

## Getting collaboration right

Enhanced collaboration should be one of the big benefits of the digital economy. But our global survey of 4,100 executives and employees, conducted during the second quarter of 2016, shows that most companies do not have the management skills, organizational culture, or technology in place to make collaboration pay off at scale.

Those companies that do get digital leadership right—we call them Digital Winners—perform better in the marketplace and have happier, more engaged employees; these organizations also tend to have better-developed tactics for encouraging partnerships and teamwork. This elite group of respondents, which make up 16% of the total sample, model the behaviors other companies should follow (see the next page for more on how we identified these leaders).

Digital Winners are capitalizing on the benefits of technology, which makes it easier to share information, sharpen ideas, and leverage expertise. They have flatter organizations that allow well-informed decisions to be made close to their point of impact. And they manage their diverse, global workforces in ways that bring fresh perspectives to hard problems.

But successful collaboration brings problems of its own. Time is a scarce resource, and the demands of working together can be onerous for sought-after collaborators. “How much time do people spend in meetings, on the phone, and responding to e-mails?,” asks a much-discussed 2016 article, “Collaborative Overload,” in the Harvard Business Review. “At many companies the proportion hovers around 80%, leaving employees little time for all the critical work they must complete on their own.” Our Digital Winners group is dealing with these challenges in exactly the ways recommended by the authors: they are updating leadership, distributing power and decision-

making across the organization, investing in technology that makes collaboration more efficient, and focusing on rewards and diversity (the article points out that expectations for collaboration fall more heavily upon female workers).

How can companies become more like Digital Winners without falling victim to the problems of collaborative overload? What changes to technology, organizational culture, and leadership are necessary to facilitate effective, efficient teamwork? What benefits accrue to organizations that get collaboration right? This paper discusses our findings and recommendations on those topics.

### Teamwork should start at the top

Management should lead by example—but leadership at most companies could stand to improve their collaboration skills, both in the ways they work with others and in promoting collaboration across the organization. Only about half of executives say senior management is proficient in facilitating collaboration within the organization, and they are much less likely to say mid-management has this capability. Executives from Digital Winners are better at facilitating collaboration inside the organization (74%, vs. 55% of others) and outside the organization (68% vs. 56%).

### DIGITAL WINNERS LEAD THE WAY

Digital Winners are more likely to be focused on improving the collaboration skills of managers over the next three years (74%, vs. 53% of others).

## Meet the Digital Winners

Oxford Economics identified a set of characteristics and practices that define the best-managed companies from our global sample of more than 2,000 senior executives. We call this group of high performers, which make up 16% of the total executive sample, Digital Winners.

**Throughout this paper, we will showcase how Digital Winners approach collaboration differently, and get better results.**

Our company-level analysis is built on the assessments of individual executives who rated the skills and strategies of management across their organizations. In short, Digital Winners are companies with executives who are better prepared for the digital economy. Digital Winners are spread fairly evenly across industries, regions, and functions.

**Why does being a Digital Winner matter? Across industries, these companies:**

- are 38% more likely than others to report strong revenue and profit growth (76% vs. 55%);
- have more mature strategies and programs for hiring skilled talent (85% vs. 64%), building diversity (56%, vs. 48% of others), and succession planning (72% vs. 50%); and
- have employees who are more satisfied (87% vs. 63%) and more likely to stay in their jobs if given the chance to leave (75% vs. 54%).

Organizational change starts with individual action. To become Digital Winners, companies should focus on the skills of their executives and the culture they create—and make sure incremental progress in these areas maps back to an overall digital strategy.

## How executives drive digital transformation

### Embrace digital technologies

- Execute on a company-wide digital vision
- Embed technology in all aspects of the organization

### Streamline decision making

- Make data-driven decisions in real time
- Distribute decision-making across the organization

### Flatten the organization

- Focus on reducing complexity and bureaucracy
- Offer the latest technology to all employees

### Build a digital workforce

- Improve digital proficiency among managers and employees
- Emphasize transformation readiness and strategic use of technology

Embrace digital technologies

Streamline decision making

Flatten the organization

Build a digital workforce

**DIGITAL  
WINNERS**

## The next-generation executive: Getting collaboration right

Our research shows that employees tend to be more critical of management than executives are, and collaboration skills are no exception to that rule: just over one-third of workers say mid-management effectively facilitates internal collaboration. Confidence in senior leadership is low, too. Millennial executives also lack confidence in management's collaboration skills; they are less likely than older executives to say management is proficient in facilitating collaboration inside the organization (39% vs. 61%), and are less likely to say that complexity and bureaucracy—barriers to working together effectively—are discouraged (56% vs. 64%).

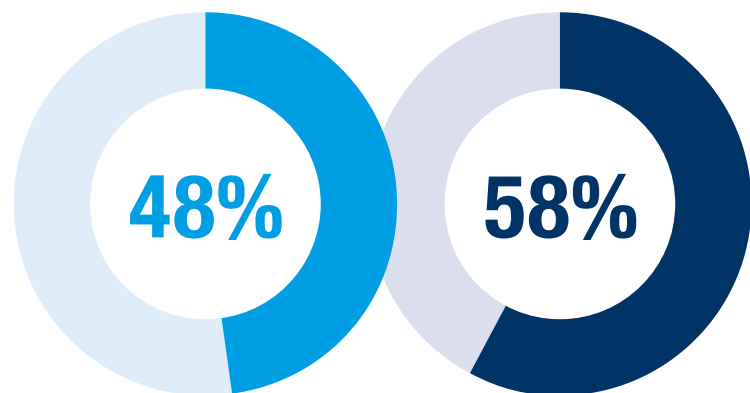
What happens outside the firewall matters, too, as developing new ideas and processes with external partners and customers becomes a bigger part of doing business. Yet those skills also are in short supply. Less than one-third of executives and employees say mid-management is proficient in facilitating collaboration outside the organization, and senior management also could use improvement in this arena.

### Management needs to up its collaboration game

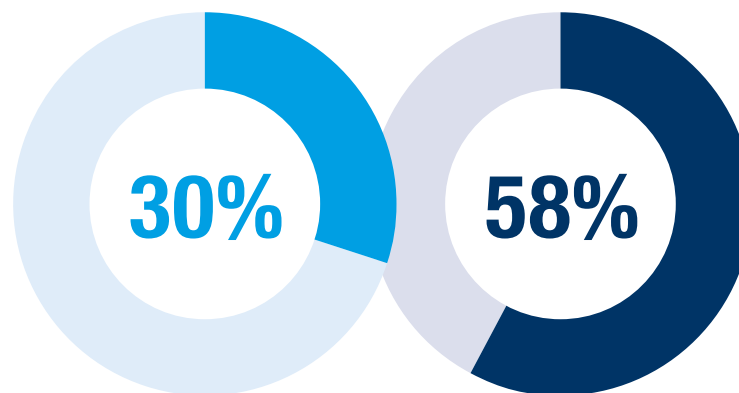
**Q:** How proficient is your organization's leadership in the following areas? *Executive responses*

■ Mid-level managers      ■ Senior managers

Leadership is highly proficient in facilitating collaboration inside the organization



Leadership is highly proficient in facilitating collaboration outside the organization



Management proficiency varies somewhat by region, with Latin American respondents less confident than their peers around the globe in the internal collaboration capabilities of both mid-management (33% of executives, 28% of employees) and senior leaders (44% of executives, 38% of employees).

Most companies are not doing enough to fix this problem—and many do not even understand the imperative. Just 24% of executives and 20% of employees say their organization considers collaboration a top capability for a manager of the future, and similar factors like openness to new ideas from others and approachability also rate low. That could explain why just 57% of executives say their organization is focused on building these skills among managers over the next few years. And while Digital Winners already report stronger collaboration skills among management than their peers, they also are more likely to be actively building this skill set among managers over the next three years (74%, vs. 53% of others).

## Building a culture of collaboration

Companies that work together well—internally and with partners—are weaving collaboration into their processes, workflows, and organizational culture. To create this environment, leadership must send a strong message from the top that partnerships and teamwork are important values for the company, and make sure mid-management is empowered to do the same.

But at most companies, this kind of power is concentrated at the top: just 56% of executives say mid-level managers are empowered to make decisions that have an impact on relationships with customers, suppliers, or partners. Unsurprisingly, non-executive employees are even less likely to have this authority; worse, employees lack the visibility into these choices to do their jobs effectively, with well under half of executives and employees saying decisions are transparent to the people affected by them, or distributed across the organization. Executives from Digital Winners are more likely to say decisions are transparent to those affected by them (58%) and distributed across the organization (62%)—and employees at these companies tend to agree.

North America may have a stronger culture of collaboration and information-sharing than other regions. Executives in the US and Canada are more likely to say decisions are transparent to the people affected by them (53%, vs. 41% of others), and are more likely to value soft skills such as transparency, openness to new ideas from others, and approachability among managers.

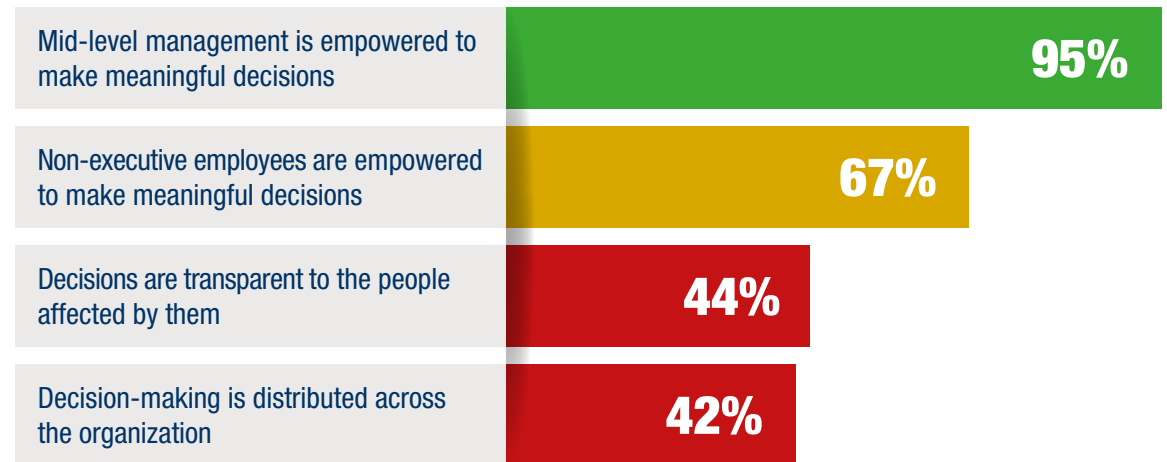
Collaboration culture should also include a focus on diversity. This goes beyond scorekeeping on diversity numbers to fostering the kind of respect and communication that allows people to work well together. Our Digital Winners are more likely to report increases in diversity among the general workforce and mid-level leadership—and are more likely to report a positive impact on both culture (66%, vs. 47% of others) and financial performance (37% vs. 29%).

### DIGITAL WINNERS LEAD THE WAY

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### Flat decision-making facilitates collaboration

*Executive responses*



## Capitalizing on technology

Employees need tools that allow them to communicate, share ideas, and plan projects within and across teams and outside the company. Currently, most companies do not have the technology they need to foster effective partnerships: just 42% of executives and 43% of employees say they have the technology they need, although North American executives are much more likely to say this is the case (55%, vs. 38% of others). Digital Winners are more likely to use collaboration platforms to determine employee wants and needs (60%, vs. 40% of others).

Two-thirds of executives expect to solve this problem over the next three years, but strategic goals for technology suggest

otherwise. Most organizations prioritize process improvement, innovation, data analytics, and the customer experience over initiatives like collaboration, real-time decision-making, and communication. Public Sector leaders are more likely than executives from most other industries to cite collaboration and communication as core strategic uses for technology.

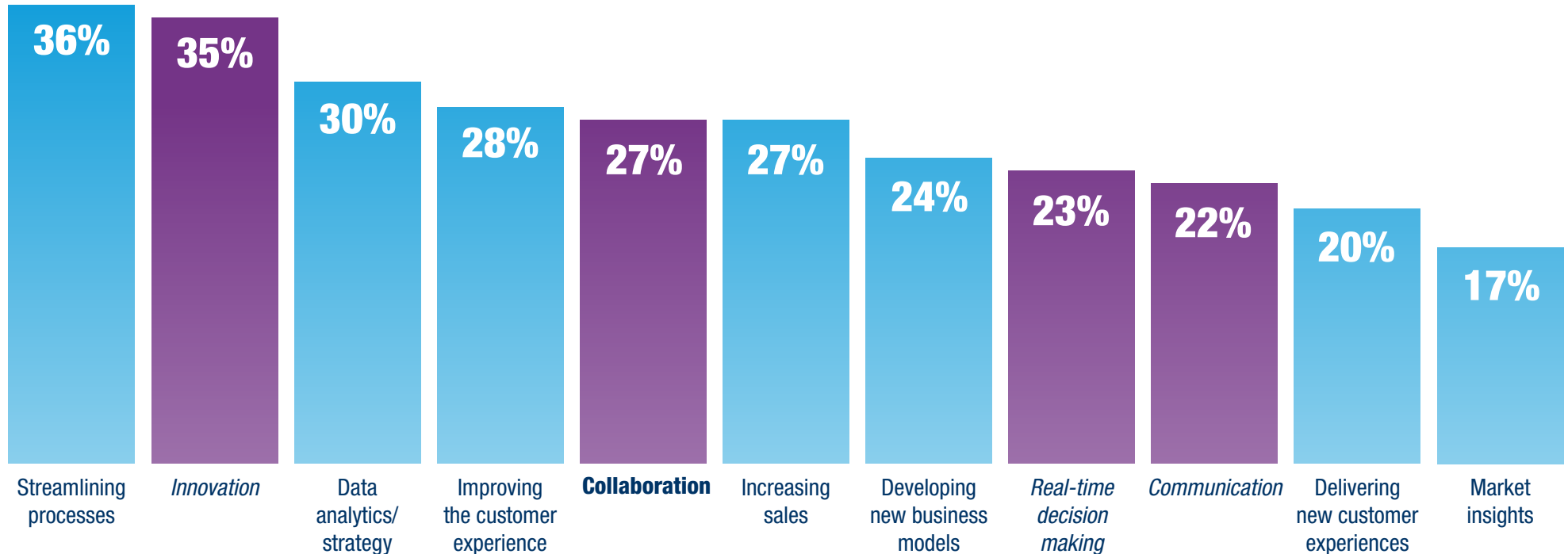
Doing business successfully requires companies to stave off new and established competitors, rethink products and services, and streamline processes—and collaboration is at the heart of all of these initiatives. Organizations must use technology to reach partners, customers, and their own employees more effectively.

### DIGITAL WINNERS LEAD THE WAY

Digital Winners are more likely to use collaboration platforms to determine employee wants and needs (60%, vs. 40% of others).

### Technology powers collaboration and the areas it supports

Q: What are your organization's primary strategic uses for technology? *Executive responses*



## Making collaboration part of the benefit package

Collaboration matters to employees. The most satisfied workers from our survey rate their organization's capabilities in this area higher time and time again; leaders at their organizations are more responsive to requests on meaningful decisions, provide more feedback, discourage complexity and bureaucracy, and are more proficient in facilitating partnerships within the organization. Employees of Digital Winners are more likely to say management is proficient in facilitating collaboration inside the organization (62%, vs. 47% of others).

Management should pay more attention to its relationships with employees, and among employees themselves. Opening dialogues with workers about what matters most to them at work, whether in terms of benefits and incentives, processes, or products and services, is a critical step. Technology can help—

companies reporting stronger financial performance in terms of revenue growth and profitability are more likely to use collaboration platforms to reach employees (47%, vs. 38% of others).

Companies with the most satisfied employees should serve as a model for other organizations should approach the culture and technology that surrounds collaboration. Doing so will be critical to long-term retention and leadership development, as the most satisfied employees are more likely to go above and beyond the minimum requirements of their jobs and, unsurprisingly, less likely to leave their company offered a similar opportunity elsewhere.

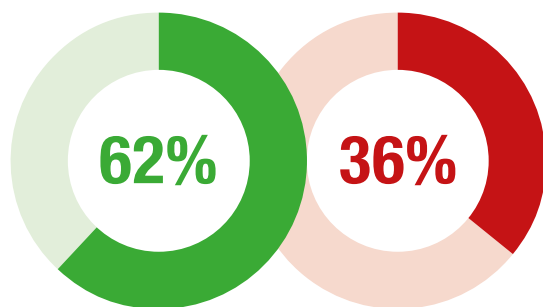
The longer employees stay at the organization, the more valuable they will become as future leaders who can use their relationships within the company to encourage teamwork and knowledge-sharing across teams.

### DIGITAL WINNERS LEAD THE WAY

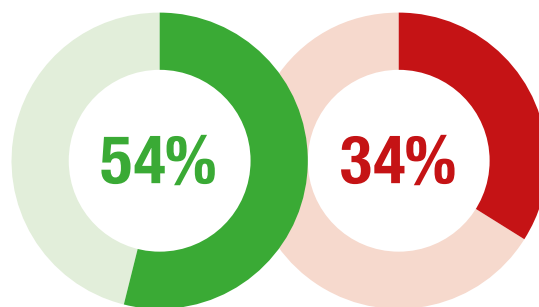
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### More collaboration, higher employee satisfaction

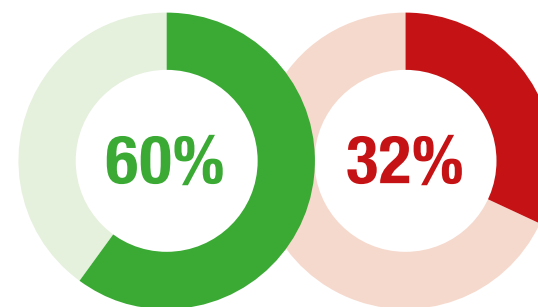
Very satisfied employees    Dissatisfied/Very dissatisfied employees



My manager is proficient in collaboration



Our organization uses collaboration platforms to better understand employees' wants and needs



Our organization provides technology to facilitate collaboration

## Conclusion

Effective collaboration requires more than just broad strategies and multitudes of meetings—it should be incorporated into technology, processes, and organizational culture.

Companies that are more prepared for the digital economy are better collaborators than their less-successful peers. How can organizations improve their capabilities in this area and get better results?

- **Make sure management does its part.** Senior leadership and mid-management need effective communication skills to send message from the top that collaboration matters—doing so will encourage employees to do the same.
- **Distribute knowledge and power across the organization.** Ensuring that employees across the organization have access to the information they need—and trusting them to make the right decisions with it—will open doors to cross-team collaboration.
- **Leverage the right technology.** Tools that save time for employees by streamlining processes and communication will give them time and encouragement they need to start strategic, collaborative projects.
- **Don't get lost in the details.** Too many meetings and emails can do more harm than good to existing workflows and employee morale. Making sure the right processes, technology, culture, and guidance of the top can help make sure collaborative projects are positive, efficient, and effective.

To learn more, visit [www.successfactors.com](http://www.successfactors.com).

## About the research

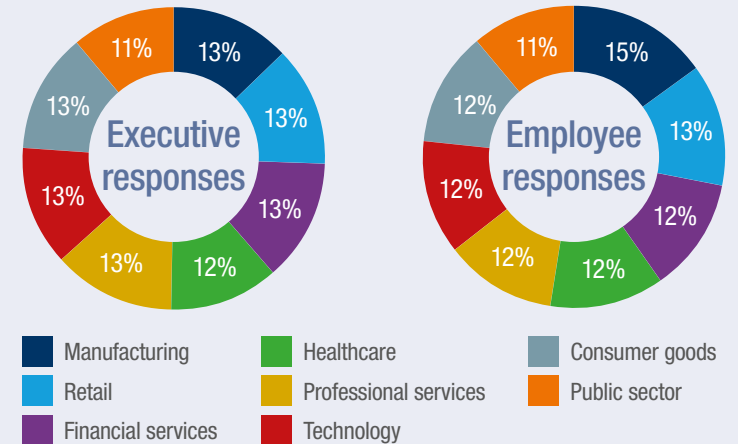
Oxford Economics surveyed more than 2,050 executives and 2,050 non-executive employees in 21 countries and across multiple industries during the second quarter of 2016. The executives surveyed include both C-levels and their direct reports; roughly 48% of the executive sample is from the C-suite. Employee roles range from entry-level to line-of-business management.

Respondents represent companies headquartered around the world, with a range of sizes (measured by both revenue and employee count).

Of the employees we surveyed, 50% are Millennials aged 18–35—the percentage expected to make up the workforce by 2020; the executive sample also includes a meaningful number of Millennial respondents (17%). Both senior executives and employees represent a broad range of functional areas, including HR, finance, IT, sales, marketing, procurement, and product development.

### Respondents by industry

Q: What is your organization's industry segment? *Select one.*



### Respondents by region

Q: Where are you located? *Select one.*

