

Working *beyond* Borders

*Insights from the
Global Chief Human
Resource Officer Study
Executive Summary*

IBM

Introduction

This is a summary of the IBM Global CHRO Study entitled Working beyond Borders.

The full report is available at ibm.com/workingbeyondborders

We live in an increasingly borderless world. The broad penetration of high-speed Internet has peeled away the barriers of time, distance and even language to create a global forum for the exchange of ideas and information. Instrumented, interconnected, intelligent systems seamlessly link organizations from every part of the world. Today, work can be easily performed across various cultures, geographies and time zones.

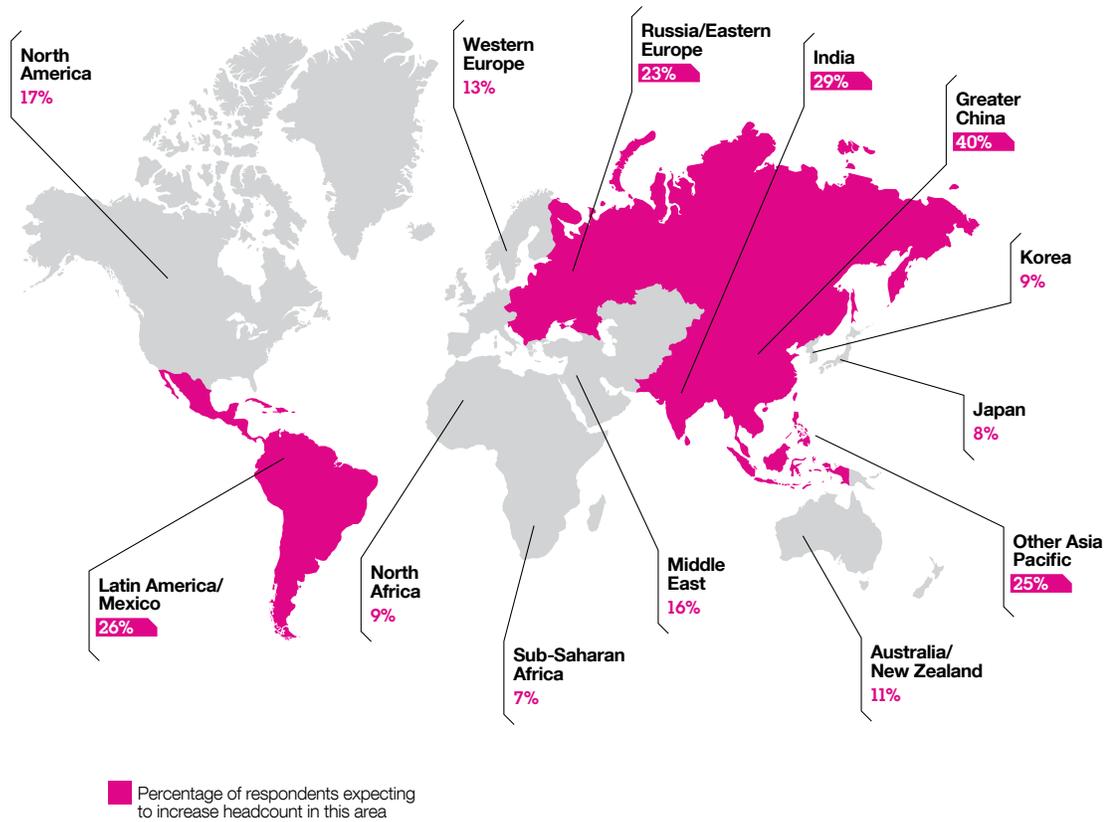
Yet, despite the steady falling away of many boundaries in society, government and commerce, the global workforce still finds itself encumbered by numerous impediments that inhibit the ability of organizations to quickly respond to emerging opportunities.

To better understand the boundaries that confine the workforce – and how to move beyond them – we conducted nearly 600 face-to-face interviews with human resource executives and workforce strategists in diverse industries and institutions around the world. We also received input via survey from more than 100 additional executives.

Among our findings is that, while organizations continue to develop and deploy talent in diverse areas around the globe at an accelerated rate, the rationale behind workforce investment is changing. Unlike the traditional pattern of movement – in which companies in mature markets seek operational efficiency through headcount growth in emerging economies – we are now seeing workforce investment moving both ways. Many CHROs in growth markets, such as China and India, told us their companies are planning to increase their workforce presence in North America, Western Europe and other mature markets.

China and India will continue to be the largest beneficiaries of increased workforce investment over the next three years (see Figure 1). Forty percent of CHROs told us they anticipate headcount growth in China and 29 percent in India. Other regions where CHROs expect to see significant growth include Latin America (26 percent), Asia Pacific, excluding Japan (25 percent) and Russia/Eastern Europe (23 percent).

Figure 1 Headcount investment mirroring growth
 Over the next three years, companies are increasing headcount most dramatically in growth markets.



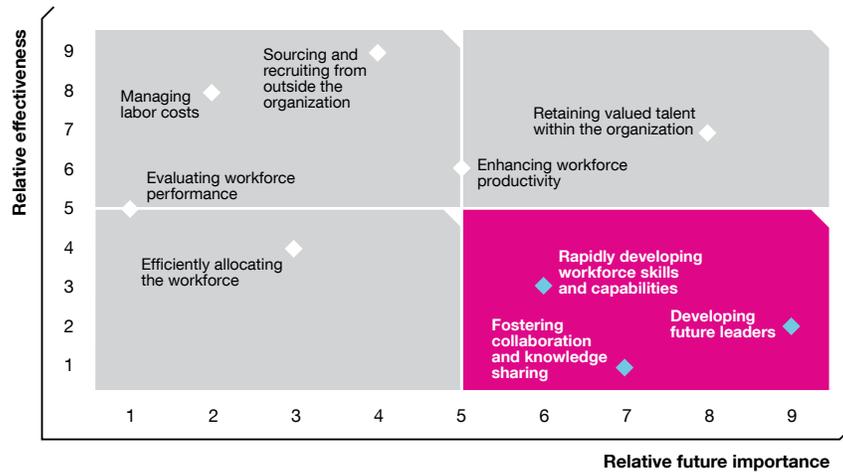
Opportunities to penetrate new markets and develop new offerings will drive future workforce investment, regardless of region. However, while businesses have traditionally managed their workforces with an eye toward operational efficiency, they have not necessarily done so with the creativity, flexibility and speed to capitalize on the growth opportunities that spring from an ever-more dynamic global marketplace.

To make the most of growth opportunities and unlock the potential of the workforce, CHROs will need to focus on three areas they say are highly important, but currently beyond their ability to achieve: developing future leaders, rapidly developing workforce skills and capabilities, and fostering knowledge sharing and collaboration (see Figure 2).

“To better support the next generation of products, we want to develop a workforce that is agile, able to quickly pick up on trends, gets leadership support and is disciplined in its execution of business strategy.”

Anne-Marie Leslie, Senior Vice President, Human Resources, Cochlear Limited

Figure 2 Exposing the gaps
Based on respondents' relative ranking of importance and effectiveness, their organizations fall short in three key capabilities.



A shortage of creative leaders

The ability to identify, develop and empower effective, agile leaders is a critical imperative for CHROs over the next three years. “We have strong managers, not leaders – and we need strong leaders to achieve our strategic objectives,” said a U.K. HR director. To instill the dexterity and flexibility necessary to seize elusive opportunity, companies must move beyond traditional leadership development methods and find ways to inject within their leadership candidates not only the empirical skills necessary for effective management, but also the cognitive skills to drive creative solutions. The learning initiatives that enable this objective must be at least as creative as the leaders they seek to foster.

Inability to rapidly develop workforce skills and capabilities

CHROs told us developing workforce skills and capabilities is highly important, but that they do not do a particularly good job of it. As one U.K. CHRO said, “We’ve previously taken a ‘sink or swim’ approach to putting talented people in new roles. We haven’t done a good job of front-end assessment.”

Closely related to skill development is how people with the necessary knowledge and skill sets are deployed. Despite garnering relatively little attention from CHROs as a critical capability, we believe this directly aligns with the creation of new growth opportunities.

Ineffective collaboration and knowledge sharing

Application of collective organizational knowledge and experience is essential to building an agile and responsive workforce. Yet many organizations lack the structure and resources to facilitate institutional knowledge sharing and collaboration.

Cultural and organizational silos often compromise the ability of companies to share information across functional boundaries. As one North American senior vice president of HR said: “We need to know our stuff and be self-reliant, to solve problems cross-functionally and to fully leverage our talent and our ideas.”

Unleashing creativity, flexibility and speed

Overcoming these gaps and unleashing the creativity, flexibility and speed to seize elusive opportunities will require organizations to focus on three major issues: cultivating creative leaders, mobilizing their workforces for speed and flexibility, and capitalizing on collective intelligence – things they admittedly have not done well in the past.

Cultivating creative leaders

Building an organization with flexibility and dexterity requires leadership with the creativity to adapt to a constantly changing environment. Creative leadership, in fact, was identified in our most recent Global CEO Study as the top organizational need over the next five years.¹

These leaders must be able to negotiate through a maze of differing cultures, complex inter-generational dynamics and varied communication styles. Yet, companies struggle to both find and nurture effective future leaders. Less than one in three executives we interviewed rated their companies as adept at leadership development – a surprisingly low number given its relative importance.

CHROs need to focus on facilitating the development of energized leaders with a flair for thinking about opportunities and challenges in completely different ways. These leaders must be able to provide direction to, as well as motivate, reward and drive results from an increasingly dispersed and diverse employee base.

“Developing future leaders is always a priority. One of the challenges with growth is to remain nimble. This is something that we recognize and continuously focus on with leadership.”

Marcelo Modica, Senior Vice President of Human Resources, Discover Financial Services

“Increased need for flexibility will dictate strategies that allow us to bring in employees to respond to peaks of work. Uneven recovery from recession will mean that our business will not be the same in all geographic locations some programs will be in higher demand.”

Gina Rallis, Assistant Deputy Minister, Human Resources Services Branch, Human Resources and Skills Development Canada

“The HR function should be taking a leadership role in identifying tools for collaboration. It should also set up and facilitate ‘communities of practice.’”

Kevin Mahoney, Chief Human Capital Officer, U.S. Small Business Administration

Mobilizing for speed and flexibility

The ability to mobilize the workforce for speed and flexibility, the second essential capability revealed by analysis of our CHRO interviews, is as vital as effective leadership in generating growth in today’s competitive global marketplace. In fact, HR executives rank rapidly developing workforce capabilities as one of their most important imperatives. However, along with efficiently allocating the workforce, they rate their effectiveness in this area among the lowest of all critical capabilities.

Even with today’s technology, which often allows anyone to work from almost anywhere at any time, it is still a huge challenge getting the right personnel in the right roles and places. Finding people with the skills to compete in an increasingly borderless marketplace and sustain innovation is difficult enough. Managing people from different cultures, across different locations and time zones, is, arguably, even harder.

Companies must be willing to simplify processes and provide fast, adaptive workforce solutions to meet the requirements of a quickly changing marketplace. A responsive human capital supply chain and the ability to fluidly allocate resources are essential for competitive differentiation in today’s tumultuous environment.

Capitalizing on collective intelligence

Across the workforce capabilities CHROs evaluated as part of our study, they rated their organizations as least effective in fostering collaboration and knowledge sharing. Yet, the sum of an enterprise’s resources, experiences and institutional knowledge is a critical element in driving efficiency and matching capabilities with opportunities.

Collective intelligence allows companies to gain efficiency by sharing and applying relevant practices across the organization. It enables companies to build on experience and avoid reinventing processes and procedures. Intelligence creates the ability to adapt and apply innovations across new markets and opportunities. And it facilitates the discovery of new avenues of improvement through communicating with customers and other external sources, evaluating feedback and leveraging what they learn.

Tapping into a broad base of institutional knowledge is critical to developing and maintaining an innovative culture. Enterprises must adapt innovations, apply them across their organizations and find new ways to connect people to each other and to information, both internally and externally.

Tearing down the borders

Addressing efficiency and promoting growth, the two primary challenges CHROs indicated they will be facing in the years ahead, will require overcoming numerous internal and external borders that affect workforce productivity. Physical and functional boundaries will need to be addressed to make the most of an increasingly dispersed and diverse workforce that will stretch across traditional institutional lines.

The ability to surmount these borders, however, frequently hinges upon the information available to make evidence-based decisions regarding the workforce. Only 7 percent of CHROs we interviewed say they are very effective at using analytics to make workforce decisions. Without the ability to forecast future needs and develop rigorous, defensible business cases, companies place their ability to grow effectively at risk.

Imperatives for working beyond borders

Instilling creativity, flexibility and speed within both the organization and the workforce will require creative leaders with the capabilities to solve old problems and capitalize on new possibilities. Rapid skill acquisition, on-target deployment of top talent and the ability to quickly scale up or down will become critical to mobilizing the workforce for speed and flexibility. Collective intelligence, the sharing of an organization's sum of knowledge and experience, will be necessary to take advantage of cumulative organizational capabilities. Key imperatives include:

| | Improve operational efficiency | Expand into new markets/geographies | Develop new product/service offerings |
|--|---|--|---|
| Cultivating creative leaders | Be comfortable with distributed and virtual leadership approaches; create leaders who leverage informal power | Accelerate the development of truly borderless leaders; be creative in combining global and local talent | Design leadership development programs to generate innovative emerging business opportunities |
| Mobilizing for speed and flexibility | Develop online marketplaces to efficiently match global talent supply with demand | Adapt a global approach to sourcing talent; eliminate the policy and process barriers to cross-border movement | Leverage flexible work structures to rapidly align talent with critical jobs in new business areas |
| Capitalizing on collective intelligence | Improve productivity through best practices sharing and reducing duplicative efforts | Improve cross-functional effectiveness by providing an online platform for virtual team collaboration | Establish a culture of creativity and innovation where new product ideas get visibility and executive support |

“What do we do well? Talent management and organization development. What could we do better? Training delivery and workforce analytics.”

Shirley Gaufin, Chief HR Officer, Black & Veatch Corporation



For further information, please send an e-mail to the IBM Institute for Business Value at ibv@us.ibm.com, or to download the complete IBM Global Chief Human Resource Officer Study, visit our web site: ibm.com/workingbeyondborders.

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September 2010
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Notes and sources

- 1 Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study." IBM Institute for Business Value. May 2010. http://www-935.ibm.com/services/us/ceo/ceostudy2010/registration-01.html?epref=search_google_kw190