

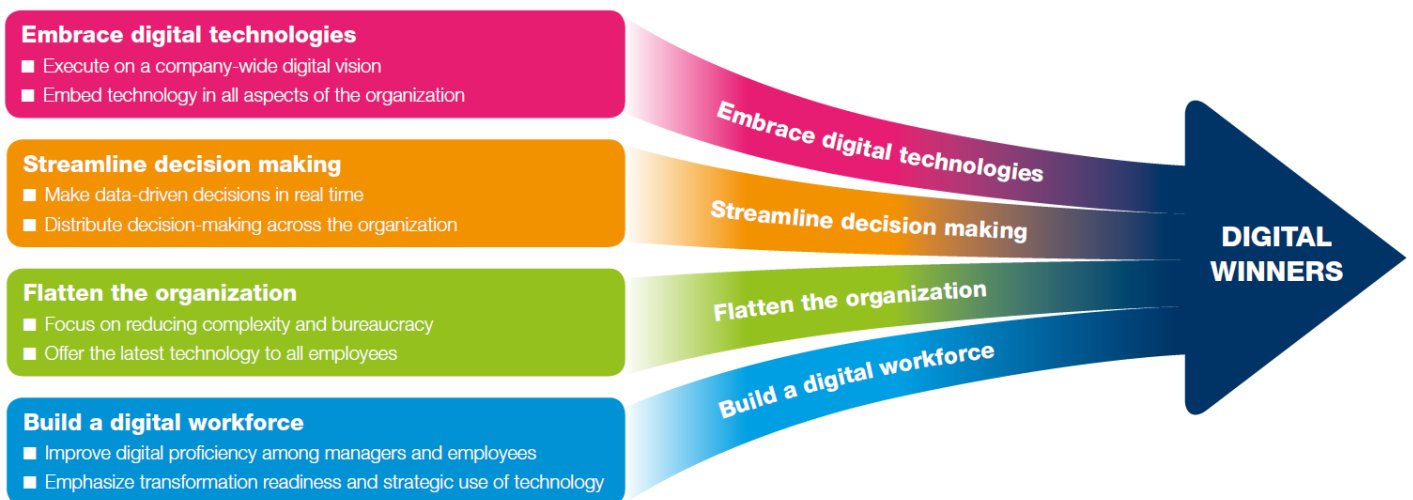
Leaders 2020

Fact sheet: Canada



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 9% of respondents to our survey qualify for this elite group in Canada, 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 Canada.

Lack of leadership slows digital transformation

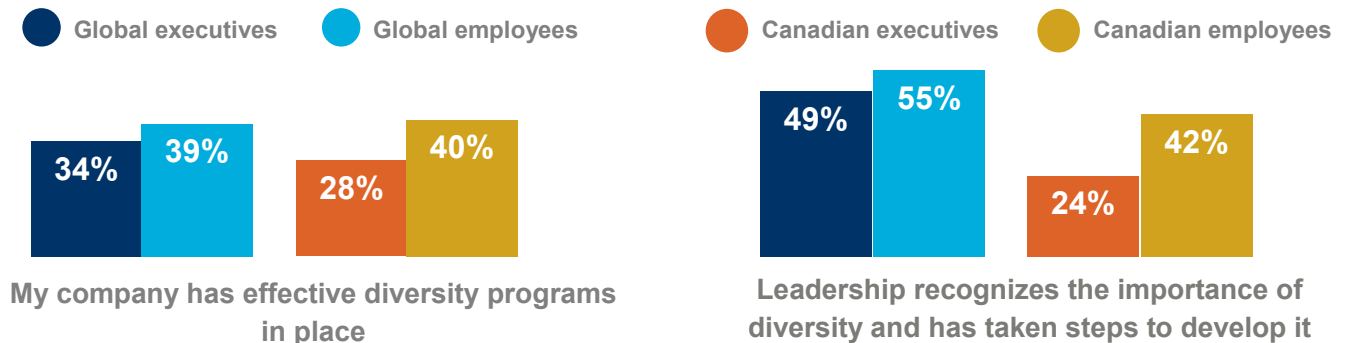
Executives and employees at most companies say management lacks critical digital skills.



- There is a pronounced perception gap between Canadian executives and employees. For example, 85% of executives say senior leaders are proficient in using technology for competitive advantage—but only 33% of employees agree.
- More than half of executives say they have leadership training programs for all levels; just 42% of employees agree.
- More than three-quarters (80%) of executives say they devote resources toward training the next generation of leaders, and 70% of employees agree.

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.

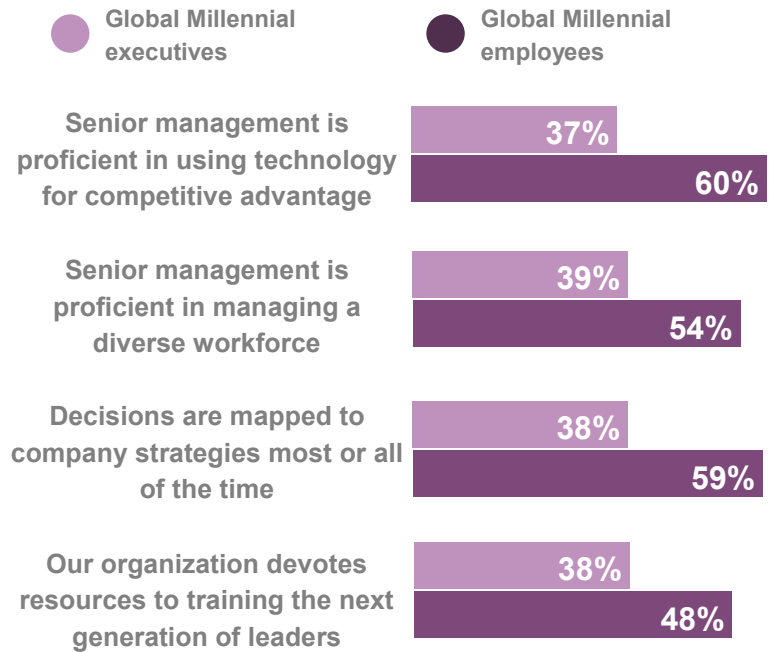


- While two-thirds (67%) of Canadian executives say that diversity has had a positive impact on their culture, a meager 8% report a positive impact on financial performance.
- Executives in Canada are significantly more likely than employees to say that diversity has increased among the general workforce over the past three years (67% vs. 40%); both groups report minimal increases among senior leadership (5% vs. 10%).

Millennial executives are impatient for change

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

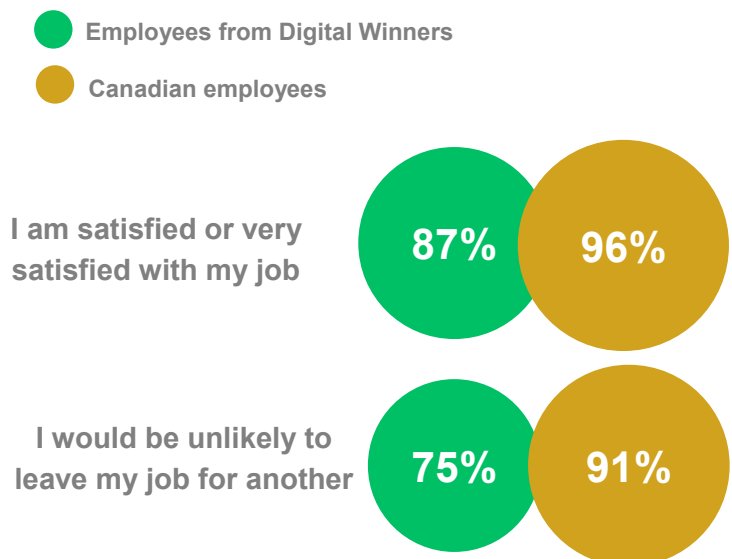
- Only 3% of senior executives in Canada are Millennials—a significantly lower proportion than the overall sample (17%).
- Canadian executives (82%) say they have clear processes for succession, which may be useful as the 43% of executives in Canada between the ages of 51 and 69—among the highest percentage worldwide—begin to retire.
- More than three-quarters (76%) of Canadian executives say they have strategies for cultivating leadership.



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 7% of employees in Canada work at Digital Winner companies.
- Despite that, employee satisfaction is hardly an issue at Canadian companies—among countries surveyed, Canadian employees are the most satisfied.
- Nearly all (93%) Canadian employees say leadership gives ample ongoing feedback, and 73% say employees are actively encouraged to participate in training and development programs.



Conclusion

It is hard for companies to get where they need to go if their leaders do not know the way. Canadian employees are highly satisfied and loyal—but executives and employees do not see eye to eye on progress toward digital transformation in many areas, a perception gap that could threaten employee engagement. 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 5% of the overall sample comes from Canada.

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