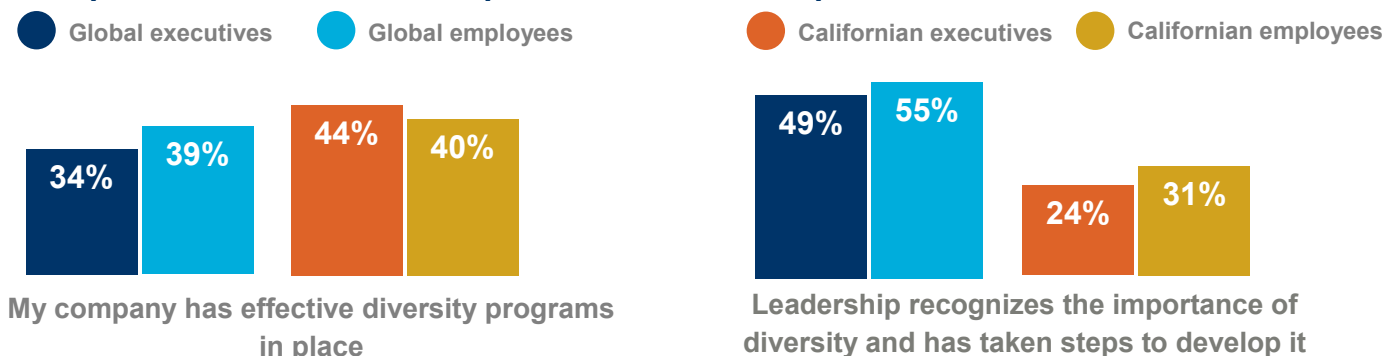
*Executives and employees at most companies say management lacks critical digital skills.*



- Californian executives are more confident in management’s skills in a number of areas, particularly external collaboration (81%, compared with 58% of global and overall US respondents).
- Californians—both executives and employees—are more confident than most in talent development and recruitment.
- Despite strong recruitment strategies, Californian executives are no more likely than their global peers to say they have clear succession processes, according to executives (47% vs. 53%).

## 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.*



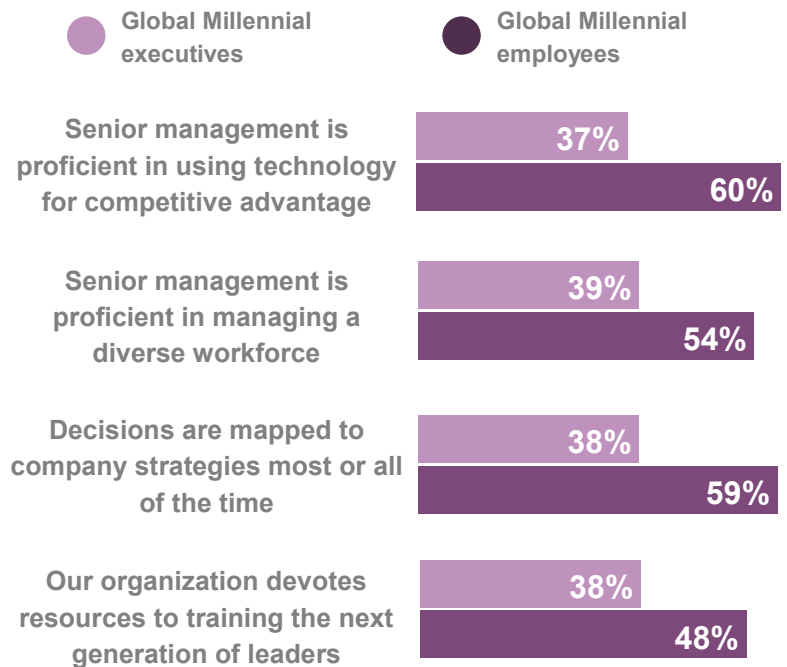
- Californian executives report slow progress in diversity over the past three years: they are less likely to say it has increased among the general workforce (48%, vs. 67% globally), mid-level leadership (20% vs. 40%), or the board (9% vs. 34%).
- Executives and employees from California are less likely to report positive effects from diversity on financial performance or company culture.

*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.*

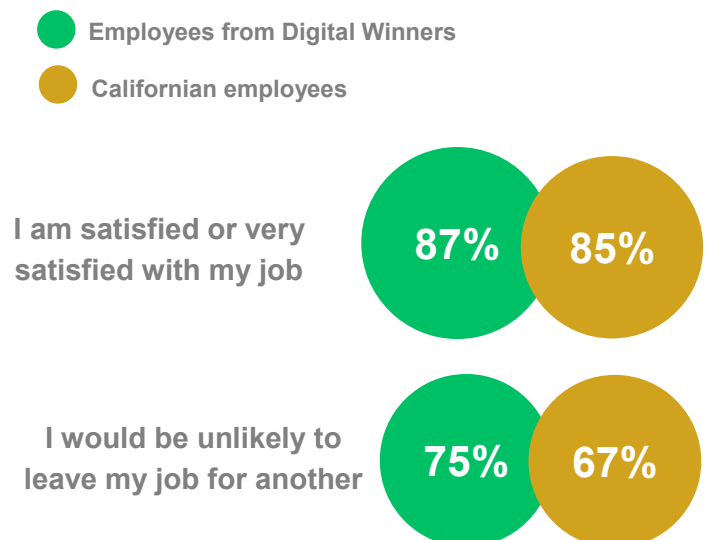
- Just 7% of senior executives in California are Millennials—a much lower proportion than the overall sample (17%) and another sign that Californian companies may need to develop succession planning strategies.
- Companies need to cultivate leadership skills in younger executives. Just 51% of Californian executives say their company is doing so, vs. 57% of the overall sample.



## 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 3% of employees in California are from Digital Winner companies. But overall, Californian employees tend to be satisfied with their jobs and unlikely to leave for a similar position elsewhere.
- Well over three-quarters (84%) of Californian employees say leadership gives ample ongoing feedback to employees, compared with 69% of the overall sample; 57% say their culture places a high value on employee satisfaction.



## Conclusion

It is hard for companies to get where they need to go if their leaders do not know the way. Companies in California tend to have happier, more engaged employees, but they have work to do to facilitate digital transformation, particularly in updating decision-making and cultivating diversity. 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](http://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 California.

**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