Presented by:

Leo F. Brajkovich, Ph.D.
IBM Smarter Workforce

New expectations for a new era

CHRO insights from the Global C-suite Study

IBM Institute for Business Value

Shifting HR focus

Organizations are looking to become customer-activated

CEOs are seeing talent as central to the success of the customer-activated enterprise

CHROs are recognizing needed changes and are taking action.

The 2014 C-suite Study highlights the importance of developing a customer-activated enterprise

The Customer-activated Enterprise
Insights from the Global C-suite Study

IBM Institute for Business Value
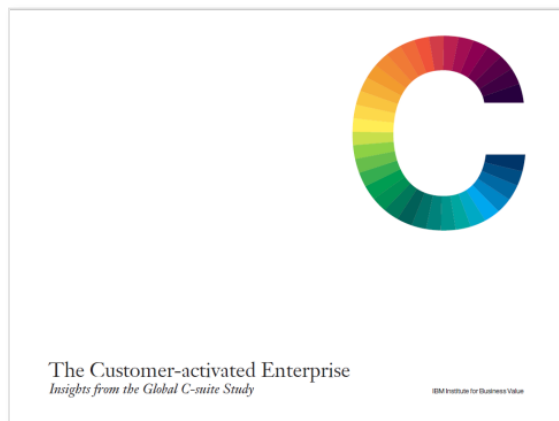
Open up to customer influence.
Breaking down barriers to extend collaboration inside and outside–bringing the customer's voice directly into the boardroom

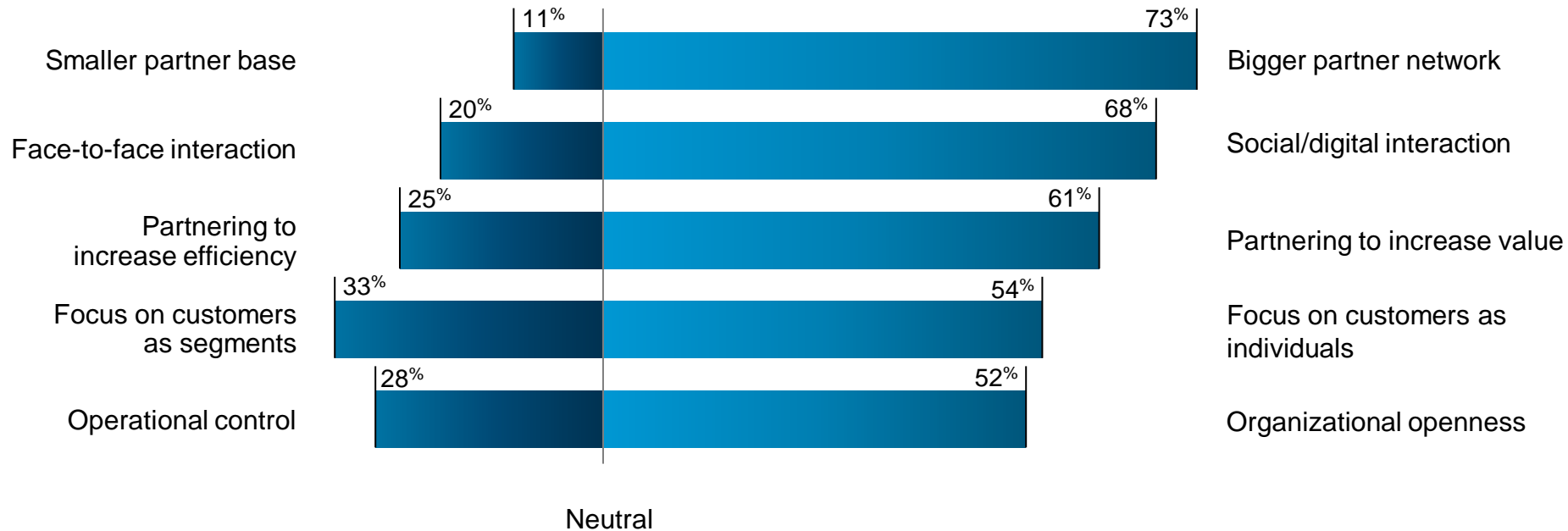### *Pioneer digital-physical innovation.*
Fusing traditional activities with social, mobile, and digital networks to create new products, services, and business models

Craft engaging customer experiences.
Developing unique interactions that fulfill customer expectations and differentiate the organization from its competitors.

# This intensive customer focus will require a workforce that is more collaborative, flexible and transparent

**Shifting ground: business landscape changes for CxOs**

Left label	Neutral (left %)	Right (right %)	Right label
Smaller partner base	11%	73%	Bigger partner network
Face-to-face interaction	20%	68%	Social/digital interaction
Partnering to increase efficiency	25%	61%	Partnering to increase value
Focus on customers as segments	33%	54%	Focus on customers as individuals
Operational control	28%	52%	Organizational openness

Neutral

Source: Question E9–How do you see the landscape changing over the next 3 to 5 years?; n=2,919 to 2,944

CEOs recognize the importance of talent and will be more focused on it in the future

CEOs' strategic priority in attracting top talent

41% — Previous 3 years

58% — Next 3 years
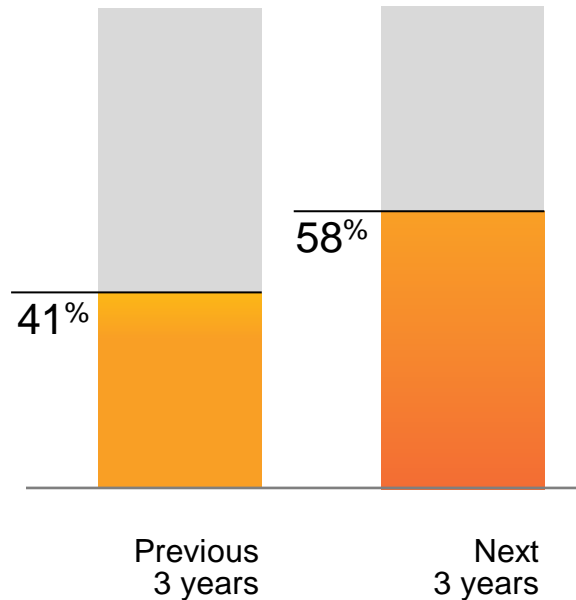
CEOs' areas of increased personal involvement
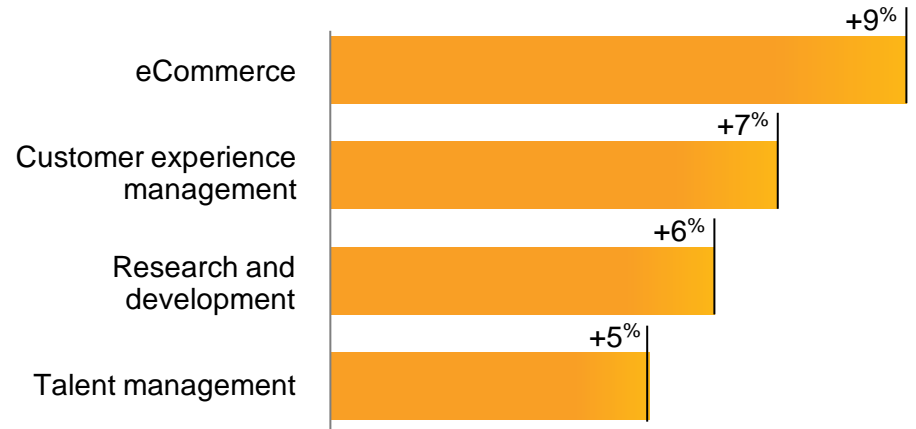
- eCommerce: +9%
- Customer experience management: +7%
- Research and development: +6%
- Talent management: +5%

The HR function will need to address a number of new workforce challenges in a customer-activated world

Manage the critical roles needed to drive the customer-activated enterprise

- Identify pivotal roles that create unique physical and digital customer experiences within your industry
- Build the need for greater customer interaction into HR programs and development efforts
- Develop a deeper understanding of employee engagement and what motivates individuals in customer-facing roles.

*Use analytics to enhance customer value*

- Apply workforce analytics to better source, allocate and develop employees that deliver customer experiences
- Foster a culture that drives analytics-based decision making
- Make it easier for line managers to access and act upon workforce insights.

Address emerging digital challenges

- Determine impact of mobile technologies on work design and flexibility
- Develop guidelines for managing digital reputation
- Collaborate with internal and external parties.

Much like other CxOs, CHROs are looking to better understand their external customers and focus on customer experience
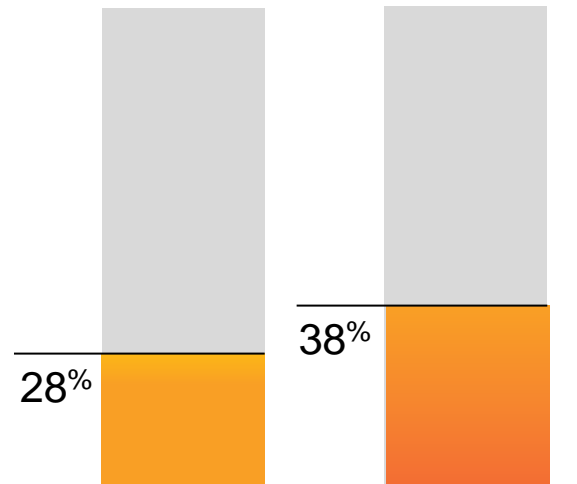
High level of customer understanding

Personal involvement for CHROs

152% more

78%

31%
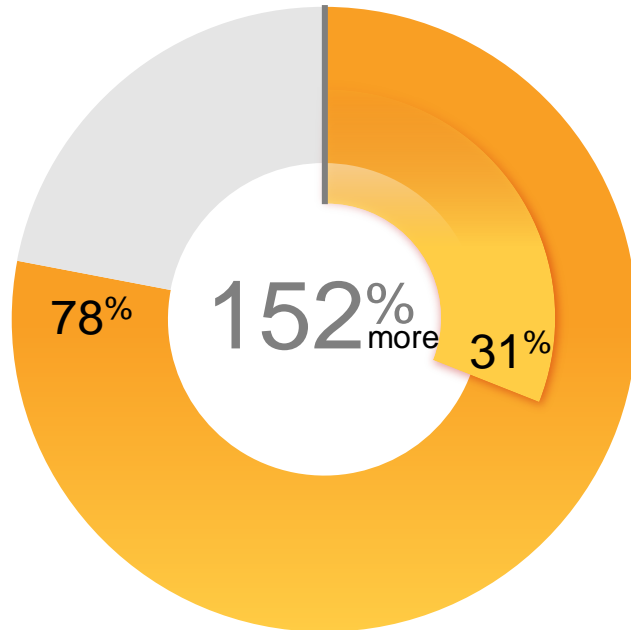
CHROs

31% Today | 78% 3–5 Years

28%

38%

Customer experience management

Today

3–5 Years

Talent development and employee engagement are already on CHROs' radar…

Importance of workforce challenges today
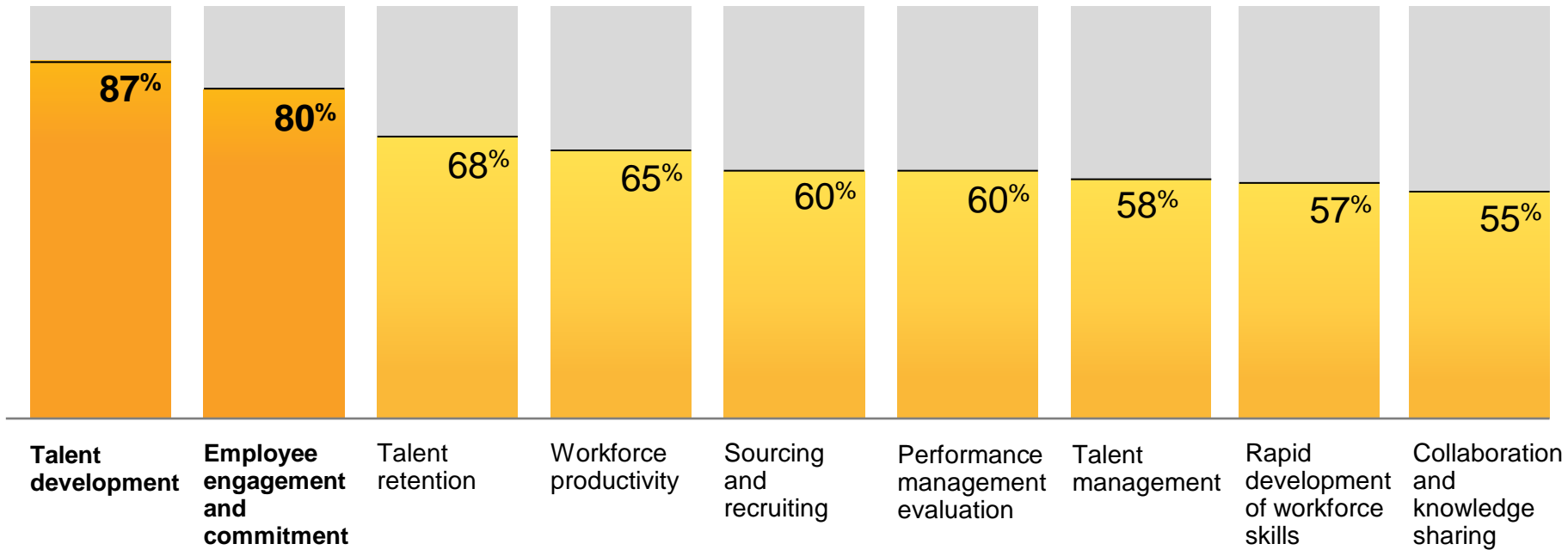
87%	**80%**	68%	65%	60%	60%	58%	57%	55%
Talent development	**Employee engagement and commitment**	Talent retention	Workforce productivity	Sourcing and recruiting	Performance management evaluation	Talent management	Rapid development of workforce skills	Collaboration and knowledge sharing

Source: CHRO1-How important is it for your organization to address the following workforce challenges today and in next 3 to 5 years?; n=320 [CHRO only]

…with increasing focus on collaboration and rapid skill development over the next three to five years

Percentage change in importance of workforce challenges: today vs. 3–5 years

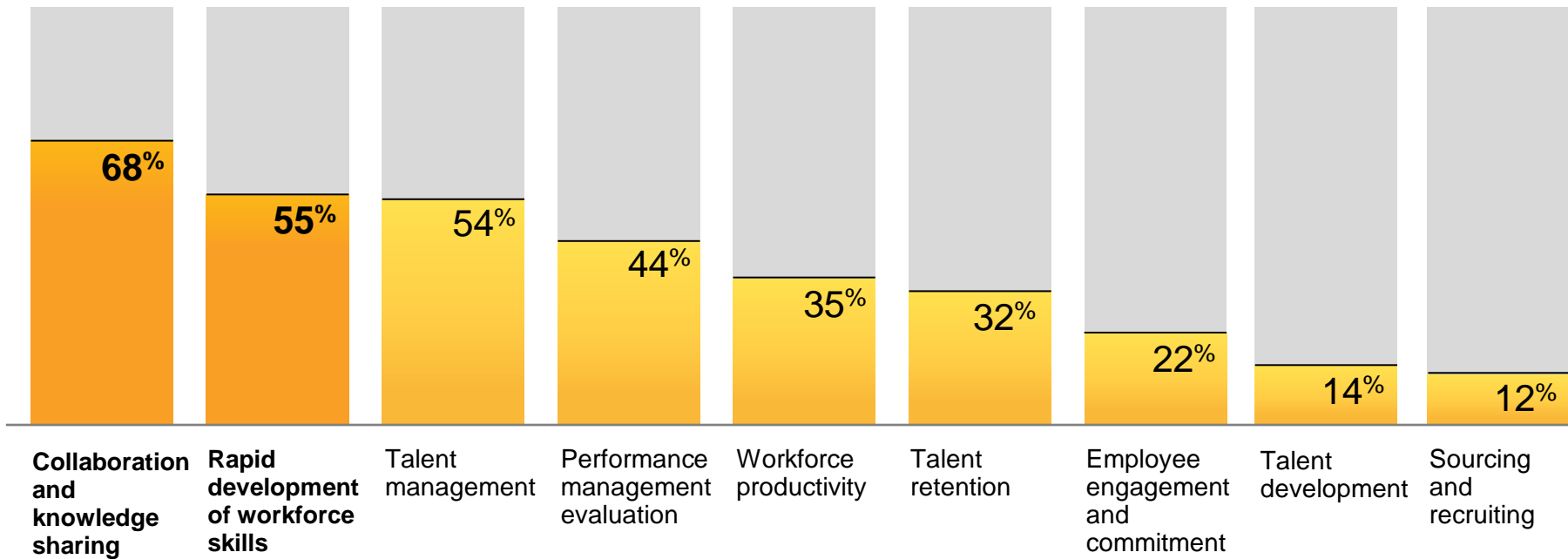| 68%	55%	54%	44%	35%	32%	22%	14%	12%
Collaboration and knowledge sharing	**Rapid development of workforce skills**	Talent management	Performance management evaluation	Workforce productivity	Talent retention	Employee engagement and commitment	Talent development	Sourcing and recruiting

Source: CHRO1-How important is it for your organization to address the following workforce challenges today and in next 3 to 5 years?; n=320 [CHRO only]

CHROs are in the early days of applying social approaches within the organization

Use of social tools
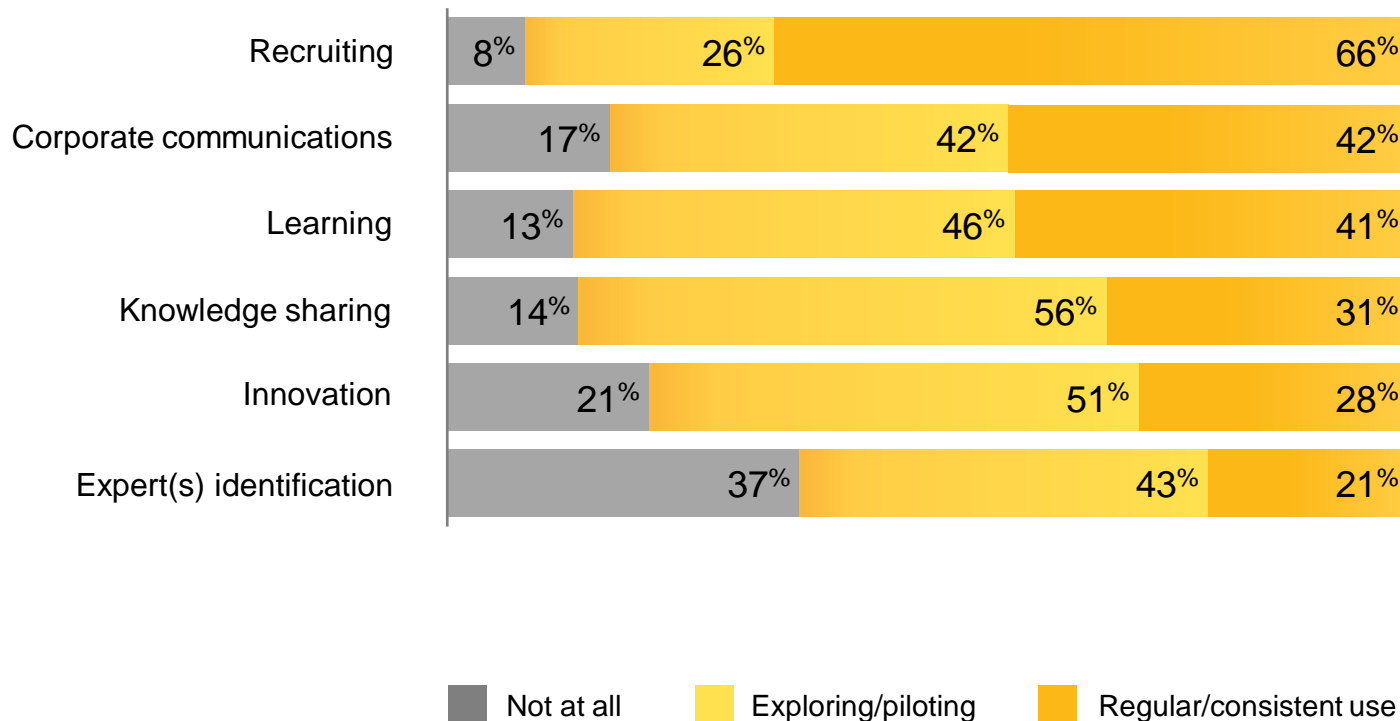
Activity	Not at all	Exploring/piloting	Regular/consistent use
Recruiting	8%	26%	66%
Corporate communications	17%	42%	42%
Learning	13%	46%	41%
Knowledge sharing	14%	56%	31%
Innovation	21%	51%	28%
Expert(s) identification	37%	43%	21%

Not at all　　Exploring/piloting　　Regular/consistent use

The HR function is increasingly looking to work with outside partners across a number of dimensions over the next several years

Significant use of partnerships today vs. 3–5 years

Category	Today	3–5 Years
Payroll	28%	49%
Benefits	30%	46%
Learning	23%	41%
HR transaction systems (ERP)	18%	37%
Employee contact center	12%	34%
Employee self-service portal	13%	32%
Recruiting	13%	25%
Workforce analytics	3%	17%

Legend: ☐ Today   ☐ 3–5 Years
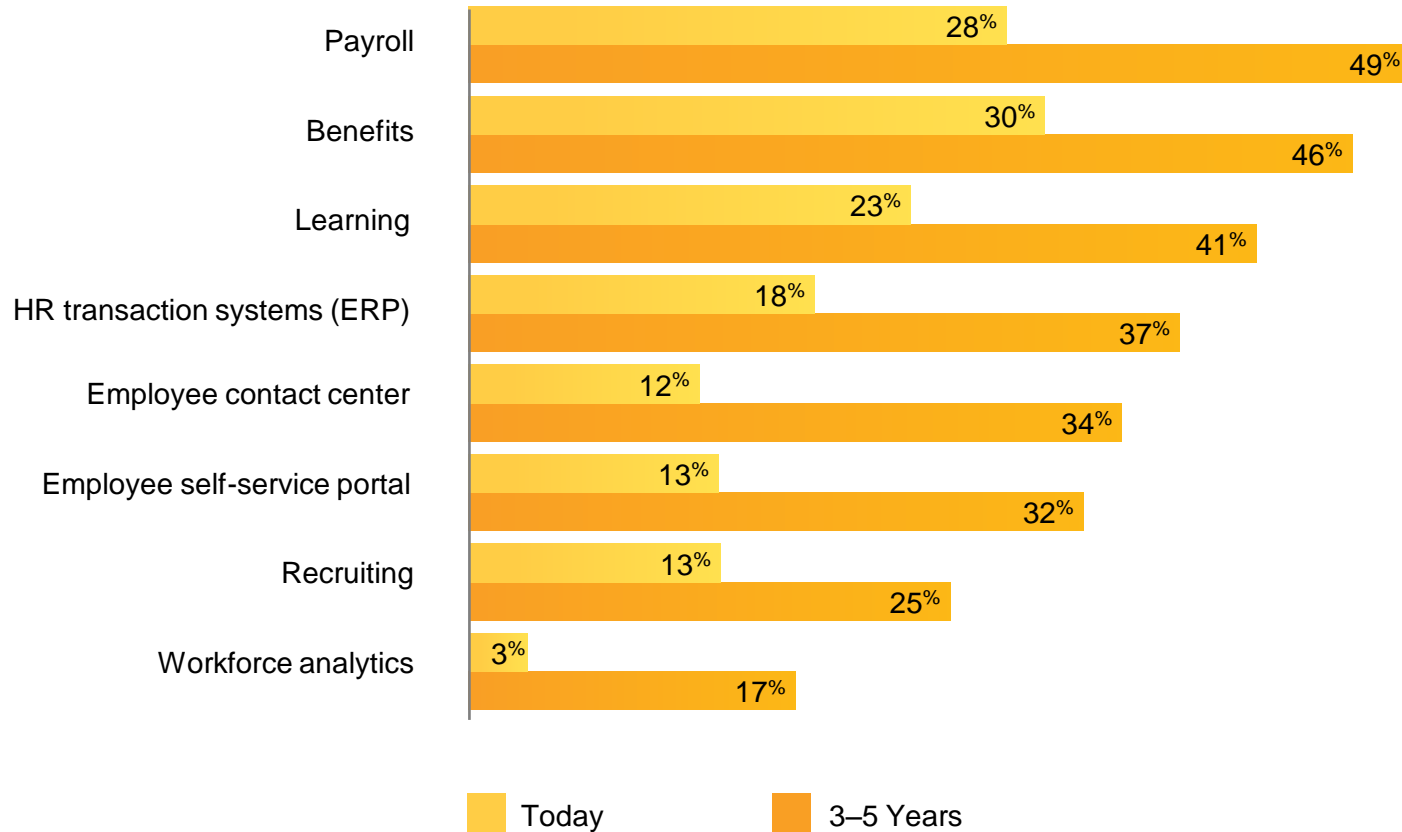
Source: Question CHRO9–For the following processes, to what extent do you manage these in-house versus outsourced? n=307 [CHRO only]

Overcoming hurdles
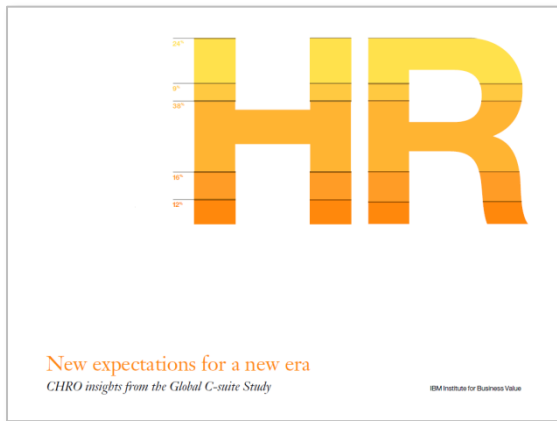
Many organizations do not turn to HR for strategic guidance

HR remains critical of its ability to address key workforce challenges

Workforce analytics remain a work in progress

With the exception of the CFO, CEOs work as closely with CHROs as they do with others in the C-suite

Collaborating with the CEO

CEO with CFO	74%
CEO with CMO	33%
CEO with CHRO	30%
CEO with CIO	27%
CEO with CSCO	12%
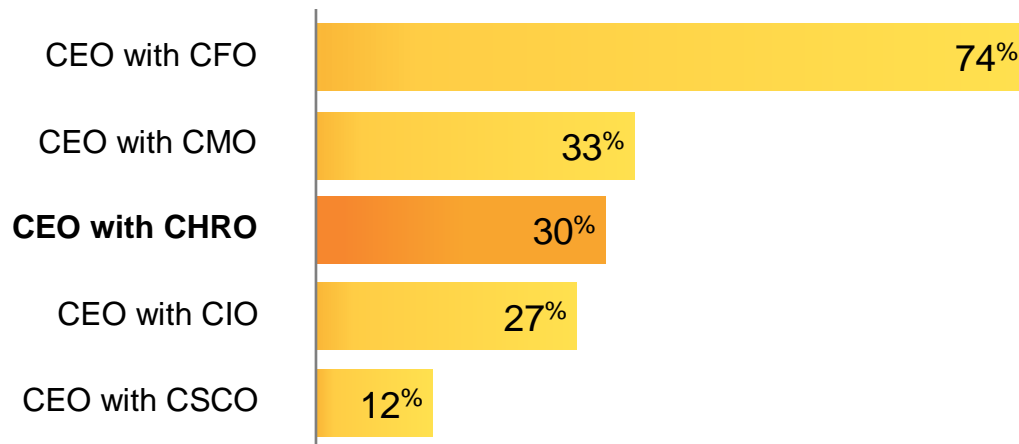
Source: Question B6-Which of your C-suite peers do you work most closely with in support of the enterprise?; n=101 to 636]

However, compared to other roles, CEOs are not turning to CHROs for strategic guidance

Involvement in organization's business strategy according to the CEO

CEO/SPL	CFO	CMO	CIO	CSCO	**CHRO**
96%	72%	63%	42%	37%	**35%**
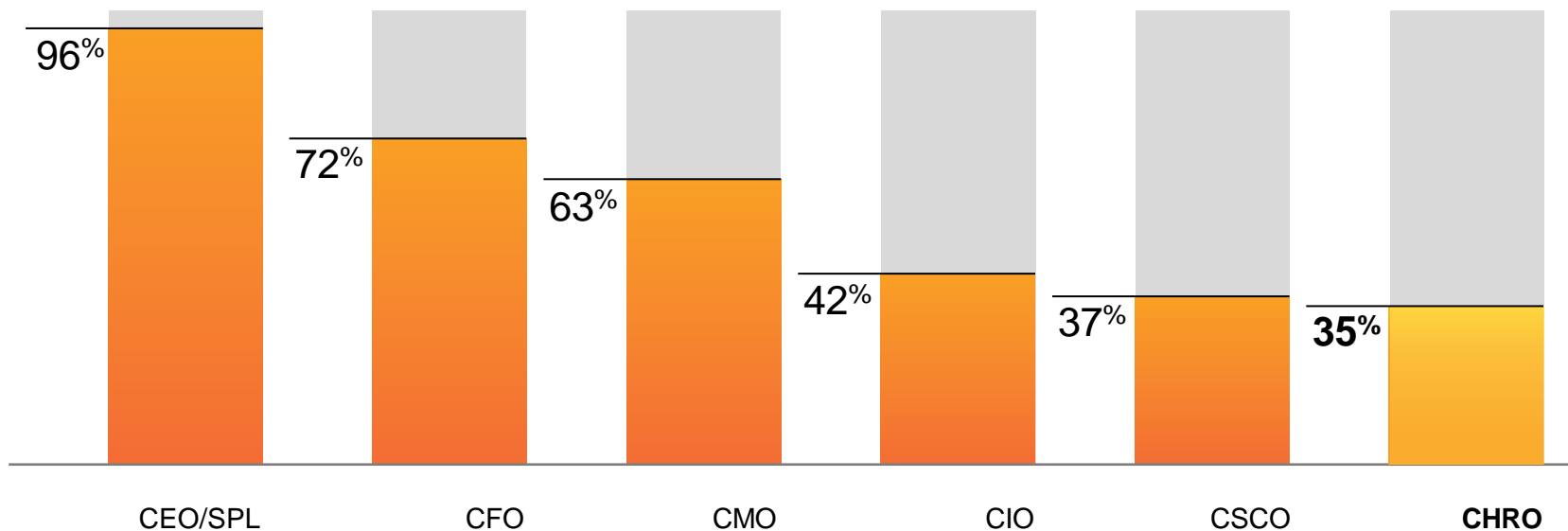
Source: Question CEO2–Which senior executives are involved in formulating the organization's business strategy?; n=701 [CEO only]

Both CEOs and CHROs agree that the HR function is perceived as more transactional and process oriented
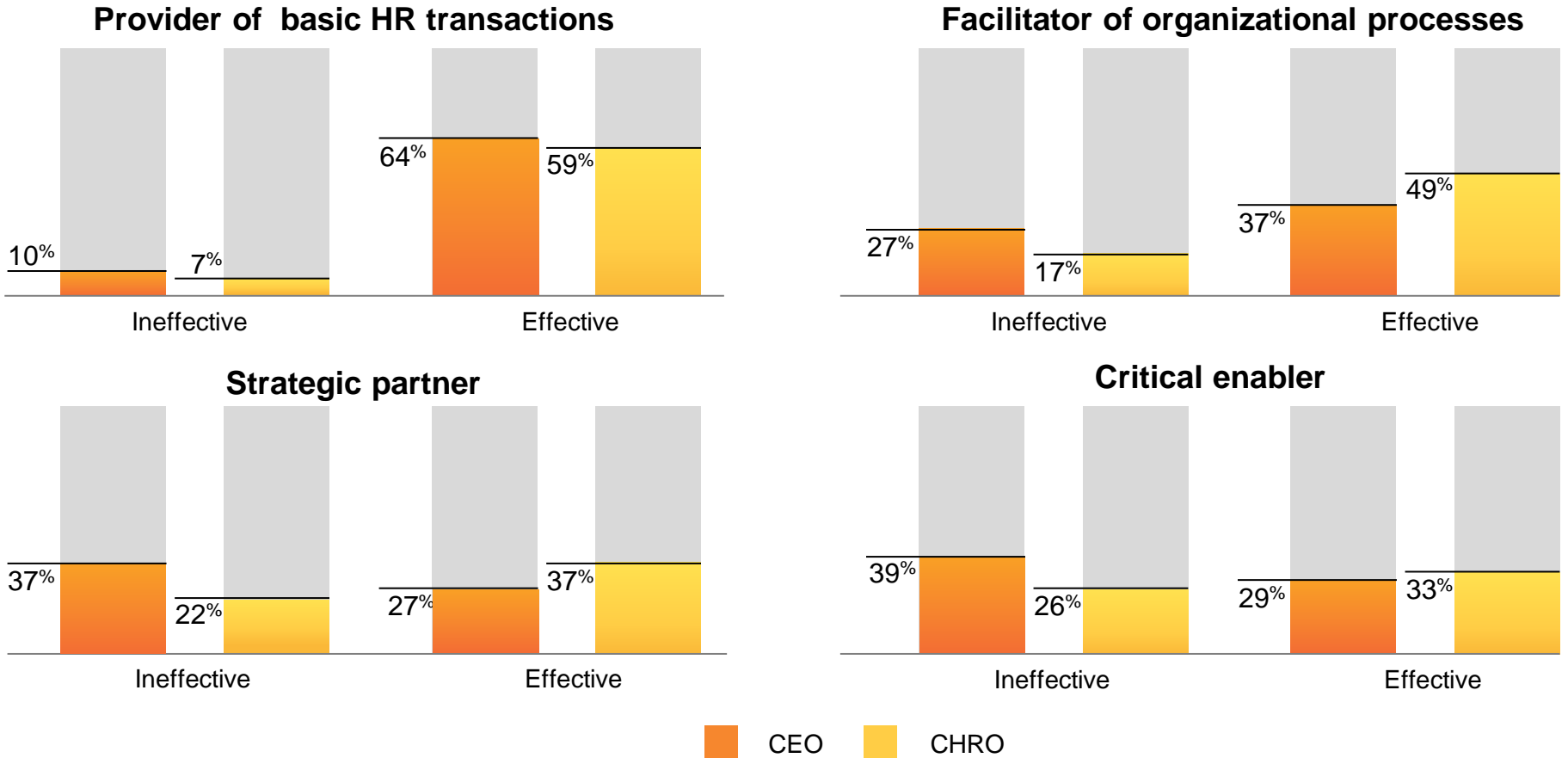
Provider of basic HR transactions

10% 7% 64% 59%

Ineffective | Effective

Facilitator of organizational processes

27% 17% 37% 49%

Ineffective | Effective

Strategic partner

37% 22% 27% 37%

Ineffective | Effective

Critical enabler

39% 26% 29% 33%

Ineffective | Effective

■ CEO   ■ CHRO

Source: Question E13–How does your enterprise perceive the effectiveness of HR in the following areas?; n=887 [CEO only]; n=304 [CHRO only]

However, in outperforming organizations, the HR function is more likely to be viewed as more strategic and critical

Perceived effectiveness of HR by CxOs (excluding CHROs)
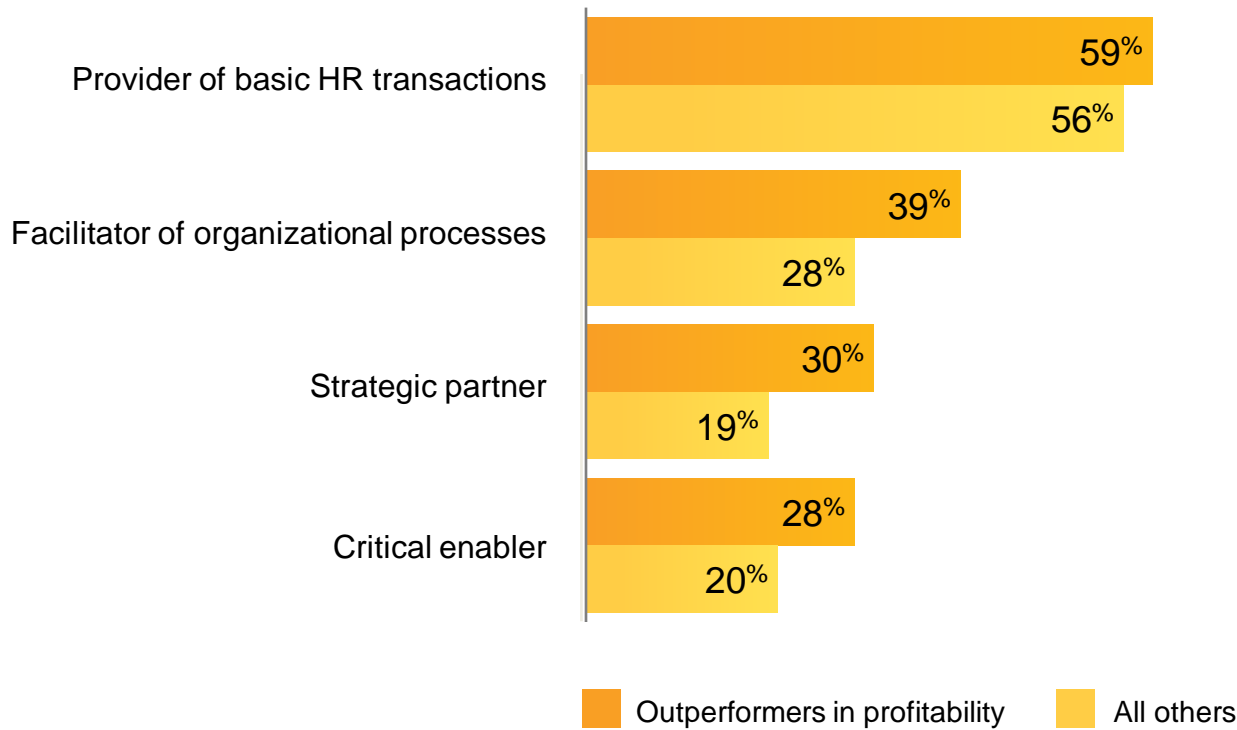
Provider of basic HR transactions — 59% / 56%

Facilitator of organizational processes — 39% / 28%

Strategic partner — 30% / 19%

Critical enabler — 28% / 20%

■ Outperformers in profitability   ■ All others

Source: Question E13–How does your enterprise perceive the effectiveness of HR in the following areas?; n=172 to 1704 [All roles except CHRO]

While the majority of CHROs believe in their ability to retain talent, less than half are effective in other major workforce capabilities

Effectiveness in addressing workforce challenges today

Challenge	Effectiveness
Talent retention	60%
Employee engagement and commitment	42%
Sourcing and recruiting	42%
Performance management evaluation	38%
Talent development	37%
Workforce productivity	34%
Talent management	32%
Rapid development of workforce skills	28%
Collaboration and knowledge sharing	20%

Source: Question CHRO2-How effective is your organization in addressing today's workforce challenges?; n=321 [CHRO only]

Financial outperformers are much more likely to identify themselves as effective in addressing workforce challenges

Effectiveness in addressing workforce challenges today
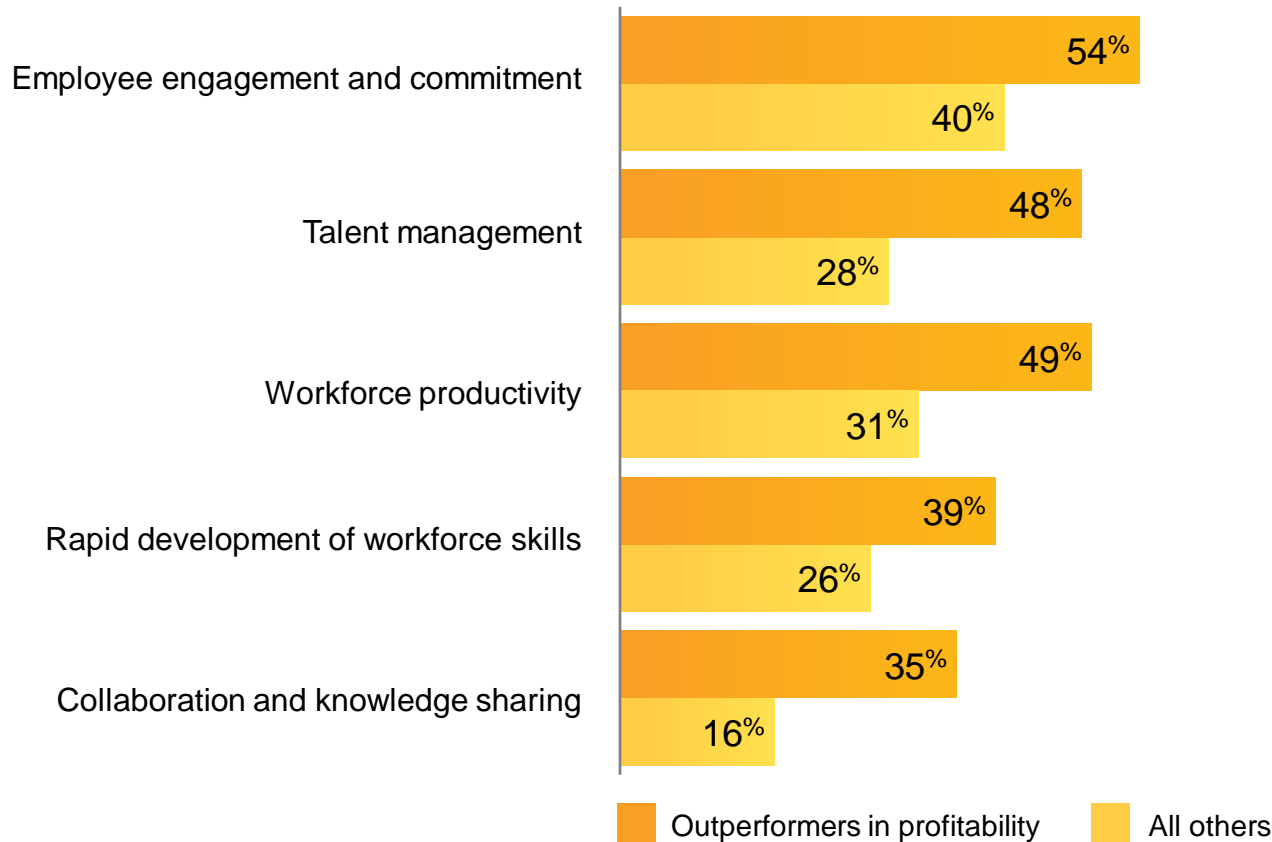
Employee engagement and commitment
54%
40%

Talent management
48%
28%

Workforce productivity
49%
31%

Rapid development of workforce skills
39%
26%

Collaboration and knowledge sharing
35%
16%

Outperformers in profitability   All others

Source: Question CHRO2-How effective is your organization in addressing today's workforce challenges?; n=321 [CHRO only]

Just over half of organizations are truly tackling workforce analytics

Use of analytics today
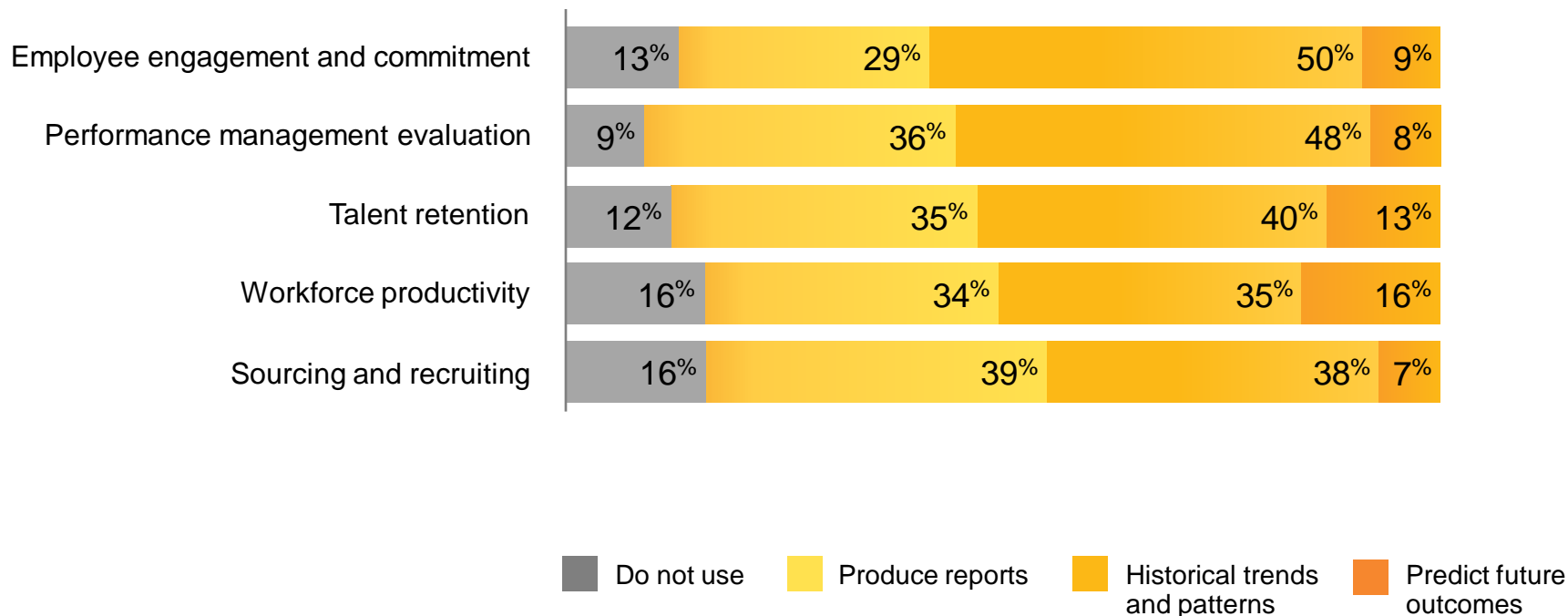
	Do not use	Produce reports	Historical trends and patterns	Predict future outcomes
Employee engagement and commitment	13%	29%	50%	9%
Performance management evaluation	9%	36%	48%	8%
Talent retention	12%	35%	40%	13%
Workforce productivity	16%	34%	35%	16%
Sourcing and recruiting	16%	39%	38%	7%

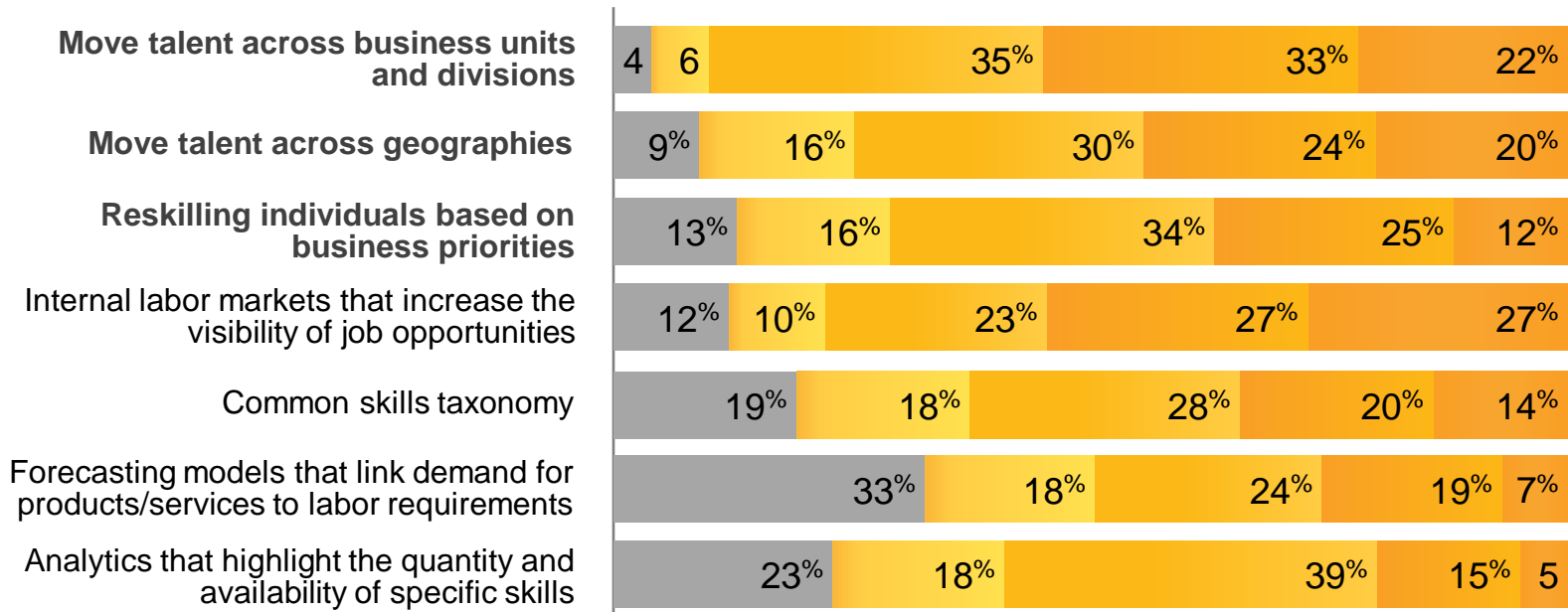Legend: ■ Do not use ■ Produce reports ■ Historical trends and patterns ■ Predict future outcomes

Source: Question CHRO6–To what extent does your enterprise use social tools and approaches for the following activities?; n=321 [CHRO only]; numbers may not sum to 100 percent due to rounding

While many CHROs are allocating talent based on business needs, few are consistently applying analytics in these areas
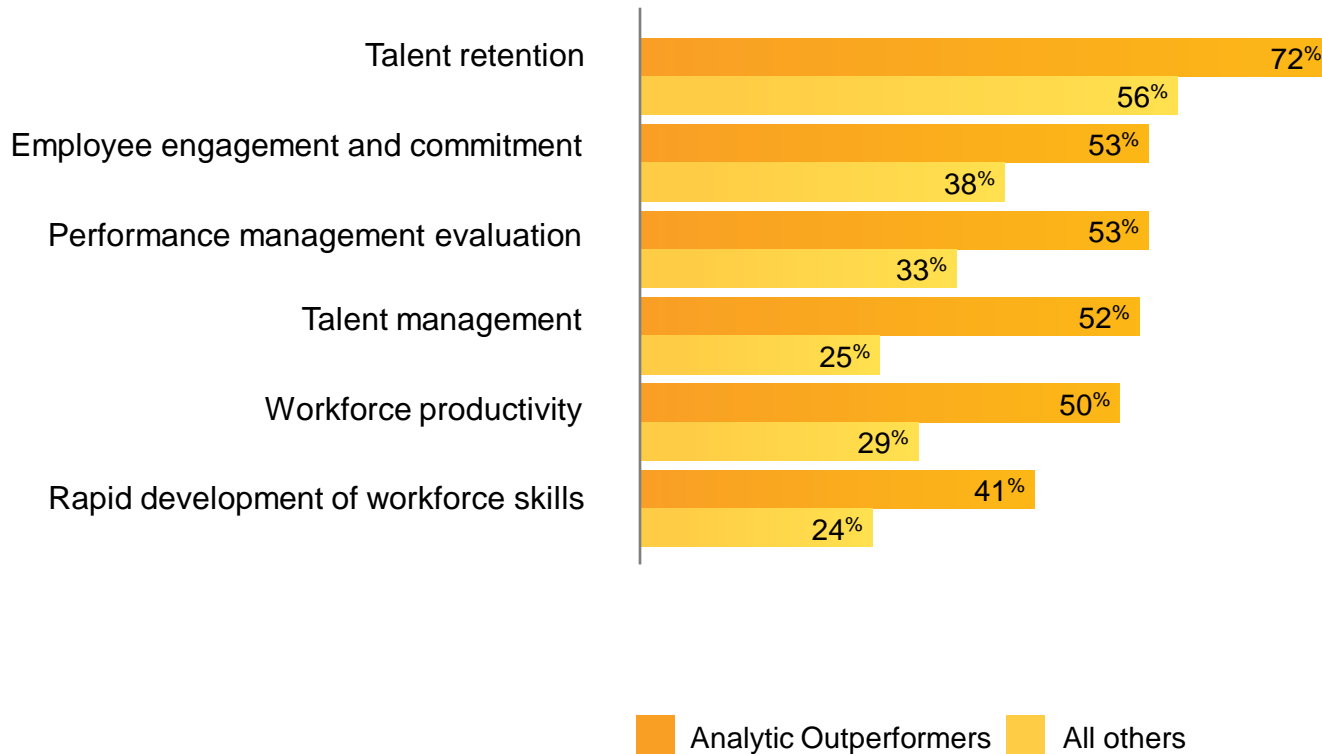
Managing talent supply and demand

	Not at all	Pilot	Few select levels	Regular use	Consistent use
Move talent across business units and divisions	4	6	35%	33%	22%
Move talent across geographies	9%	16%	30%	24%	20%
Reskilling individuals based on business priorities	13%	16%	34%	25%	12%
Internal labor markets that increase the visibility of job opportunities	12%	10%	23%	27%	27%
Common skills taxonomy	19%	18%	28%	20%	14%
Forecasting models that link demand for products/services to labor requirements	33%	18%	24%	19%	7%
Analytics that highlight the quantity and availability of specific skills	23%	18%	39%	15%	5

Source: Question CHRO6–To what extent does your enterprise use social tools and approaches for the following activities?; n=321 [CHRO only]; numbers may not sum to 100 percent due to rounding

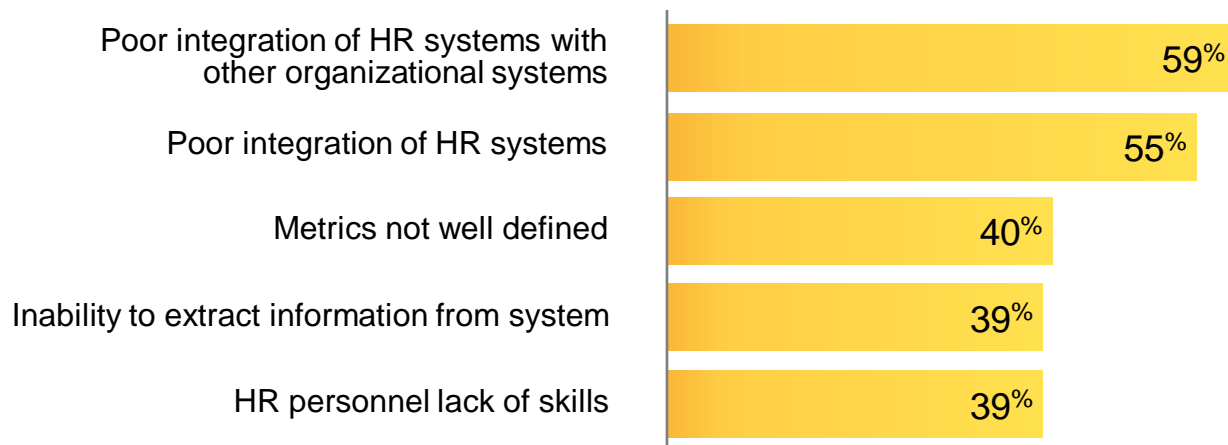# Organizations with more analytics prowess are more prepared to take on key talent-related challenges

Effectiveness in addressing workforce challenges

Challenge	Analytic Outperformers	All others
Talent retention	72%	56%
Employee engagement and commitment	53%	38%
Performance management evaluation	53%	33%
Talent management	52%	25%
Workforce productivity	50%	29%
Rapid development of workforce skills	41%	24%

■ Analytic Outperformers ■ All others

Source: Question CHRO2–How effective is your organization in addressing today's workforce challenges?; n=31 to 137 [CHRO only]

Integration is the primary sticking point for making workforce analytics successful

Top challenges in applying workforce analytics

Poor integration of HR systems with other organizational systems	59%
Poor integration of HR systems	55%
Metrics not well defined	40%
Inability to extract information from system	39%
HR personnel lack of skills	39%

Source: Question CHRO5–What are the biggest challenges confronting your enterprise today in using analytics to make decisions?; n=321 [CHRO 2013 only]

Taking action

New expectations for a new era
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1. Apply science and analytics to the art of talent management

2. Build social capabilities into the fabric of your organization

3. Work with internal and external partners to unlock new sources of value and deliver new capabilities

1. Apply science and analytics to the art of talent management

- Forecast the need and availability of key skills across multiple time horizons

- Use analytic approaches to differentiate high performance and maximize recruiting and development investments

- Understand and replicate the network dynamics of high-performing individuals and groups.

Case example: **An Entertainment Company**

Used a scientific approach to understand its talent pipeline.

Needed to attract and retain the right people to provide excellent customer service in order to drive sales and cut down on high turnover rates.

Developed a model to identify the characteristics of its highest performers throughout the system and incorporated the findings into its applicant-tracking and assessment platform.

Decreased turnover, decreased overall training costs and increased profitability, notably in an industry where small changes in margin have a major impact to the organization as a whole.

2. Build social capabilities into the fabric of your organization

- Enable employees to locate, connect with, and recognize contribution from others with needed skills and capabilities

- Rethink learning programs to adapt to a more social, interactive generation

- Incorporate "systems of engagement" to continuously monitor the pulse of candidate and employee interest and sentiment.

Case example: **Boston Children's Hospital**

Created a first-of-its-kind social learning platform that mimics a global apprenticeship model.

Combined guided learning pathways and simulation with a social network that enables a global community of pediatric care practitioners.

Reduced costs of and barriers to critical skills training for healthcare providers.

Initial release now available in 78 countries, six continents, 200+ cities.

3. Work with internal and external partners to unlock new sources of value and deliver new capabilities

- Form new internal partnerships that address key strategic initiatives such as branding (Marketing), collaboration (IT) and risk (Finance)

- Work closely with external vendors to deliver services that improve engagement and foster productivity

- Extend influence to contractors and other third parties who directly interact with customers.

Case example: Barclays

Barclays, a major financial services company headquartered in the UK, embarked on a program to make Barclays the "Go-To" bank for all its stakeholders.

Ensuring that the business collectively understood these values required more than presentations and articles in the company newsletter.

Barclays collaborated with an external partner to host a global collaboration event designed to engage colleagues around the world around these values.

More than 49,000 employees registered for the Barclays Values Jam, 35,000 of whom logged into the intuitive web portal to participate.

We invite you to continue the conversation

Connect with us

For more information about this study and to get the full version of this report, see **www.ibm.com**/csuitestudy

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