

Global Survey Reveals Companies Still Fail to Communicate Strategy, Nurture Top Performers, or Accurately Align Pay-for-Performance

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Companies using collaborative technologies are most likely to communicate organizational strategy well

New SuccessFactors and Accenture research highlights characteristics of the next economy, and the link between strategic alignment and staff productivity

London, UK – April 5, 2011 - Companies today are not effectively executing against strategy and the business leaders know it, with 80 percent recognizing that they are not doing their best to communicate strategy through the organization, let alone execute against it, according to new research commissioned by SuccessFactors, Inc. (NASDAQ: SFSF), and Accenture (NYSE:ACN). With global power shifting from West to East, the emergence of new competitors, an ageing workforce, a growing skills gap, and social-media connectivity, business strategies are being developed and executed in some of the most uncertain times in several generations. Business leaders who recognize potential organizational shortcomings and bridge this strategy and execution gap will emerge as the winners in the next economy.

Business leaders need to carefully assess their own organization's status in relation to the study's findings, as well as consider what the next economy looks like:

A combination of factors is affecting 'traditional' careers, such as the flattening structure of organizations, an ageing workforce and lack of promotion opportunities. The majority of companies today have less than six levels of management compared to 15 levels a generation ago, largely due to the efficiencies of technology. This means employees are likely to stay in a middle job for longer today than their predecessors did.

With talent scarce and margins thin, organizations are failing to nurture employees properly.

The next economy will likely expose and widen the distance between companies that unleash the collaborative environment to execute strategy, versus those that rely on hierarchical communication behavior and tools.

Traditional information flow is reversing, with a bottom-up flow of opinion and ideas, rather than the traditional one-way, top-down approach from management.

HR finds itself at the same cross roads where the CIO previously stood with regards to taking the reins and adding strategic value to the business. HR has the opportunity to become part of the strategic planning and execution process. Winning enterprises will be organizations that embrace HR as part of the strategic business planning and execution process.

The research, 'The Link Between Strategic Alignment and Staff Productivity', identifies three critical areas for determining failure or success in this area – Alignment & Collaboration, Performance & Productivity and Growth & Talent.

Key Research Findings:

Enterprise organizations are failing to monitor, motivate and retain employees. Only 17 percent of organizations know all of its top performing employees and are looking to develop them for future roles.

Two-thirds of organizations have a pay-for-performance policy, but of those, only one in five always ensures that rewards are accurately aligned to contribution.

Only 12 percent of respondents who monitor staff goals and their execution have an IT system that delivers the information needed for goal management and execution. Nearly 40 percent of organizations are trying to measure the time to real performance, but lack the necessary data and systems to support this.

Over the last five years, productivity has increased, with 79 percent of organizations using computerized systems to manage goal execution and productivity, compared to only 47 percent of those using a paper, email and spreadsheet based system.

Organizations agree there is a business critical need to execute strategy, yet only 20 percent of companies claim to communicate strategy very well internally. Only 18 percent say they are very good at converting corporate strategy into priorities and goals. Just 15 percent are very good at aligning employee activities to corporate strategy.

Nearly three out of four respondents whose companies use collaborative technologies, such as SuccessFactors' CubeTree, feel their organization communicates strategy well or very well, compared with 62 percent who rely on managers to cascade information.

“Achieving business success in the next economy is more than simply being on the right course or redefining a new strategy. These are merely minimum requirements,” said Erik Berggren, vice president of customer results and global research for SuccessFactors. “Specifically, what matters most are the people who will execute the strategy – many of whom CEOs and senior management will never meet. It is essential for business leaders to align their team’s work with the overall business strategy and it is clear that most don’t know how to do this effectively. At SuccessFactors we work with customers to deal with this every day and through our Business Execution (BizX) solutions we are helping companies reverse this trend.”

“The shrinking average tenure of a CEO has dropped from 8.1 years to 6.3 years”, said Vinzenz Kremer, managing director and executive partner, Accenture. “How CEOs respond to the next economy determines whether they will be a winner or a loser. The way senior management assess such a response will be how they maximize new technologies which are finally available to align the workforce to execute the strategy. Winning organizations will have strategic HR people up front and will have invested in systems that empower them to align their workforce through a combination of goals, targets, pay for performance, reviews and effective communication of strategy.”

To obtain a full copy of the research report, ‘The Link Between Strategic Alignment and Staff

Productivity', and a copy of the accompanying SuccessFactors and Accenture white paper, 'Winners & Losers in The Next Economy', please visit <http://the-next-economy.com/>.

Research Methodology

SuccessFactors and Accenture commissioned independent technology market research specialists, Vanson Bourne, to conduct the research. 450 interviews were completed in September and October 2010 with senior decision-makers in any department of enterprise-level organizations other than human resources. Target organizations had 3,000 or more employees worldwide. The survey was wide-reaching, covering USA, Western Europe (France, Germany, Netherlands and the UK), the Nordics, (Denmark, Norway, Sweden), Australia and India. Business sectors targeted were: Financial Services, Manufacturing, Technology, Communications and Utilities, Retail, Distribution and Transport, Travel, Leisure and Entertainment, Consumer Services and FMC (Fast Moving Consumer goods).

***Nothing in this document is intended to be legal advice or to suggest that a company change its hiring strategy, retirement policies or any other employment-related policy. There may be consequences to such actions that are not within the scope of the Vanson Bourne study.

About SuccessFactors

SuccessFactors is the leading provider of cloud-based Business Execution (BizX) software solutions to organizations of all sizes, with more than 8 million users across multiple industries and geographies. We strive to delight our customers by delivering innovative solutions, a broad range of content, process expertise and best practices knowledge gained from serving our large and varied customer base. Today, we have more than 3,200 customers in more than 168 countries using our application suite in 34 languages.

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