

IBM 2010 Global CEO Study: Creativity Selected as Most Crucial Factor for Future Success

IBM

ARMONK, NY, - 18 May 2010: According to a major new IBM (NYSE: [IBM](#) [1]) survey of more than 1,500 Chief Executive Officers from 60 countries and 33 industries worldwide, chief executives believe that -- more than rigor, management discipline, integrity or even vision -- successfully navigating an increasingly complex world will require creativity.

Conducted through in-person interviews with consultants from IBM's Institute for Business Value, less than half of global CEOs believe their enterprises are adequately prepared to handle a highly volatile, increasingly complex business environment. CEOs are confronted with massive shifts -- new government regulations, changes in global economic power centers, accelerated industry transformation, growing volumes of data, rapidly evolving customer preferences -- that, according to the study, can be overcome by instilling "creativity" throughout an organization.

More than 60 percent of CEOs believe industry transformation is the top factor contributing to uncertainty, and the finding indicates a need to discover innovative ways of managing an organization's structure, finances, people and strategy.

The study also uncovers starkly divergent strategic concerns and priorities among CEOs in Asia, Japan, Europe or North America -- the first time such clear regional variations have appeared in this biennial survey of private and public sector leaders.

"Coming out of the worst economic downturn in our professional lifetimes -- and facing a new normal that is distinctly different -- it is remarkable that CEOs identify creativity as the number one leadership competency of the successful enterprise of the future," said Frank Kern, senior vice president, IBM Global Business Services. "But step back and think about it, and this is entirely consistent with the other top finding in our Study -- that the biggest challenge facing enterprises from here on will be the accelerating complexity and the velocity of a world that is operating as a massively interconnected system."

Managing complexity

The CEOs interviewed told IBM that today's business environment is volatile, uncertain and increasingly complex. Eight in ten CEOs expect their environment to grow significantly more complex but only 49 percent believe their organizations are equipped to deal with it successfully -- the largest leadership challenge identified in eight years of research.

The CEOs said that the complexity of an interconnected world is aggravated by a number of factors. For example, CEOs expect revenue from new sources to double over the next five years and 76 percent of CEOs foresee the shift of economic power to rapidly developing markets.

Over the last four studies, the expected impact of technology on organizations has risen from 6th to 2nd place in importance, revealing that CEOs understand that technology and the interconnection of the world's infrastructures is contributing to the complexity they face, and also reveals that they need more technology-based answers to succeed in a world that is massively interconnected.

The study highlights the attributes of top-performing organizations based on revenue and profit performance during the past five years, including the economic downturn.

- Top performing organizations are 54 percent more likely than others to make rapid decisions. CEOs indicated they are learning to respond swiftly with new ideas to address the deep changes affecting their organizations.
- 95 percent of top performing organizations identified getting closer to customers as their most important strategic initiative over the next five years - using Web, interactive, and social media channels to rethink how they engage with customers and citizens. They view the historic explosion of information and global information flows as opportunities, rather than threats.
- Organizations that have built superior operating dexterity expect to capture 20 percent more of their future revenue from new sources than their more traditional peers.

One World, Diverging Views

Vast complexity is further intensified by regional differences. The study noted that perspectives varied with geography - differences of opinion about what changes to make, what new skills will be needed and how to succeed in the new economic environment. These regional variations also compound the complexities with which CEOs must contend.

China proved much more resilient than the developed nations during the economic downturn. So, CEOs in China are, understandably, less concerned about volatility than CEOs in other regions. In fact, they are becoming increasingly confident of their place on the world stage.

But if China is to fulfill its global aspirations, it will need a new generation of leaders with creativity, vision and international management experience. Many of the country's CEOs recognize this; 61 percent believe "global thinking" is a top leadership quality. Most companies will also need new industry models and skills. They cannot simply replicate the models they have used in their domestic market, which has a completely different cost structure. CEOs in China are also devoting far more energy to building new skills and capabilities than their peers in the West.

In North America, which faced a financial crisis that led to governments becoming major stakeholders in private enterprise, CEOs are more wary of “big government” than CEOs elsewhere. A full 87 percent anticipate greater government intervention and regulation over the next five years, compounding their sense of uncertainty.

In Japan, 74 percent of CEOs expect the shift of economic power from mature to rapidly developing markets to have a major impact on their organizations. By contrast, the European Union is less concerned about this shift, with only 43 percent of CEOs expecting to be impacted.

Understanding these and other sharp differences emerging by region is increasingly important as economies and societies become more closely linked. Organizations confront these differences as they increasingly operate across boundaries and across different regions.

About the IBM 2010 Global CEO Study

This study is the fourth edition of IBM’s biennial Global CEO Study series. To better understand the challenges and goals of today’s CEOs, IBM consultants met face-to-face with the largest-known sample of these executives. Between September 2009 and January 2010, IBM interviewed 1,541 CEOs, general managers, and senior public sector leaders who represent different sizes of organizations in 60 countries and 33 industries.

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