Economist Intelligence Unit

The Economist

Ready, Willing and Enabled:
A Formula for Performance

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Preface

Businesses around the world claim that people are their most important asset. Yet they often fail to provide the structures, processes, tools, and information that would permit their employees to contribute effectively to the organisation's goals.

Ready, Willing and Enabled: A Formula for Performance provides empirical support for the argument that high-performing organisations need to find new ways to relinquish control across business functions to drive innovation, improve customer relationships, and optimise operations. The research further suggests that firms which embrace information technology to allow rapid collaboration can benefit from their employees' collective knowledge, improving the performance of individuals as well as that of the organisation overall.

Ready, Willing and Enabled was produced by the Economist Intelligence Unit and sponsored by Microsoft. Winter Wright was the editor and project manager. David Jacoby was the writer. Daniel Larose provided statistical analysis of the survey findings. Richard Zoehrer was responsible for layout and design. Our thanks to the executives who were interviewed for this white paper, as well as those who participated in the survey.

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Introduction

Much of the business conducted today involves knowledge work. Such a society is necessarily awash in data: on customers, suppliers, transactions, telephone calls and products. As the amount of data grows, so do the possible ways to manipulate and communicate that data. The advent of radio frequency identification (RFID) alone will cause an exponential increase in the amount of data available by making it possible to associate particular customer transactions with product information and history.

The sheer quantity of data can mask an important fact: when properly gathered, manipulated and managed, information translates to shareholder value. Fifty years ago, most companies' share value was determined by their tangible assets, such as plant, equipment and inventory, and the outstanding value of receivables. Today, as knowledge work becomes more embedded in the economy, market value will depend increasingly on the management of ideas and data.

According to a 2002 study by MIT, firms' stock market valuations have diverged from their measured book value in the past decade.[1] The study correlated the use of organisational structures and IT to share prices and concluded that "the combination of computers and organisational structures creates more value than the simple sum of their separate contributions". Today, such intangible assets contribute as much to shareholder value as did plant and equipment several generations ago.

Nevertheless, corporate cultures and organisational systems often keep employees from having the information, tools or authority they need to access and use data effectively. Inadequate decision-support tools result in suboptimal operating decisions. Insufficient autonomy prevents individuals from making the best decisions. Obscure or ambiguous performance metrics result in misalignment, lack of focus and high turnover. Such impediments jeopardise the market value and potential of the companies in which they occur. The question is how firms can remove these and other obstacles so their staff can apply their personal talents and capabilities to supporting organisational goals.

About the survey

In July 2007 the Economist Intelligence Unit conducted an online survey of 1,351 senior executives worldwide to determine their companies' level of enablement, job satisfaction and corporate performance.

- Of the respondents to our survey, 33% were senior executives, 43% were managers and 24% were employees. In their respective business functions, 21% were in general management, 19% were in marketing and sales, 9% in finance, 17% in IT, 16% in operations and 18% in R&D. Worldwide, 23% of the respondents were located in North America, 22% in Western Europe, 34% in the Asia-Pacific region and the remainder in Latin America, Eastern Europe, the Middle East and Africa.
- Of the companies surveyed, about one-half had annual revenue of less than US$500m, 30% reported revenue of US$500m-10bn, and roughly 20% posted revenue of US$10bn or more.

In addition to the survey, we conducted 28 interviews with senior executives in Europe, the Americas and Asia.

[1] *Intangible Assets: Computers and Organisational Capital,* MIT e-Business Series, 2002.

Executive summary

Enablement is defined in this paper as giving employees what they need to do their jobs well: organisational structures, information technologies, and other resources that let employees make decisions that contribute to the firm's profitable growth.

Enablement provides the organisational and information conditions that allow staff to make optimal decisions. These include the following:

- operational autonomy, sufficient to make the best decision for the company;
- tools to do the best possible job, including information systems;
- access to financial resources that may be needed to buy these tools and allow for enough people to handle the workload;
- a collaborative working environment, so as to motivate people as well as reduce the cost of working together;
- performance incentives, both financial and non-financial; and
- clarity of policies and procedures.

Enablement allows people to release their inner passion about work. It transforms jobs into careers, and careers into callings. It goes beyond empowerment, which focuses mainly on giving employees the authority to do something, but not necessarily providing them with the tools to do it. Enabled people are both ready and able to do their jobs.

Perhaps intuitively, survey respondents recognise the importance of enablement, with 87% saying it is very important or quite important.

Enablement allows people to release their inner passion about work. It transforms jobs into careers, and careers into callings. It goes beyond empowerment, which focuses mainly on giving employees the authority to do something, but not necessarily providing them with the tools to do it. Enabled people are both ready and able to do their jobs.

Even so, employees may be less enabled than they think. After answering questions about how enabled they felt, respondents answered detailed questions about their work processes, incentives, levels of autonomy and other factors. In addition, respondents were asked about these measures of enablement specifically with regard to their own business function: for instance, those in finance answered questions about processes and conditions in the finance function of their organisation.

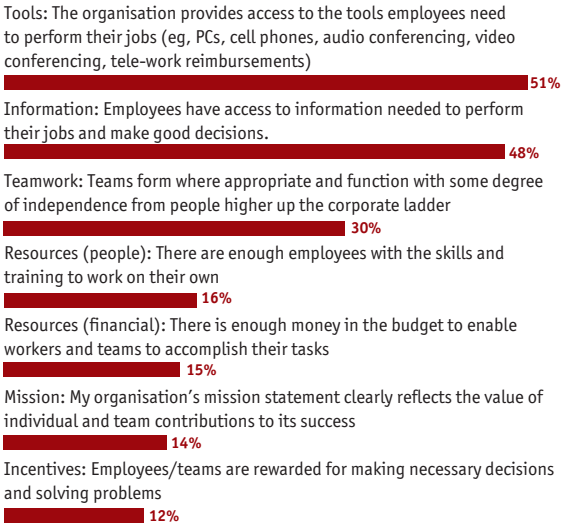
The survey results suggest that some employees see themselves as enabled largely because they work in cross-functional teams and collaborate with business partners. Sixty-three percent of respondents say they are fully or nearly fully autonomous and 24.6% say they are given a great deal of autonomy. Questions about compensation and reward systems

also indicate that respondents feel enabled: 71% say they are rewarded for having multiple job skills.

Yet when respondents were pressed for specifics, a somewhat different picture emerged. Only 53% indicate that they have the IT tools they need, just 52% say they have the information required, and 33% believe they have the teamwork structures needed for enablement. Only 17% feel their organisations have enough employees with the necessary skills and training to work independently, compared with a scant 10% who feel there is enough money in the budget to enable individuals and teams to accomplish their tasks.

There is a positive correlation between a company's degree of enablement and its self-reported financial performance

Thinking about your organisation as a whole, in which of the following areas would you say employees are most enabled? (Select up to two)



Staff are constrained by policies, procedures and a focus on direct work output as opposed to a broader recognition of how individuals' efforts contribute to corporate goals. Two-thirds of respondents, for example, indicate that their performance is evaluated solely by their direct supervisor, whereas a more balanced process might involve feedback from other sources as well. In addition, more than one-half of those surveyed focus on "getting the job done". While such a focus is understandable, an additional emphasis on helping employees learn, grow, and improve in their jobs would benefit both individuals and the broader organisation.

Survey findings

Companies with a higher degree of enablement tend to perform better. There is a positive correlation between a company's degree of enablement and its self-reported financial performance. Statistical analysis demonstrates the positive association between enablement and self-reported company performance, be it in profitability, revenue growth, tangible assets or strategic success. The evidence is strong and consistent across dozens of significant variables.

Many employees feel they are adequately enabled...
Enablement is important to employees' sense of pride and confidence in their work: 87% of respondents say it is very important or quite important. And many feel enabled owing to cross-functionality and collaboration trends:

- 63% of respondents indicate they have a high degree of autonomy;
- 24.6% say they are given a great deal of autonomy (10);
- On a scale of 1 to 10, 69% of respondents say they collaborate at a level of 8, 9 or 10; and
- 25.2% say they collaborate frequently with others in the workplace.

...But the survey suggests that the actual degree of enablement could be much higher. In fact, only about one-half of companies surveyed indicated they are really enabled:

- 53% have the IT tools they need;
- 52% have the information they need; and
- 33% have the teamwork structures in place to be enabled.
- Only 17% feel that their organisations have enough employees with the necessary skills and training to work independently, while a scant 10% feel there is enough money in the budget to enable individuals and teams to accomplish their tasks.

Management must provide infrastructure for sharing data that help employees and managers worldwide to understand the context of their work and to make operational decisions. This should help employees to make the transition to a genuine state of enablement. Many companies don't share knowledge and information globally, or don't do it well. Information tools are widely used: 43% of survey respondents use knowledge management tools, 42% use databases of employee skills, and about 33% use tools such as collaborative software, instant messaging and data warehousing. Yet only 48% of respondents feel they have enough information to be enabled. IT tools other than e-mail enable just 15-30% of staff, according to respondents, and adoption of software applications outside of popular shrink-wrapped applications is extremely limited. Less than 15% of respondents say they use distributed meeting software, expertise discovery or enterprise search.

Management must allow business unit managers and employees to take smart risks, within parameters that limit potential losses. Once targets are articulated and information is available, management must allow staff enough autonomy to take smart risks. Of our survey respondents, 64% say that their organisations tolerate reasonable risk-taking, but 20% say their firms discourage it and only 13% say their companies actively support it. Clearly, granting autonomy is complex. Levels of autonomy vary greatly by country, industry and function. Managers may need to create customised "autonomy zones" by adjusting their management style to the industry and even the individual, according to skills levels and confidence.

Risk-taking is central to the effectiveness of "bounded autonomy". Managers must therefore allow smart risks. Risk-taking is productive as long as it is documented and justifiable within the parameters established by the organisation. Most individuals will take "intelligent" risks if they know the limits of management's risk tolerance.

- Only about 16% of respondents say their organisations encourage and reward risk-taking;
- More than 20% say their organisations "generally discourage" risk-taking;
- 63% of organisations tolerate reasonable risk-taking;
- Organisations generally do a better job at setting boundaries for senior executives than for junior and mid-level employees, who traditionally are not allowed to take any risks. More executives say "we encourage and reward risk-taking" than other groups, while more mid-level managers and junior employees say "we generally discourage risk-taking". The finance function, which has traditionally been the arbiter of risk-taking, does a comparatively better job at managing risk. Of our survey respondents, 44.6% say their finance function is either good or very good at "getting the company to take intelligent risks".

Critical to growth

One of the survey's key findings is that companies with a higher degree of enablement tend to perform better. There is a positive correlation between a company's degree of enablement and its self-reported financial performance. Statistical analysis performed on the Economist Intelligence Unit survey results demonstrates the positive association between enablement and self-reported company performance, be it in profitability, revenue growth, tangible assets or strategic success. The evidence is strong and consistent across 1,355 results and 284 variables examined in the survey. (Self-reported performance was used because roughly 900 of the survey respondents worked for private companies for which no public performance data were available. Further analysis carried out by the Economist Intelligence Unit showed that for the roughly 400 public companies surveyed, self-reported performance closely matched actual performance as reflected in published financial results. A similar relationship was inferred for private firms.)

Although it is not possible to say that enablement causes superior performance, there is a clear correlation between the degree to which companies attempt to give their people what they need to do their jobs well, and the company's ultimate performance

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A statistical "cluster analysis" using only the enablement-related variables revealed that respondent companies fell into one of four distinct groups. Each of these groups exhibits distinctive behaviour with respect to enablement, leading to the following group names:

- The True Enablers. This group contains the highest proportion of employees stating that enablement is important to their job function. It also has the highest proportion, at 14.5%, of companies that were much more profitable than their competitors. True Enablers had the highest proportion of companies that were somewhat more profitable than their competitors, at 42%. Symmetrically, they had the lowest proportion of companies that were either much less profitable or somewhat less profitable than their competitors.

- Got the Message, but Lacking the Tools. This cluster consists of companies that are striving for greater enablement, but may lack the tools needed to achieve it. This group of companies sounds the right message about enablement, but does not yet seem able to implement enablement fully in day-to-day operations.

It also had the second-highest proportion in each of the more profitable categories, and the second-lowest proportion in each of the less profitable categories.

- Floating Along, Not Getting It. This group is defined mainly by the degree to which the employees say they are not enabled, both at the organisational level and at the job-specific level. It came in third in terms of performance.

- The Nay-Sayers. This cluster dominates the negative side of nearly all aspects of survey questions related directly to enablement. In terms of performance, it came in dead last.

Levels of enablement

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Floating Along, Not Getting It

This group is defined mainly by the degree to which the employees say they are not enabled, both at the organisational level and at the job-specific level. It came in third in terms of performance. Companies in this group report the lowest proportion of employees who believe that enablement is important to their specific job function. Respondents say they are least likely to be evaluated on the basis of contributing to broad organisational goals. They are the least likely to use key performance indicator dashboards.

The Nay-Sayers

This cluster dominates the negative side of nearly all aspects of survey questions related directly to enablement. In terms of performance, it came in dead last. These companies report the lowest proportions of tool deployment for improving enablement, including data warehousing, content management tools, portals, collaborative software, knowledge management tools, instant messaging, and internal databases of employee contacts and capabilities. Respondents in this group also report the lowest levels of encouragement for risk-taking.

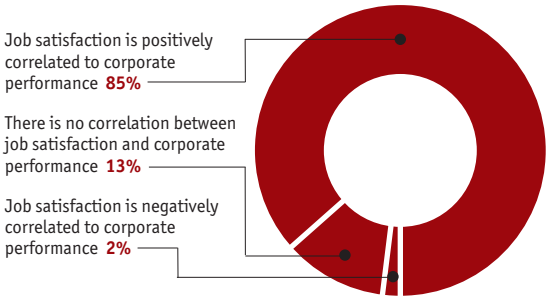
The enablement gap

Many people think they are enabled today because of cross-functionality and collaboration trends. On a scale of 1 to 10, with 1 being least enabled and 10 being most enabled, 63% of survey respondents gave themselves an 8, 9 or 10 on the autonomy scale, with 24% saying they are given a great deal of autonomy. Sixty-nine percent say they collaborate extensively, while 25% say they collaborate constantly with their co-workers. (Interestingly, many survey respondents view e-mail as a great enabler, with 78% saying it makes them more enabled.)

Yet a second look reveals that people may be less enabled than they think. Only 15-30% of respondents use IT tools other than e-mail, and few use software outside of popular retail desktop applications. Less than 15% say they are helped by distributed meeting software (a form of unified communication that links e-mail, instant messaging, phones and collaborative software), expertise discovery (a subcategory of knowledge management) or enterprise search (similar to search engine technology, but for use within the enterprise).

About two-thirds of respondents rate their companies as enabled—autonomous, collaborative, equipped with the right tools, motivated by incentives and having clear management direction. Yet only about one-half indicate that they have the policies, systems and organisations necessary for enablement. For example, 53% say they have the IT tools they need—meaning 47% don't. Fully 52% say they have the information they need, meaning 48% don't. And one-third say they have the teamwork structures needed for enablement, meaning two-thirds lack it. Only 17% feel their organisations have enough employees with the necessary skills and training to work independently, while a scant 10% feel there is enough money in the budget to enable individuals and teams to accomplish their tasks.

In your opinion, what is the relationship between employee job satisfaction and overall corporate performance?



This comparative lack of enablement has real-world consequences. In Six Sigma, managers maintain processes that keep product or service quality within customer specifications for 99.73% of the time. It has been estimated that operating at Three Sigma would result each year in 20,000 incorrect drug prescriptions, more than 25,000 newborn babies being dropped by doctors or nurses, and 730 short or long landings at O'Hare International Airport in the US.

Similarly, the cost of insufficient enablement almost certainly functions as a drag on companies and economies. Great enablement, by contrast, would be more likely to allow firms to become more agile and responsive to competitive threats.

The enablement culture

Firms face many obstacles in enabling their people. While some of these obstacles appear to be technical, many stem from cultural factors and failures of management. Forty percent of our survey respondents, for example, say that management does not communicate its strategy effectively to people inside the organisation. If management fails to express its goals clearly, employees naturally cannot help to achieve them. For instance, Eli Lilly, a US pharmaceutical company, has clearly stated goals that are communicated directly by the CEO, and has highly enabled employees willing to undergo massive change in the interest of the vision. Companies that rotate "programmes du jour" each six to twelve months give employees the message that the enablement, and often the empowerment, is temporary and cannot be trusted.

Beyond articulating a vision, management must link incentives to performance. Incentives may be in place but ultimately fail because of inadequate linkage between performance and reward. Most interviewees who were asked about incentive schemes said that their companies negotiate a set of goals at the beginning of the year, and at year-end determined the extent to which the goals had been realised. This system is flawed. First, the review takes place with only one person, making it subjective and therefore potentially unfair. Second, goals are often not tied directly to corporate objectives. Third, the goals are frequently not measurable. The combined ambiguity leads to an uncertainty and dispersion of objectives that dilutes performance.

Sharing access globally

Beyond articulating a vision and tying incentives to performance, what must companies do to enable their workforce? Of the many areas that firms could focus on, sharing information is arguably the most important.

Information aids enablement by helping staff to make informed decisions. Yet only 43% of respondents say their firms use knowledge management tools, while only 42% use databases of employee skills to effectively match tasks with people. In addition, only 33% use tools such as collaborative software, instant messaging and data warehousing. Apart from e-mail, IT tools enable just 15-30% of survey respondents, according to our survey respondents. Adoption of specialised applications is extremely limited. Less than 15% of respondents say they use distributed meeting software, expertise discovery or enterprise search.

Sometimes organisational structure and processes

restrict the sharing of information. For example, sales teams are often expected to maximise profitability, but frequently don't have access to information about the profitability of individual customers. Research and development (R&D) teams may lack information on the strategic direction of their companies, including likely merger and acquisition targets that could be highly relevant to R&D efforts. IT often lacks information about the needs of specific business units. And some organisations just don't want to share information. In such cases, cultures of secrecy and conflicting objectives directly prevent people from being enabled.

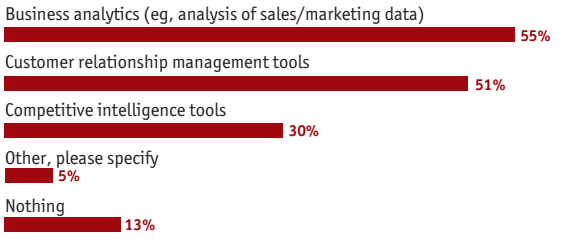
Organisations that want to share information often have difficulty doing so because the technology used to share information is difficult to manage. According to Jim Caruso, product manager of Revcat, a US knowledge technology provider, much of the information worth sharing in an organisation resides with individuals, and is therefore hard to gather. Technology holds out the promise of information-sharing, but often fails in the execution stage. Only 33% of respondents say that their firms have implemented an enterprise resource planning (ERP) system. Those who have say (in interviews) that the experience has generally been painful. In the Philippines, Ayalaland, a property developer, underestimated the resources needed to achieve its ERP implementation, resulting in a partial and long-delayed solution. Key obstacles to successful implementation include a lack of technological sophistication and management time, a high volume of information to be centralised, and a lack of trust among siloed business units.

Sharing information in sales and marketing

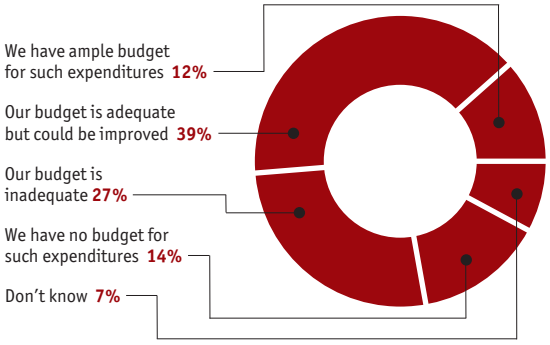
Marketing goals are tightly linked to corporate strategy. Over 80% of survey respondents in the marketing function say that their business-unit goals meshed perfectly or very well with broader corporate objectives. But people in this function have other problems to manage.

According to the sales executives interviewed for this study, sales and marketing has two main objectives: deciding on the right sales target and setting the right price. Sales and marketing staff generally have a lot of discretion regarding which sales targets to pursue: 76% say they have autonomy in this area. Nevertheless, they report having difficulty maintaining information on customers. This seems a critical gap in an economy where finding and nurturing profitable relationships is an increasingly data-driven task. Staff must have access to the metrics and the management practice reflect the realities of its critical customer relationships.

Which tools does your organisation provide to make it easier for you to reach and identify target customers? (Select all that apply)



Does your organisation allocate budget for technologies aimed at improving customer understanding (eg, point-of-sale data capture, market research)?



Finally, sales and marketing people have little autonomy in deciding which prices to charge: just 37% say they have freedom in this area. Setting the right sales price presents a series of information challenges. The first is knowing where, in the organisation, to find information that helps in setting prices. Ironically, companies may not invest in the systems necessary to overcome these challenges because in good times they don't need the information to close the sale, and in bad times they don't feel they have the money to implement the system.

The second type of information needed is information about customers. Sales people must maintain detailed customer information but often lack the tools to do this properly. At Hotai Motors, a marketing agency for Lexus cars in Taiwan, a top car salesman calls on six customers a day, and visits all customers twice a year in their homes. The salesman sends birthday gifts, handles customers' insurance and helps clients with "lease vs buy" decisions—all tasks that involve organising and managing lots of information.

Unfortunately, many sales people find themselves working with systems inadequate to their needs. Forty percent of our survey respondents in this function feel budgets for technologies to improve their understanding of customers are either inadequate or non-existent.

Sales people become more enabled when their firms create the processes and systems to provide both types of information. Customer intelligence can be gleaned through enterprise resource management (ERM) or customer relationship management (CRM) systems. Knowledge management tools can be used to share expertise and experience with customers, whereas collaboration portals can provide an "all-up" view of the customer including purchase and contact history.

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Once the information is made available, firms must ensure that their sales and marketing people feel confident enough to use it—perhaps in a way that involves taking risks. One way to encourage risk-taking behaviour is by setting clear targets: if staff know that their performance will be measured against specific, clear targets, they will feel that they can justify their risk-taking behaviour. Yet sales and marketing professionals responding to the survey believe that many metrics that could be used to benchmark their success were rarely used in their organisations. These include revenue goal attainment, customer retention, customer profitability, cultivation of stronger customer relationships, product or service innovation and the probability of conversion of prospects into revenue.

Facilitating information sharing in IT

IT is at the core of enablement because it provides the transparency that other functions need in order to perform effectively. Whether serving as a back-office function focused on reliability and uptime, or a customer-facing entity striving to add value to clients, IT can enable customers or employees to bridge to others seamlessly and quickly.

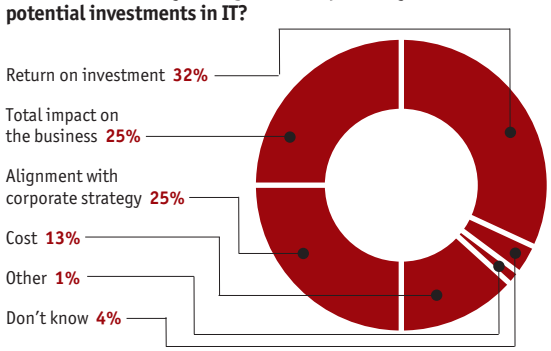
IT has three main objectives: providing technology to permit the sharing of information in support of other functions' objectives; evaluating new applications and providers; and satisfying internal customers by ensuring that equipment and applications are up and running.

■ *Providing information-sharing technology.* IT must decide which technologies are useful and practical to implement. Effective use of technology requires strong cooperation between IT and business functions. This ensures that the needs for function-specific capabilities are balanced against broader organisational needs for cross-functional collaboration and information-sharing.

Cross-functional communication splits into several types of applications, including document management, knowledge management, video conferencing, expert systems and intelligent agents. Executives interviewed for this paper cited a growing need to integrate those applications, not only across business functions such as finance and R&D, but also with business partners, especially outsourced application developers, on which IT departments increasingly rely.

■ *Evaluating new applications and providers.* IT is often responsible for deciding new applications to purchase and tools to deploy. Many of these are critical to the organisation. Knowledge management, for example, provides a crucial means of enabling employees at all levels of the enterprise to identify resources they might need and notifying them when those resources are available.

On what basis does your organisation primarily evaluate potential investments in IT?



■ *Keeping the lights on.* IT is responsible for keeping applications and infrastructure up and running. Two-thirds of IT departments say they are measured on this basis. Uptime means delivering projects on time, meeting release dates and ensuring that applications pass user acceptance testing. IT is also often responsible for "softer" indicators of success, those measured by internal customer surveys on the effectiveness of communication and collaboration within the enterprise. For example, Fidelity Investments, an international provider of financial services based in the US, in evaluating its IT capabilities, includes barometers of internal communication such as phone calls and e-mails not returned, and dead time spent waiting while applications load or shut down.

IT's performance at Fidelity is based on customer satisfaction.

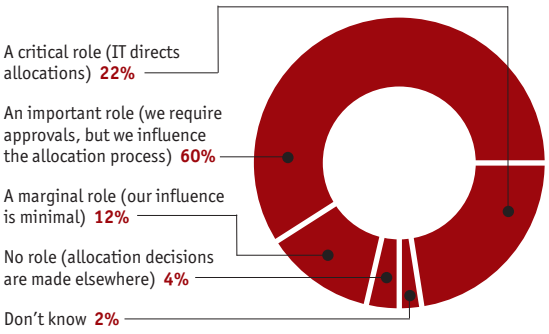
In its mission to attain these goals, the IT function confronts several overriding challenges, according to interviewees and survey respondents. These include measuring how much value systems add, selecting the best applications amid dynamically changing suppliers and products, and enabling communication and collaboration with suppliers, customers and partners.

Measuring the value of IT investments

IT plays an important role in deciding where funds are allocated: 84% of survey respondents say they play a critical or important role, and 86% say that IT's plans are extremely or well integrated with the company's mission. Yet the return on investment (ROI) can be elusive, especially when based on "soft" savings such as employee time reductions or improvements in usability or functionality. The ROI on collaborative applications is particularly elusive since the benefits and costs are spread across multiple beneficiaries. Most IT professionals consider cost savings to be one of their primary objectives, yet few have concrete cost metrics.

Despite the need for cross-functional and cross-enterprise collaboration tools, only one-half of survey respondents use a formal cross-functional review process, only one-third use ROI for cost-benefit business analysis and just under one-third look at the total impact on the business. Like many other firms, Teradyne, a maker of testing equipment, is focused on what it calls "value realisation"— making sure the benefits from investments are being realised. To make that happen, it needs the right business owners to take accountability. Teradyne's IT function uses a financial model to manage and monitor the expected savings from the deployment of new applications. Moreover, the firm has been installing an "IT governance process improvement" that includes monthly meetings with the vice-presidents to review budget requests and business cases for new applications. According to Dick Grilli, the company's CEO, the trick is making sure that the right senior executives are involved.

What role does your IT function play in deciding where to allocate IT funds?



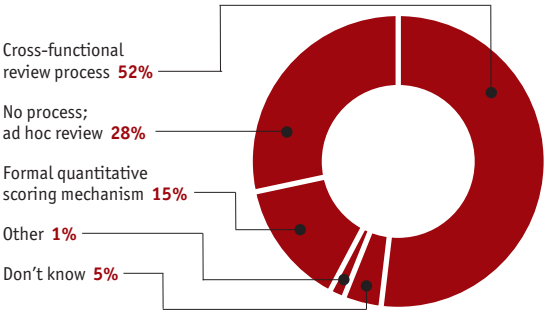
"If you talk to three different people, you get three different definitions."

Alok Aganwal, president, Astron Consulting

Selecting the best applications

IT's second challenge is selecting applications in a dynamic environment. Knowledge management exemplifies the challenge. "If you talk to three different people, you get three different definitions," says Alok Agarwal, president of Astron Consulting, who adds that the definition varies substantially by industry. "KM [Knowledge Management] is the Wild West now." Knowledge management in the pharmaceutical industry is different from that in financial services, and even inside a pharmaceutical company the definition varies by function. Again, this underlines the need for IT and business decision-makers to agree on common targets and ways of measuring progress.

What process is in place to review potential IT investments?



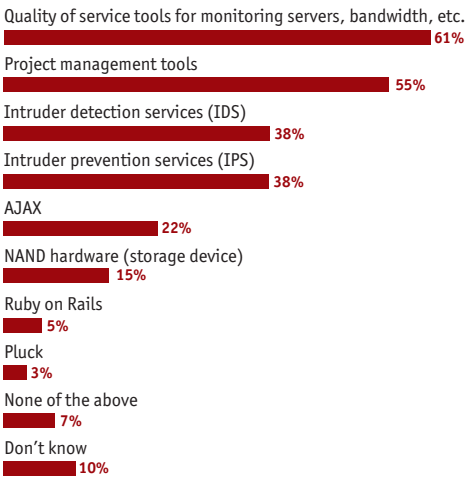
Interfacing and integrating with partners outside the enterprise

Since the great wave of ERP implementations in the mid-1990s, many companies are now trying to integrate with their partners' ERP systems to provide worldwide visibility. Yet little collaboration technology is in widespread use today: many such technologies remain less than one-third implemented, according to our survey results, and have taken far longer and been more costly than expected. Ayalaland (the Philippines) and MTR Foods Limited (India) provide two examples.

Ayalaland, a property management firm, implemented the usual ERP modules including general ledger and inventory management. However, it did not implement human resources or property management functions completely. Because of management's desire to "do it all at once", the company did not devote enough attention to the implementation. The implementation plan was too aggressive and the project team members had other work to do. In the end, the company had to let staff go back to their respective activities because the ERP implementation was taking too much of their time. Moreover, it did not identify the ideal business process before implementation, so staff spent time implementing processes that needed to be fixed, and then reworking them later. Now the company is looking for third party software to better manage the property management decision-making process for project plans, facility approval process and integration with financial accounting.

MTR, a food products distributor, had trouble implementing ERP software because its trading partners were not prepared to share their own corporate data. Small and medium-sized companies in India simply aren't prepared to manage and share data, says V T Sampath Kumaran, a consultant to MTR who implemented the software. "Suppliers of condiments and food articles are small and not sophisticated," he notes, "so the buyer needs to educate and guide the suppliers." Typically, no party has visibility across the three-tiered distribution system that includes manufacturing, warehousing and the customer. However, through MTR's cross-enterprise ERP implementation, it can now see how much product was consumed by specific retailers. This visibility is allowing each supply chain partner to learn from the other, which enhances overall efficiency. Collaboration architecture will be adopted increasingly in the future in order to facilitate rapid integration with new subcontractors and third party providers, as software as a service (SaaS) becomes more popular.

Which of the following technologies does your organisation use or plan to start using within a year? (Select all that apply)



Focusing on results

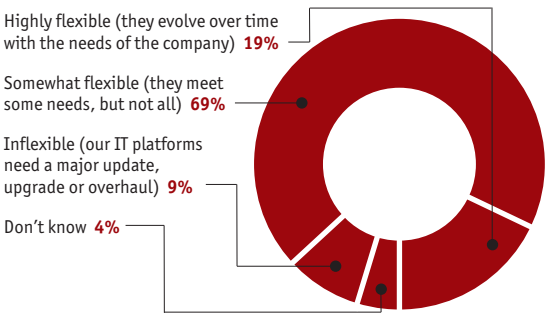
The "extreme results" model is the embodiment of enablement. It is philosophically linked to current models of outsourcing, whereby service providers work directly with users. In this model, IT decision-makers are put into close (if possible, direct) contact with customers. Extreme results re-casts IT's mission and views it not as a cost centre but as a profit centre. The end goal is no longer the mere implementation and maintenance of IT systems, but the achievement of several (usually no more than two or three) specific, quantifiable, short-term user benefits. Realising these benefits should make it easier for customers to calculate an ROI for their IT investments.

One advantage of the extreme results model is a tight link between business goals and IT capabilities. Aligning goals makes people more motivated to work harder/better, says Mr Agarwal of Astron Consulting, a firm that espouses the approach. Mr Agarwal also claims that "there is almost a perfect correlation between job satisfaction and job performance", spurring employees to provide superior results.

"Don't ask people what time they come or go, as long as the job gets done," adds Mr Agarwal. "Let them work from wherever they want, to allow them a lifestyle benefit. Motivation comes from how excited you are, how satisfied you are... Compensation is a less significant motivator, as long as the base amount is satisfactory."

To keep the culture vibrant and creative, Astron outsources tasks that are typically perceived as non-creative, such as financial services and data entry. It keeps core functions in-house, such as client management, resource management and knowledge management.

How flexible are the software tools used by your organisation?



The downside to outsourcing is a loss of economies of scale that can be realised through centralised, in-house IT operations, but most interviewees agree that the benefits from decentralised IT operations outweigh the economies from centralised ones.

At Teradyne, which uses extreme results, IT enables collaboration as the outsourced business partner now performs any necessary programming. According to Mr Grilli, the company's CEO, the advantage of this model is that it puts Terdadyne's IT closer to customers' business needs. This enables his people to focus on what's important to their mission, resulting in better solutions.

The results of our survey show that outsourcing of non-core functions is substantial: 40% of respondents outsource programming and 50% outsource call centre functions. Respondents cite as benefits lower costs (35%) and better focus on core business objectives (43%).

Challenges facing finance

Finance is central to enablement because it determines the extent and scope of organisational autonomy by setting and tracking performance metrics and imposing budgetary constraints. Just as central bankers set interest rates to guide the economy, the finance function determines threshold performance levels and sends signals to the organisation about what rewards may be given when those thresholds are met. As the arbiter of resources within the firm, finance sets boundaries around autonomy for the most senior executives in the company. At a high level, finance exists to assure the organisation of sufficient ROI and working capital. To this end, its efforts will ultimately be reflected in cost reduction and working capital levels. At a more tactical level, finance focuses on cost or efficiency-based targets such as the time to close the books, the number of invoices cut per month per finance person, or the cost of the finance function as a percentage of total revenue.

Finance faces four main challenges. The first two involve performance levels and how to compensate staff for attaining them. The second pair of challenges concerns how to help the organisation limit risk.

■ *Managing compensation* involves structuring a resource allocation and measurement system that encourages positive performance, while limiting counter-productive policies and wasteful behaviour. It must capture the data needed to make intelligent decisions and help senior management measure the contribution of individuals to the company.

These decisions are often subjective and location-specific. For instance, only 20% of staff at headquarters are well rewarded for improvements made in the field, while just 15% of field staff are well rewarded for improvements made at headquarters, according to survey respondents. Managers may also have difficulty apportioning bonus payments equitably. "It gets difficult when you try to divide up a US$1m fee", explains Telly Zachariades, an investment banker at Bear Stearns. "When you start to over-analyse it, it becomes divisive." As a result, firms often reward group performance and give up on trying to determine individual performance.

■ *Measuring the true value of the investments made by the firm.* Finance tracks (and sometimes must create) metrics used to capture organisational value. This task is so difficult that 18% of finance respond-

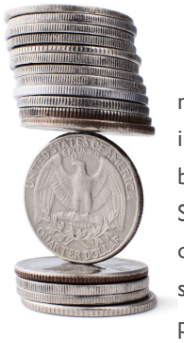
Which of the following tasks are the most difficult to accomplish at your company? (Select up to three responses)

ents say their department has no such metrics at all. For about 33% of respondents, finance is a cost centre: cost reduction and payback metrics define the mindset of the finance function. And for 38% of survey respondents, cost reduction or payback is the primary way of measuring the value of investments at their organisations.

In addition to assessing contributions and meting out rewards, the finance function is charged with managing risk.

■ *Limiting investment risk.* Even if investments have good paybacks on paper, benefits can be lost in the execution. Finance should have the foresight to detect this at the investment evaluation stage, or should be sufficiently integrated into the project that it understands how and why ROI is falling and can correct the problem or recommend killing the project in the early stages. For instance, as noted earlier, many companies have implemented ERP systems too rapidly to get the benefits.

Ayalaland: Finance Balancing Act



Ayalaland creates the conditions for enablement throughout its enterprise by establishing metrics that stimulate entrepreneurial behaviour, using hierarchical processes to limit risk and portfolios to diversify it, and continually benchmarking its performance against that of its competitors.

On the one hand, it encourages its business unit heads to be as aggressive as they can. Its budgeting process establishes aggressive revenue growth and income targets, and business heads have a free hand in running their units. Key performance indicators and key result areas (revenue, profit, asset productivity) are agreed at the beginning of the year.

On the other hand, Ayalaland has begun using processes, led by finance, to ensure that decision-makers consider both the risks of giving employees greater autonomy and the returns that such autonomy could generate.

The company has a lot of shared costs, so to create the right balance between autonomy and control its finance department focuses on coming up with fair cost allocations to the business units. For instance, professional services such as architectural design are charged to internal customers in the business units. Unallocated corporate costs that don't end up on business unit P&L sheets (the Office of the President, for instance) are benchmarked against peer group companies to ensure competitive cost performance at the brand, stock-keeping unit and corporate levels.

The finance department also uses checks and balances and portfolio structures to limit the risk of giving business units too much autonomy. For example, its parent company is co-sponsoring a US$25m investment in a private equity fund with a high risk profile. At the same time, however, Ayalaland is organised by business unit—residential, retail leasing and office leasing—to maintain distinct and complementary financial and risk profiles.

To get this balance right, Ayalaland's finance department engages in ongoing learning exercises. It is a member of the International Council of Shopping Centres for benchmarks of its shopping centres. It sends staff to executive management programmes at the Urban Land Institute, and sponsors in-house courses on real estate and negotiation. In addition, it uses an Intranet to share knowledge within the company, including posting of academic papers for everyone to access, and also uses e-mail blasts of new postings to foster a culture of learning.

Ayalaland's focus on refining its cost allocations and measuring business unit performance optimises the levels of autonomy given to the business units, thereby increasing enablement. Jaime Ysmael, the company's CFO, credits the system of checks, balances and rewards, and its ultimate enablement of staff from the top to the bottom of the organisation, for the firm's strong financial performance over time. ■

■ *Managing risks associated with poor decision-making*. These include human resource decisions such as excessive hiring or firing. Mr Zachariades of Bear Stearns describes how some firms lay off people during downturns and hire replacements during upswings, resulting in unnecessarily high costs and turnover. He believes that the "up-or-out" policy used by many professional services firms can be similarly costly, purging the firm of some of its most experienced and valuable contributors simply because they lack the ability to bring in new business.

The enabled finance function

Creating autonomy in finance is particularly challenging, since the function is generally viewed as a gatekeeper for, and guardian of, the firm's resources, rather than as a force that drives growth. Organisations create enabled finance functions by giving them bounded autonomy—freedom to take risks within prescribed limits.

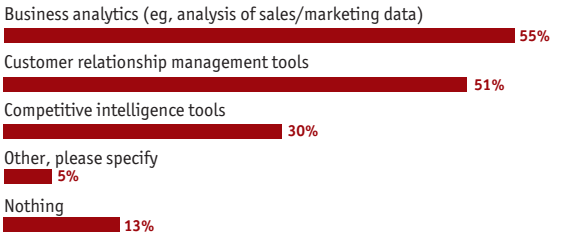
Successful property developers, for instance, diversify risk by using portfolios of companies with different risk profiles and complementary balance sheets. Multiple layers of approval and other checks and balances provide autonomy and limit risk at the same time by subjecting individuals' autonomous decisions to scrutiny by peers and superiors.

Operations trade-offs

Operations relies on enabled employees to make optimal trade-offs between resources and time. These trade-offs are such an integral part of operations that many staff use scorecards to keep track of them. One example is the need to deliver optimal customer service by ensuring shipments and deliveries are made on time, while simultaneously minimising the use of company resources such as inventory, capacity, external expenditure and working capital.

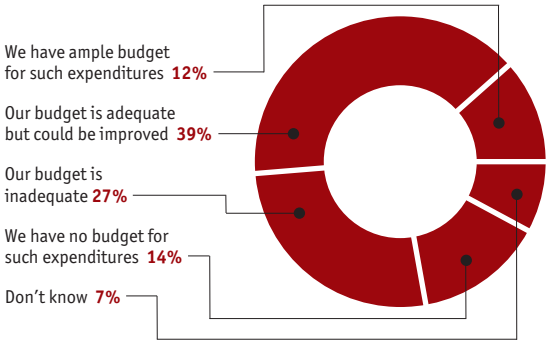
Operations departments manage these trade-offs by balancing positive goals (such as on-time deliveries) against constraints such as quality, responsiveness and security of supply. Responsiveness is a relatively new constraint created by the globalisation of supply chains and the proliferation of new products. For example, MTR used to be operated locally and was under minimal pressure to respond to rapidly changing customer demands. Now, however, MTR serves global supermarket chains with much higher requirements, requiring it to be much nimbler—and much more practiced at managing trade-offs.

Which tools does your organisation provide to make it easier for you to reach and identify target customers? (Select all that apply)



The philosophy of just-in-time manufacturing has also heightened sensitivity to security of supply. Paul Kane, a senior sourcing associate at Eli Lilly, a US pharmaceutical maker, is tasked with ensuring availability of back-up suppliers, working with primary sources to construct alternate production facilities, and modifying product specifications to reduce the uniqueness of products, thereby making them easier to source when needed.

Does your organisation allocate budget for technologies aimed at improving customer understanding (eg, point-of-sale data capture, market research)?



Employees in operations will be enabled when they receive the tools and data they need to make optimal trade-offs, and the authority to make those trade-offs when they judge necessary. Many executives responsible for supply chain management see performance-indicator dashboards as being one such tool. These dashboards provide visibility into the current balance between service delivery and resource expenditure. By their own admission, many operations managers need help with this task. Sixty percent of survey respondents who work in operations, for example, say that their organisations are moderately effective or less. They face three challenges: 1) distributing information tools to help a geographically dispersed workforce make optimal trade-offs; 2) standardising information globally; and 3) extending the information and the standardisation to suppliers.

Employees in operations will be enabled when they receive the the tools and data they need to make optimal trade-offs, and the authority to make those trade-offs when they judge necessary

The first roadblock to greater enablement in operations is the implementation of a system to get information to people to help them make better decisions. Here, the survey pointed to system implementation as a major gap. Less than two-thirds of respondents in the operations function have ERP systems, and less than one-third have basic tools such as warehouse management systems, supply chain execution, and transport management systems.

A second roadblock is implementing IT systems that can standardise operations. Since so many operating decisions are made at a decentralised level, manufacturing, customer services and logistical professionals need to codify a large number of optimisation algorithms, get critical mass of adoption and extend the system to suppliers. Several types of trade-offs need to be codified in the system. The first is standardising operational performance reporting. DHL, an international express carrier, has adopted a standard format for recording aircraft safety incidents worldwide, according to Neale Millett, manager of Global Airside and Standards. Another mathematical optimisation requires embedding transport and other "adder" costs to determine if goods should be made in-house or by an outside supplier. As Micah Jacobs, a steel stampings commodity buyer for Honeywell, says, "Honeywell's low inventory policies don't always make sense when transportation costs are high."

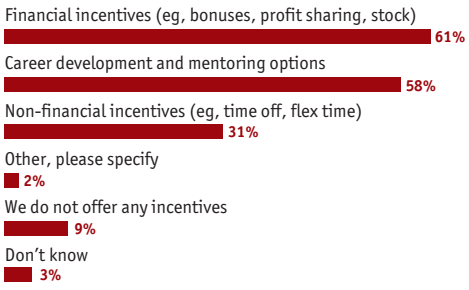
For these systems to work, they must achieve criti-

At Stanley, a US tool manufacturer, several e-procurement implementations designed to lower sourcing costs were foiled by limited user acceptance

cal mass of implementation. At Stanley, a US tool manufacturer, several e-procurement implementations designed to lower sourcing costs were foiled by limited user acceptance. Both reverse online auctions and an e-procurement software platform were installed—then waned and died ("like bell-bottom jeans", says Paul Zarlengo, the company's commodity manager). The hope was that enough people would use the tool for critical mass to be achieved. But only two groups used the tool because there was insufficient purchase volume to justify the set-up cost, and the product could not be specified clearly enough to be put to electronic auction.

Operations' third roadblock is taking systems used inside the organisation and extending them to external suppliers and other partners. Today, according to the survey, only 30% of respondents say their operations organisations are highly effective at fostering productive partnerships with key suppliers.

Which of the following mechanisms does your company's operations function have in place to motivate employees to achieve supply chain and other operational objectives? (Select all that apply)



Operational definitions and metrics vary with suppliers, and many managers lack the time to execute operational processes internally, much less extend them outside the organisation.

Overcoming culture and language differences worldwide consumes time and resources as well, says Joe Mirabile, director of sourcing at Cabot Corporation, which manufactures products used by the electronics industry. He refers in particular to the communication of management objectives, to the clarity and alignment of objectives throughout the operations function, and to the translation of foreign languages.

Enabled operations functions overcome these and other challenges by implementing standardised information systems, empowering employees through process re-engineering teams, and learning from suppliers and customers.

IT tools used by the operations function

- *Standardised information systems*. First, operations implements information management tools that help to standardise operations employees globally. This includes communication tools that improve collaboration and innovation and overcome language barriers such as e-mail, virtual meetings/telepresence (WebEx), mobile telephony, and instant messaging, which Cabot uses to set up meetings on the fly.

Other technologies include classic business tools such as ERP, master production scheduling (MPS), and scheduling. M&C Products in China uses the operational reports that come out of ERP systems to anticipate fluctuating demand for its products in certain regions. Key Essentials, a California-based flavourmaker, uses a homemade internal operating system called Batchmaster for its materials requirements planning (MRP), MPS and laboratory tracking needs.

Information management tools also include e-tools such as online reverse auctions. These work

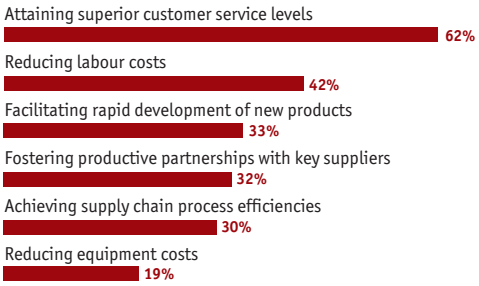
well for steel and other commodity products, but not for purchased products with low volume and no specs. E-procurement works well in organisations with high-volume purchasing needs, such as Wal-Mart and Dell. But getting enough people to use the system can be difficult when they are competing against embedded legacy systems such as mainframes (ERP, SAP, etc.) and AS400 systems that need to be replaced.

Electronic archives of best practices and standardised processes work best for centralising workflows, policies and practices online. These archives also facilitate and speed global knowledge management. But information is not universally shared around the world. Intellectual property (IP) protection is a problem in China, so knowledge related to purchasing, sales and engineering is deliberately kept in separate silos, says Tony Tin, general manager of Asia-Pacific operations at M&C Products. He also says that when he loses a bid by a few pennies, he suspects one of his competitors has paid someone off to learn M&C's pricing.

■ *Empowering employees through process re-engineering teams*. Operations also overcomes the challenges by empowering employees in a way that ensures successful re-engineering efforts. Lean and Six Sigma are popular programs for doing this, and are used extensively at Eli Lilly and Stanley. At Eli Lilly, Lean Six Sigma is being used as a leadership training exercise. Launched in September 2004, Lilly currently has 400 black belts (1% of employees), 900 green belts and one master black belt. At Stanley, Paul Zarlengo has been implementing a lean manufacturing toolbox including 5S and kaizen to increase cash flow and reduce the cash-to-cash cycle (following models made famous by Dell, Wal-Mart and Toyota).

Yet process management technologies must be balanced by a focus on innovation and customer relationships. With its ruthless emphasis on cutting costs and improving quality, Six Sigma is under fire from some critics who say it can divert attention from innovation and creativity. Also, levels of empowerment vary around the world. China, for example, has a cultural tendency to control information flow. Mr Tin of M&C says his company usually communicates its mission down to the lower ranks of the organisation. "You don't want to give extra noise and excess communication," he says. "Just give them what they need to know."

Which of the following goals is your organisation's operational function highly effective in accomplishing? (Select up to three)



■ *Learning from partners*. Operations also deals with its challenges by learning from customers, partners and supervisors. Fully 60% of survey respondents say they learn more that way, compared with 40% who say they learn more from their supervisors. Eli Lilly has extended its supplier relationship management (SRM) programme to its suppliers. When its suppliers have implemented Lean Six Sigma, Eli Lilly holds a global supplier award ceremony. One of its awards is an SRM award. Of 6,000 suppliers, only 10-15 win these awards annually.

Research and development

To filter ideas (pure research) and meet target dates for new product releases, research and development (R&D) must manage both manpower and capital requirements.

Overall, R&D is in good shape. The function is adequately funded, say 54% of our survey respondents. And R&D is empowered: 66% say it plays a critical or important role in deciding where to invest its time and money. R&D is also financially motivated to achieve corporate goals: more than one-third of R&D departments tie financial and non-financial rewards to successful product launches.

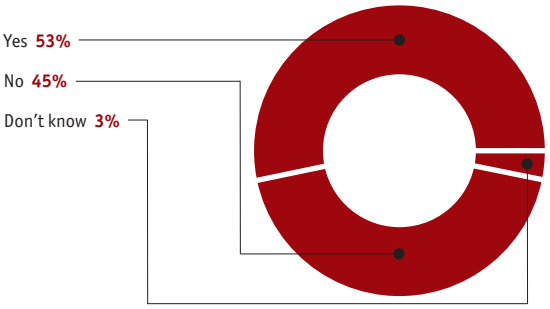
Staying aligned with high-level organisational objectives is crucial—and can be problematic

R&D professionals face three challenges: staying aligned with top management's objectives, having access to talented people, and collaborating across departments and with R&D partners.

Staying aligned with high-level organisational objectives is crucial, and can be problematic. Communication gaps between executive management and the R&D function have worsened in the last ten years as mergers and acquisitions have confused organisations and led to lay-offs and employee turnover.

Mario Medri, CEO of Consumer Products Corp. (CPC), a pharmaceutical R&D consultancy, notes that R&D cannot make a dramatic product shift without good direction from the top.

Is your organisation's R&D function adequately funded, in your view?



John Damiano, head of R&D at Minteq, a subsidiary of US-based Minerals Technologies Inc., says his group's mission is very clear. In addition to direction from the top, Minteq's R&D function receives guidance from marketing, and exercises substantial discretion over which projects it takes on. The result is a strategy of incremental R&D innovations: "You can win the game by hitting a lot of singles," says Mr Damiano.

Executives interviewed for this report also expressed concern about limited access to talented R&D staff, and less than one-third of survey respondents say that their R&D functions attract the best people. "People are the most critical element," says David Hastings of Incyte, a US drug development company. "For instance, it's very hard to find experienced clinical development professionals. You have to have the right amount and right type of people. The technology aspect is much less of a concern." Even after the right people are on board, cross-functional projects can destroy the effectiveness of an R&D team by spreading people too thinly. Nearly one-third of survey respondents in the R&D function say such resources should be allocated to either research or development, but not both.

Finally, R&D has few processes in place to collaborate across functions and across enterprises. Collaboration makes people more effective, both through functional co-location within a company and through cross-enterprise teams with suppliers. Unfortunately, only 24% have processes in place for this, and collaborative software tools are mostly used by younger graduates.

"Siloed organisation can kill productivity," notes Mr Hastings of Incyte. At Incyte's competitors, the chemists and the biologists are in different parts of the country, whereas at Incyte they are down the hall from each other. Mr Medri of CPC believes that cross-functional teams can energise R&D efforts. In a previous company, he recalls getting a US$1m budget and working with marketing and finance. "We were empowered and we blazed. We had no fear; no risk of punishment."

Non-financial incentives such as individual recognition can be energising as well. Minteq is considering offering a reward to individuals who help to develop a patent. "There's a big intrinsic reward for people when they get their first patent," says Mr Damiano, who also notes that "it's less exciting when you already have 20 of them".

Guidelines for creating an enabled organisation

1 Allow business unit managers and employees to take risks within parameters that limit potential losses. Only 13% of respondents say their firms actively encourage risk-taking by employees. Determine appropriate boundaries for autonomy by using portfolios and organisational hierarchies to limit risk.

2 Remember that organisational structures and processes often restrict the sharing of information and try to counteract this tendency. Sharing information is probably the most important thing firms can do to enable their employees.

3 Recast IT's role from a cost centre to a profit centre. Put IT decision-makers into close contact with customers. The end goal is no longer merely to implement and maintain IT systems, but to achieve specific short-term user benefits.

4 Create metrics for the contribution of individuals to broad company goals. Develop a reward system that is organisation-wide rather than location-specific. Only 20% of staff at headquarters are well rewarded for improvements made in the field, while just 15% of field staff are well rewarded for improvements made at headquarters.

5 Extend collaboration tools across functions and across enterprises to capture the benefit of collaboration with business partners.

6 Even if your employees say they feel enabled, look for opportunities to address possible gaps, particularly in the areas of information and IT tools, teamwork structures, and budget.

7 Limit investment risk by integrating the Finance function into investments at an early stage. Many investments that look viable on paper collapse when costs escalate during execution. Finance can help the firm understand where ROI is failing and can correct the problem or recommend killing the project.

8 Remember that in order to work, systems must achieve a critical mass of implementation. Systems can't be effective if not enough people use them. Create incentives for people to adopt new technology when it's made available to them.

9 Help your Operations function learn from customers. Sixty percent of survey respondents say they learn that way compared with 40% who say they learn more from their supervisors. ■

Conclusion

Enablement is critical to business growth, setting the stage for people to unleash their talents and their passion about work. Yet many people in the business world are less enabled than they perceive themselves to be, remaining comparatively restrained by policies, procedures and a focus on direct work output.

On a broader scale, companies need to overcome a range of obstacles to more widespread enablement. Although conditions necessary for enablement vary by geography, industry and function, firms can enable their people by giving them clear objectives. Access to information and the discretion to use it help as well.

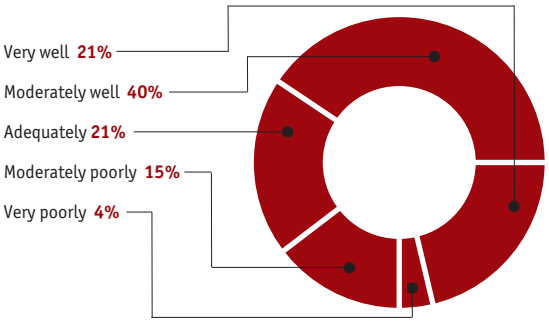
IT by itself will not enable people. But without it, knowledge workers cannot hope to reach their potential. More than one-half of our 1,351 survey respondents agree that they lack the IT tools necessary to do their jobs well. This finding alone suggests a challenge to CIOs and the IT departments they manage.

Organisations enable their employees by giving them clear objectives, access to information, and the discretion to use it. Those that do so will prove ever more tenacious competitors as they put the right tools in the hands of the people who drive business outcomes.

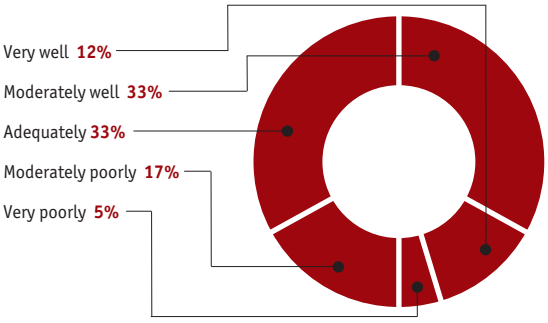
Appendix: Survey results

In July 2007, the Economist Intelligence Unit conducted an online survey of 1,351 senior executives worldwide from various industries. Please note that not all answers add up to 100% because of rounding or because respondents were able to provide multiple answers to some questions.

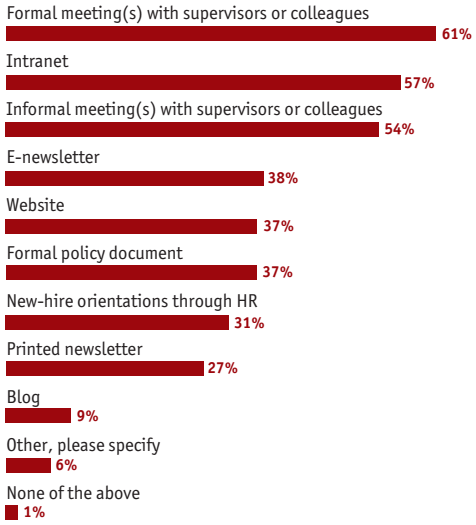
How well does your company communicate its business strategy to people inside the organisation?



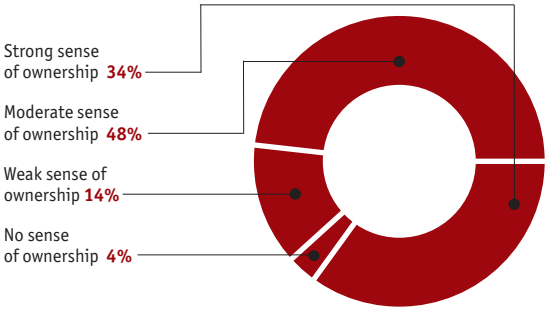
How well does your company communicate its business strategy to people outside the organisation?



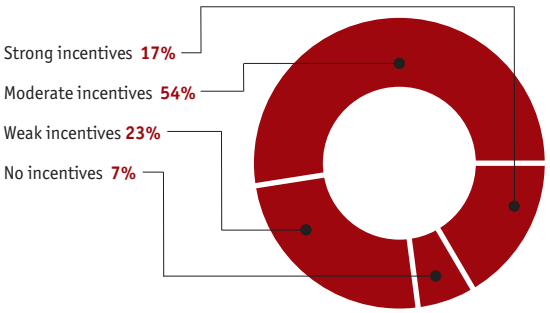
What methods does your organisation use to communicate business strategy to people inside the organisation? (Select all that apply)



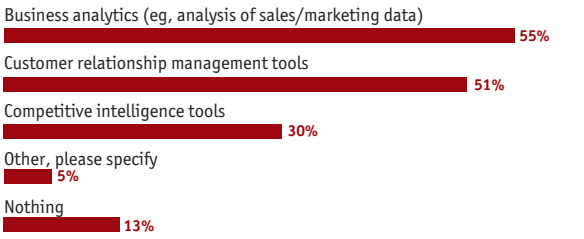
What sense of ownership in your company, if any, do these communications give you?



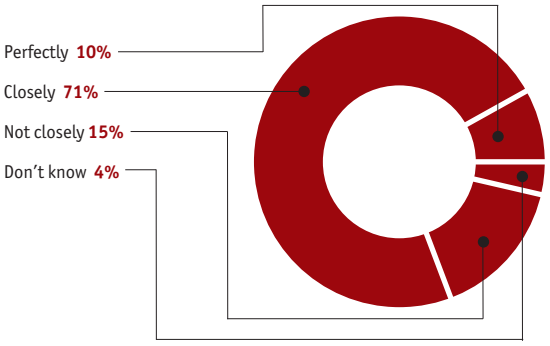
What sorts of incentives (financial or non-financial, or both) does your organisation offer to employees who create value for the business?



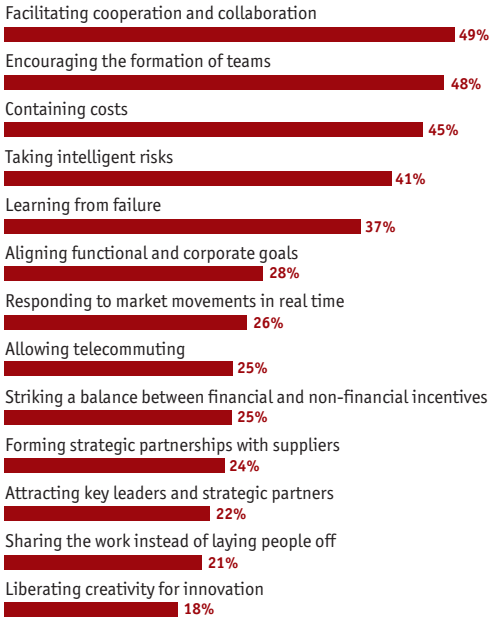
Which tools does your organisation provide to make it easier for you to reach and identify target customers? (Select all that apply)



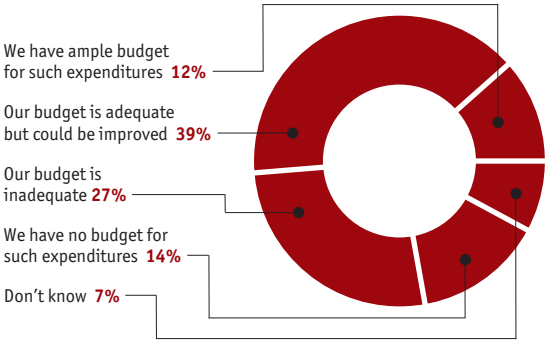
How well does the marketing and sales strategy match the overall corporate strategy at your organisation?



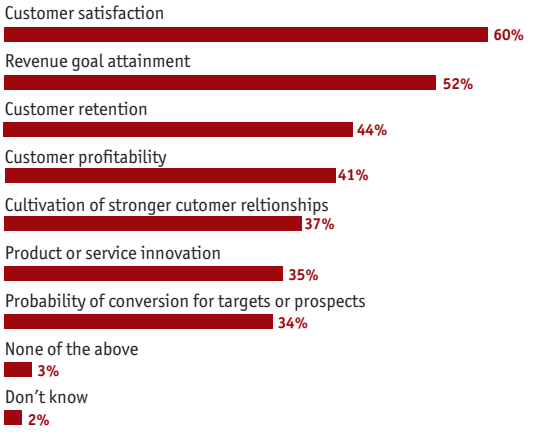
Which of the following actions does your organisation perform effectively, in your view? (Select all that apply)



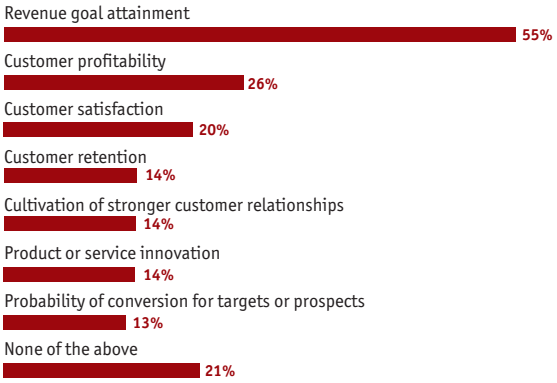
Does your organisation allocate budget for technologies aimed at improving customer understanding (eg, point-of-sale data capture, market research)?



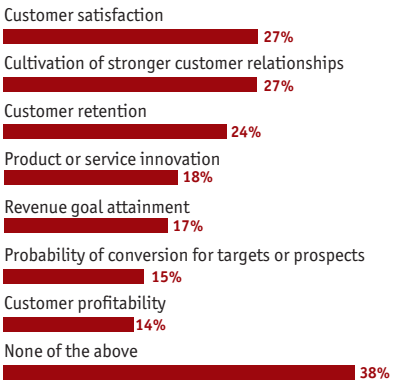
Which of the following does the sales and marketing function at your organisation track and measure? (Select all that apply)



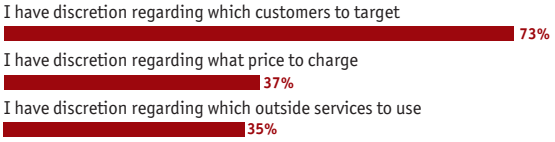
For which of the following targets are you given financial incentives for achieving? (Select all that apply)



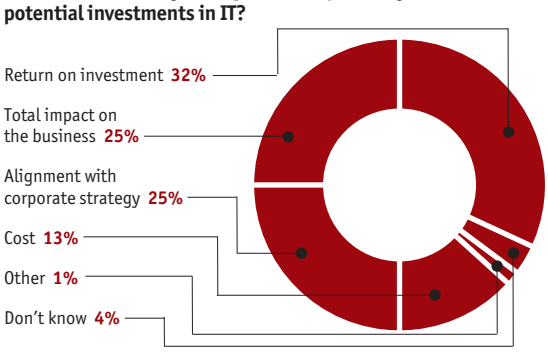
For which of the following targets are you given non-financial incentives for achieving? (Select all that apply)



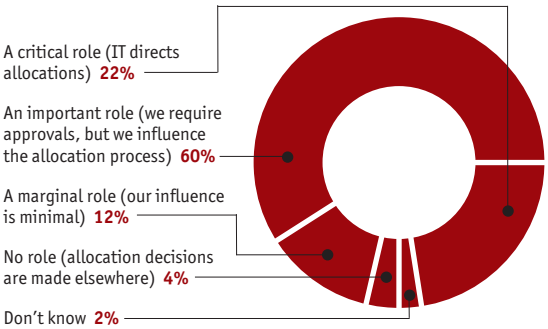
Which of the following statements do you strongly agree with? (Select all that apply)



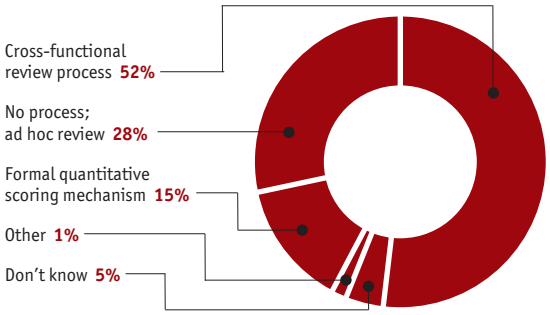
On what basis does your organisation primarily evaluate potential investments in IT?



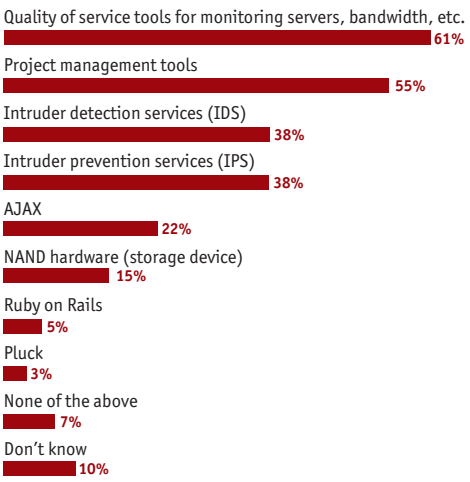
What role does your IT function play in deciding where to allocate IT funds?



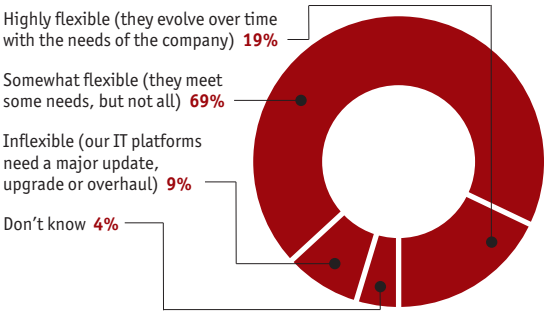
What process is in place to review potential IT investments?



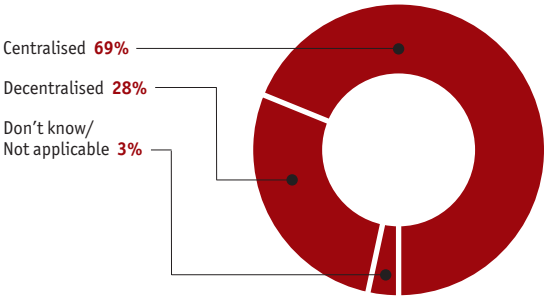
Which of the following technologies does your organisation use or plan to start using within a within a year? (Select all that apply)



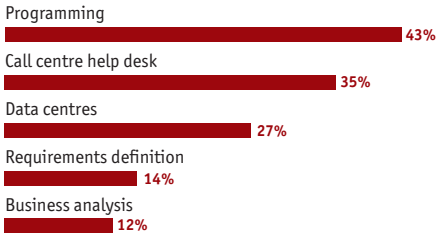
How flexible are the software tools used by your organisation?



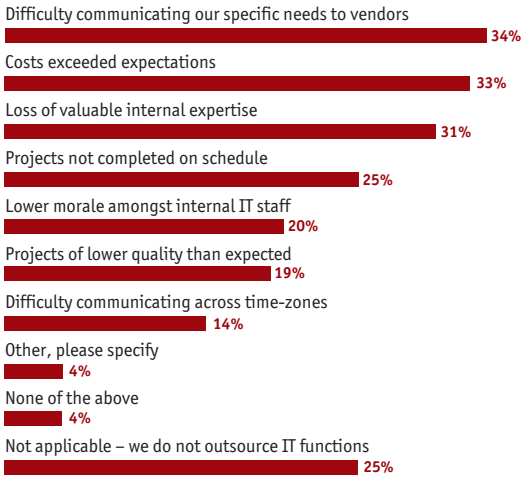
Is the IT function centralised or decentralised in your organisatio



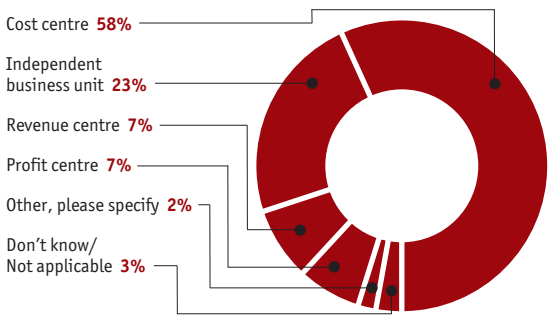
Which of the following aspects of your organisation's IT function is currently outsourced? (Select all that apply)



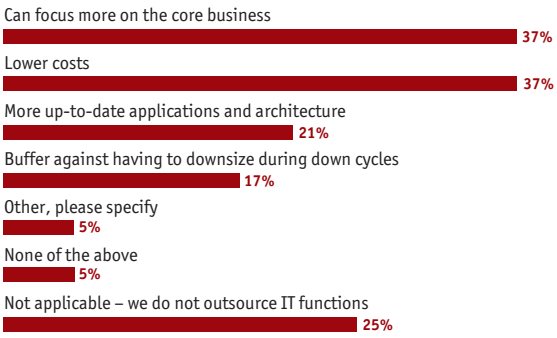
What disadvantages has your organisation faced from outsourcing IT functions? (Select all that apply)



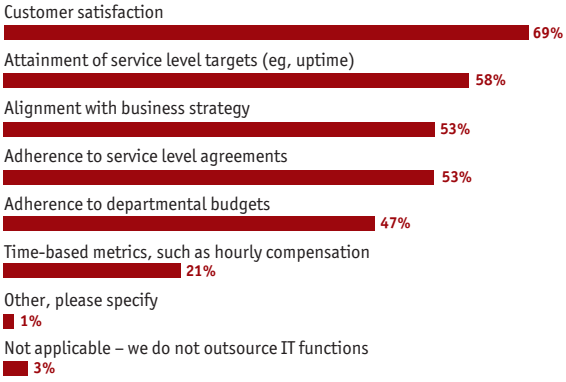
At my organisation, the IT function is viewed primarily as a:



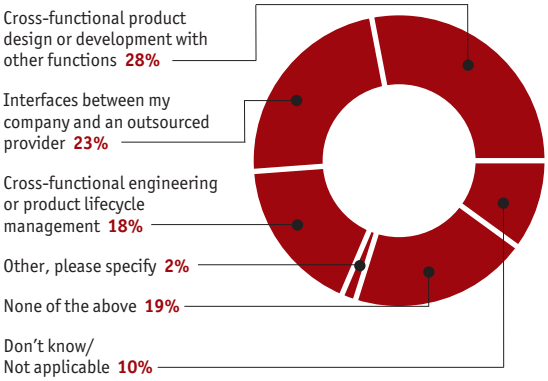
What benefits has your organisation realised from outsourcing IT functions? (Select all that apply)



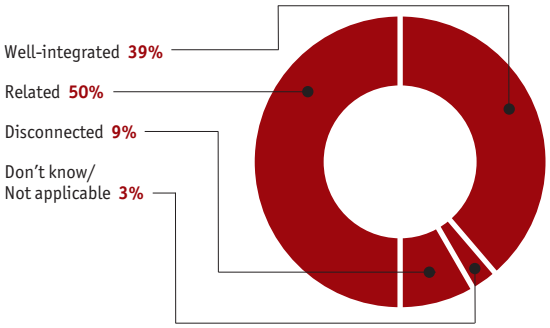
In your organisation's IT function, what is the basis for measuring performance? (Select all that apply)



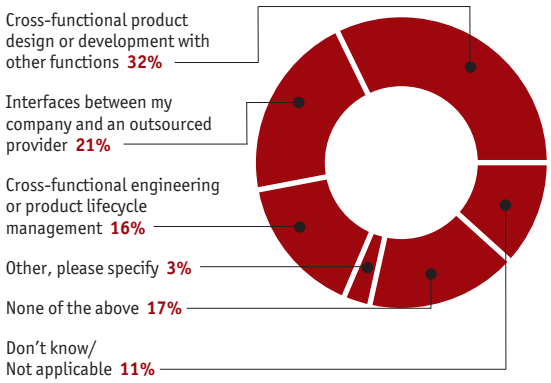
What aspects of collaborative IT applications are in place at your company?



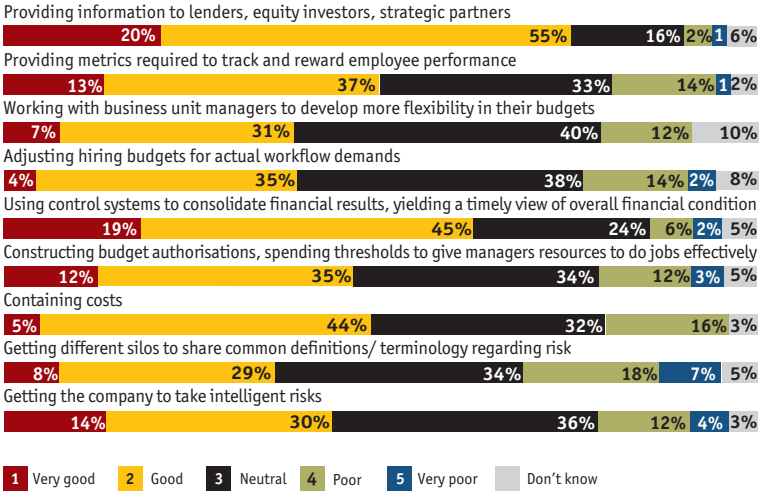
How would you characterise the link between your company's strategic objectives and the objectives of the IT department?



What aspects of collaborative IT applications are in place at your company?

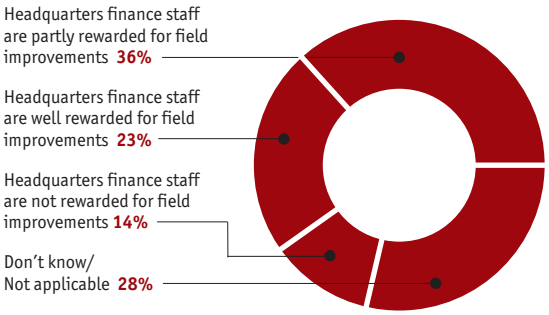


How would you rate the performance of the finance function in the following areas? (Rate on a scale of 1 to 5 where 1 = Very good and 5 = Very poor)

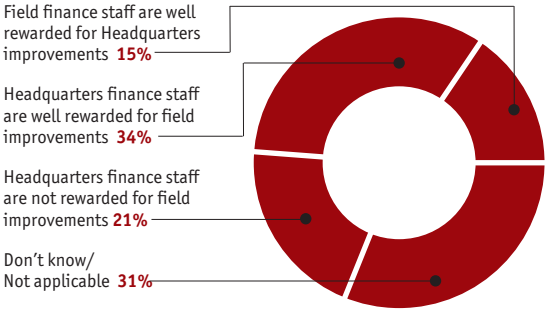


Which of the following tasks are the most difficult to accomplish at your company? (Select up to three responses)

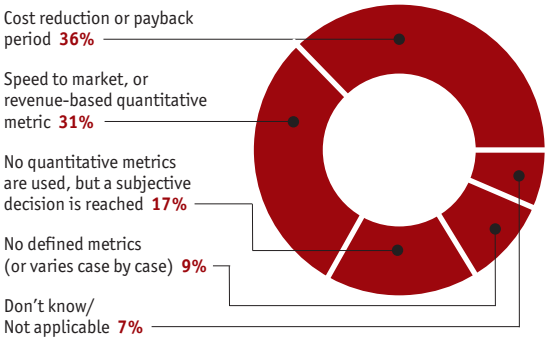
To what extent does your company reward finance people at headquarters for achievements in the field (regions or business units)?



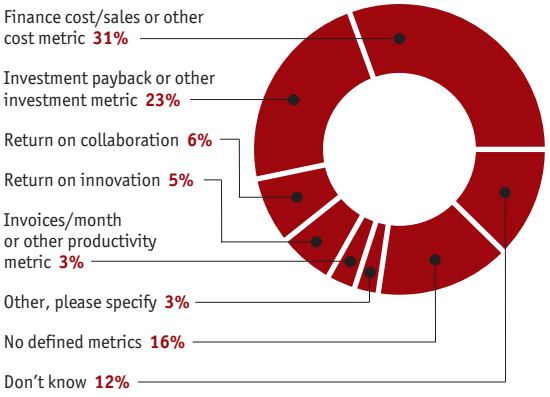
To what extent does your company reward finance people in regions or business units for cost reductions achieved centrally (for example, at headquarters)?



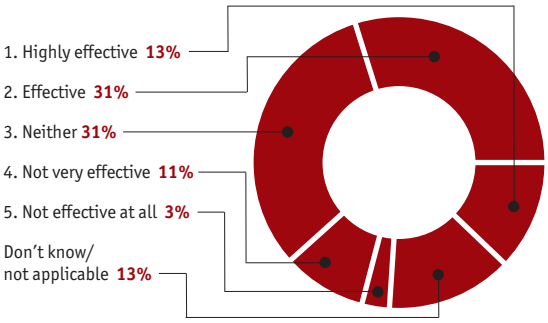
How does your company primarily judge the value of investments?



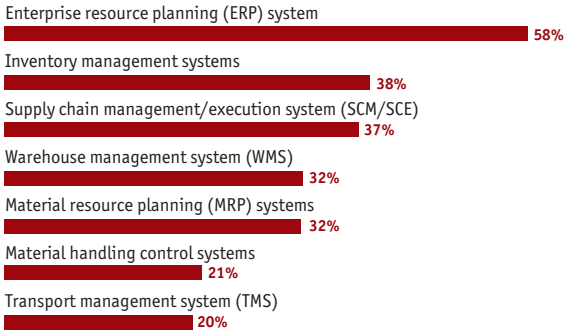
Which of the following metrics does your company use to evaluate the success of the finance function?



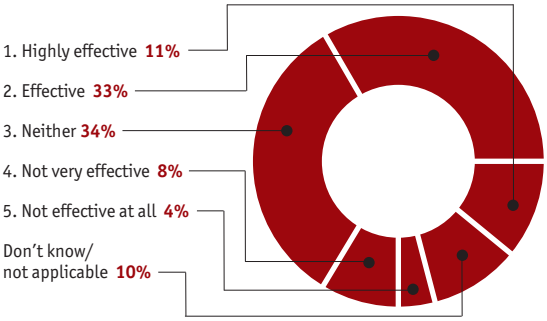
How effective is your organisation at balancing costs with service in the following activities? (Rate on a scale of 1 to 5, where 1 = Highly effective and 5 = Not effective at all)



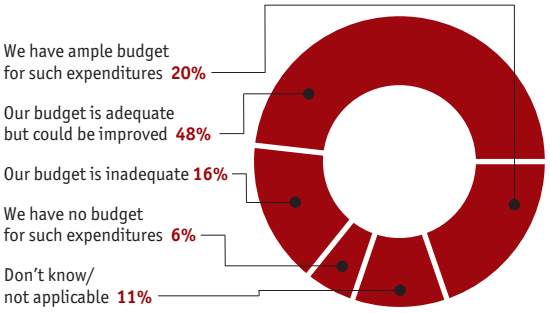
Which of the following systems does your organisation currently have or expect to have within three years? (Select all that apply)



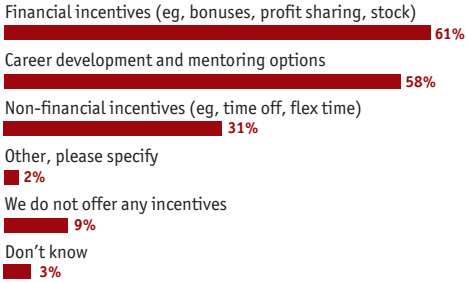
How well do your operational systems afford you visibility into critical operational activities (eg, real-time order status)? (Rate on a scale of 1 to 5, where 1 = Highly effectively and 5 = Not effectively at all)



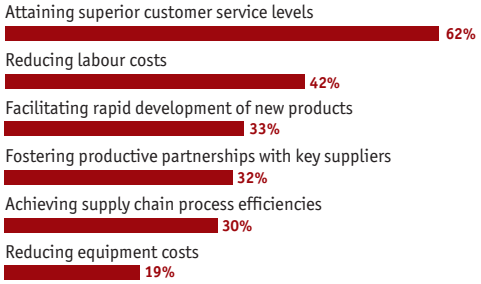
Does the operations function in your organisation have the budget it needs to purchase systems such as enterprise resource planning or material requirements planning?



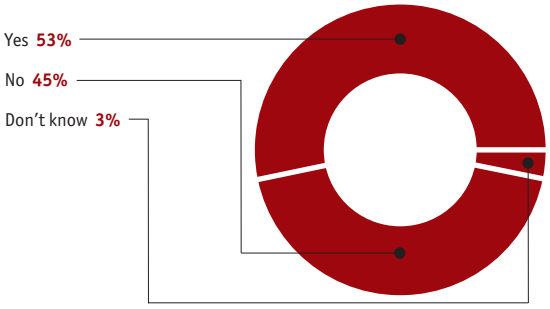
Which of the following mechanisms does your company's operations function have in place to motivate employees to achieve supply chain and other operational objectives? (Select all that apply)



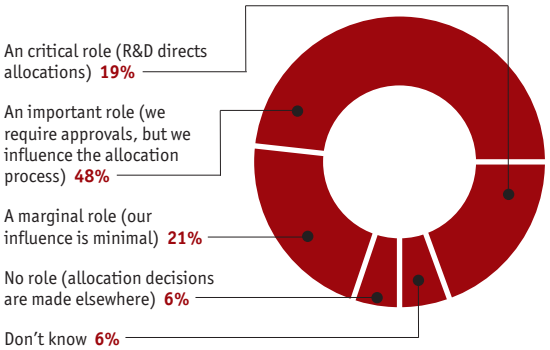
Which of the following goals is your organisation's operational function highly effective in accomplishing? (Select up to three)



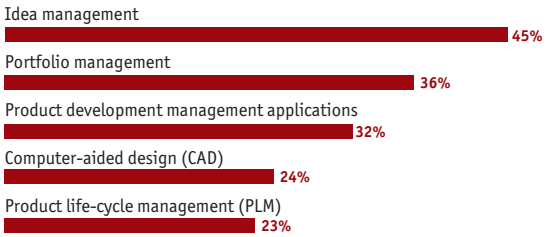
Is your organisation's R&D function adequately funded, in your view?



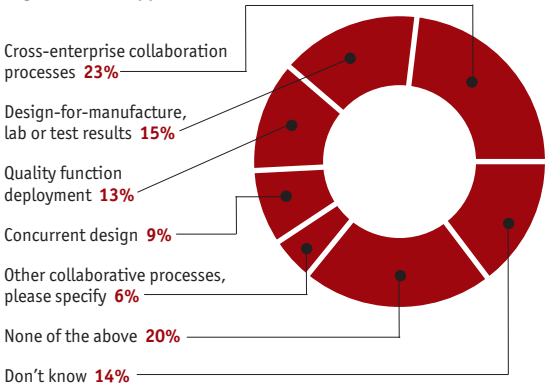
What role does your R&D function play in deciding where to allocate R&D funds?



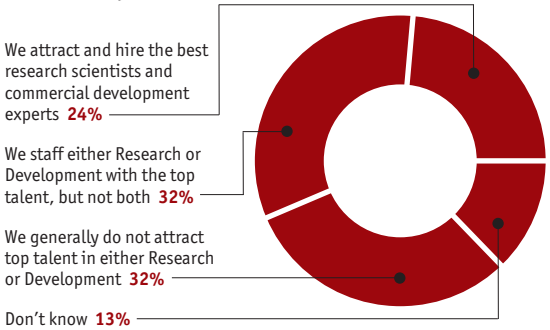
Which of the following tools does your organisation use most effectively within its R&D function? (Select all that apply)



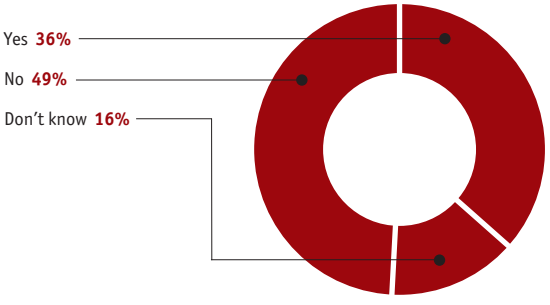
Which of the following collaborative processes does your organisation support?



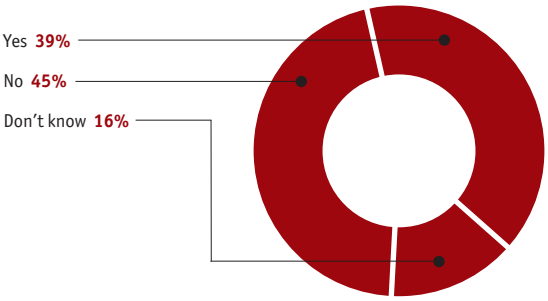
Which of the following characterises your organisation's talent development?



Does your organisation give R&D team members financial incentives related to successful product launches?

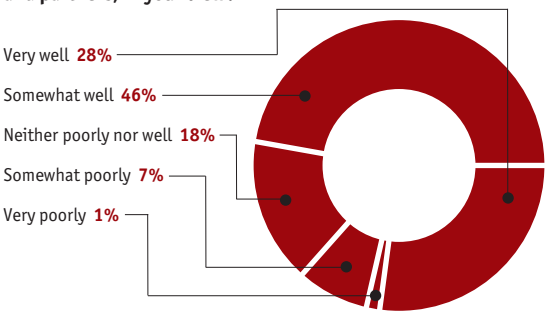


Does your organisation give R&D team members non-financial incentives related to successful product launches?



In which of the following is your R&D function effective? (Select all that apply)

How well does your R&D organisation listen to customers and partners, in your view?



Thinking about your organisation as a whole, in which of the following areas would you say employees are most enabled? (Select up to two)

Tools: The organisation provides access to the tools employees need to perform their jobs (eg, PCs, cell phones, audio conferencing, video conferencing, tele-work reimbursements) 51%

Information: Employees have access to information needed to perform their jobs and make good decisions. 48%

Teamwork: Teams form where appropriate and function with some degree of independence from people higher up the corporate ladder 30%

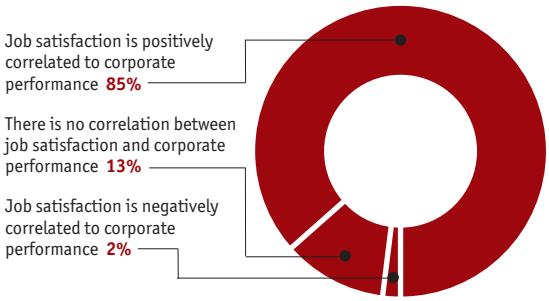
Resources (people): There are enough employees with the skills and training to work on their own 16%

Resources (financial): There is enough money in the budget to enable workers and teams to accomplish their tasks 15%

Mission: My organisation's mission statement clearly reflects the value of individual and team contributions to its success 14%

Incentives: Employees/teams are rewarded for making necessary decisions and solving problems 12%

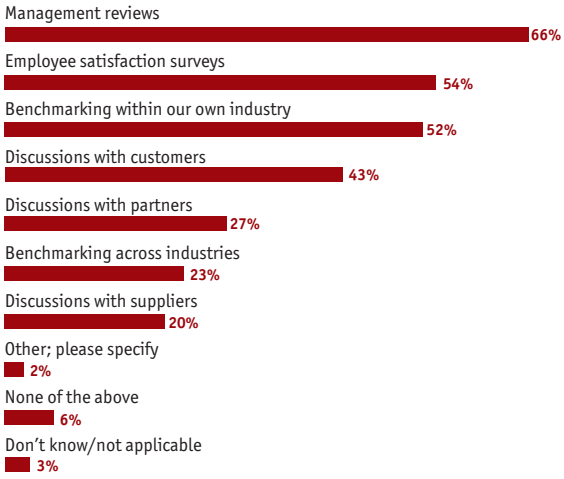
In your opinion, what is the relationship between employee job satisfaction and overall corporate performance?



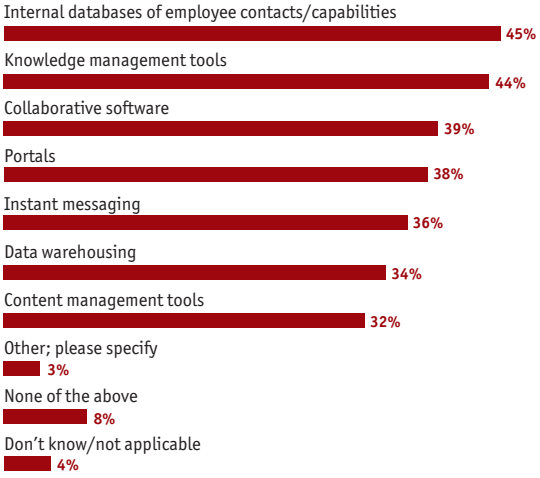
3. How does your organisation value the following management dimension? (Use slider to show where your organisation falls between paired concepts)

	1	2	3	4	5	6	7	8	9	10	
Work descriptions reflect individual tasks and objectives **vs.** Work descriptions reflect group objectives	2%	4%	15%	16%	11%	16%	9%	15%	9%	3%	
I'm evaluated on the basis of how well I do my individual job **vs.** I'm evaluated on the basis of how well I contribute to broader organisational performance	2%	5%	15%	16%	12%	18%	9%	11%	8%	4%	
I rarely collaborate with others inside the organisation **vs.** I often collaborate with others	1%	2%	4%	5%	5%	9%	9%	19%	23%	24%	
We have a command-and-control model, with one point of authority **vs.** We have a networked organisation model, with multiple points of authority	2%	4%	10%	10%	10%	13%	9%	17%	14%	11%	
I work under close supervision **vs.** I'm given a great deal of autonomy	1%	2%	4%	6%	6%	9%	11%	17%	22%	22%	
When I learn on the job, I tend to learn mainly from colleagues and supervisors **vs.** When I learn on the job, I often learn from customers and partners	2%	5%	11%	13%	11%	28%	10%	10%	7%	5%	
My organisation tends to reward employees who excel at one or two job skills **vs.** My organisation tends to reward employees with multiple job skills	1%	4%	7%	9%	10%	22%	10%	17%	12%	7%	
My performance is measured by a set of indicators linked directly to my job **vs.** My performance is measured by a set of indicators that include dimensions such as creativity and innovation	2%	7%	17%	15%	12%	17%	9%	8%	8%	5%	
My organisation demands strict adherence to policies and procedures **vs.** My organisation gives permission to be agile and embrace emergent opportunities	3%	5%	15%	16%	11%	14%	9%	13%	9%	6%	
Managers at my organisation focus mainly on making sure people get their jobs done **vs.** Managers at my organisation focus on coaching and mentoring people on how to contribute to broader organisational goals	2%	5%	17%	13%	13%	17%	9%	11%	9%	4%	

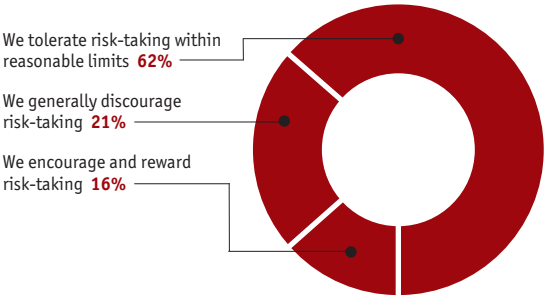
Which of the following activities does your organisation use to measure enablement among employees? (Select all that apply)



Which of the following tools does your organisation use to improve enablement? (Select all that apply)

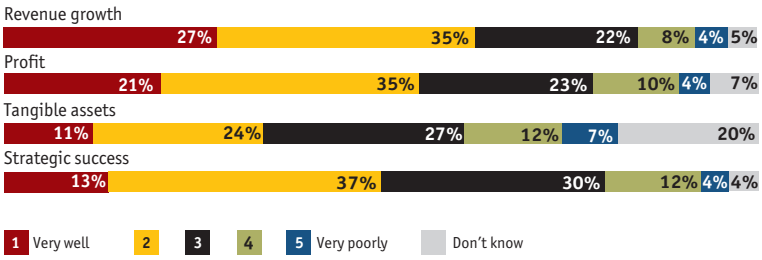


Which of the following statements best describes your organisation's approach to risk-taking?

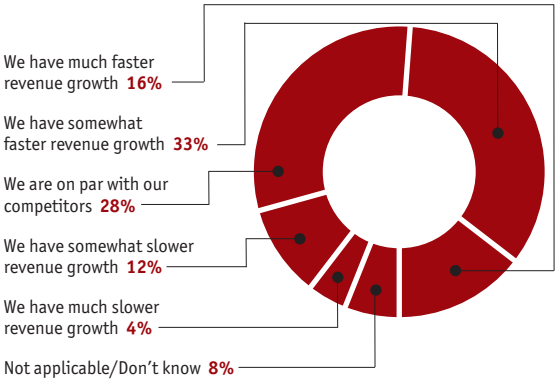


In your opinion, which of the following poses the greatest challenges to your organisation in achieving greater enablement? (Select up to three)

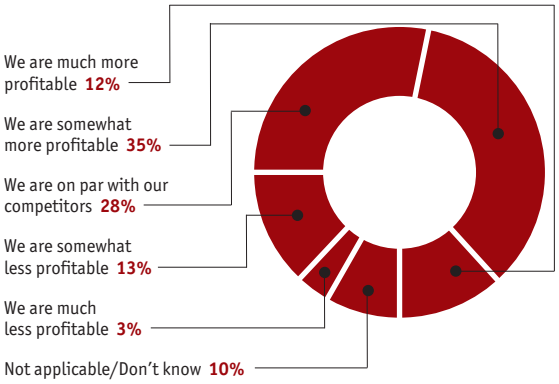
How would you characterise the performance of your organisation since you have worked there? (Rate each item on a scale of 1 to 5 where 1 = Very well and 5 = Very poorly.)



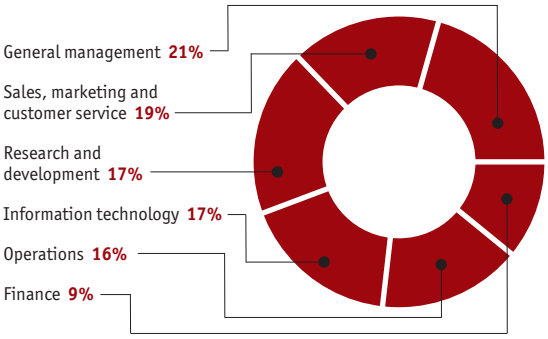
Compared to its closest industry competitors, how strong is your company's revenue growth?



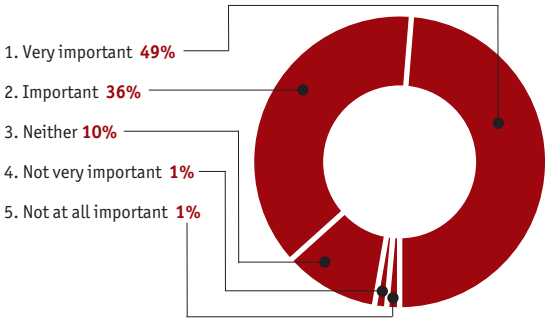
Compared to its closest industry competitors, how profitable is your company?



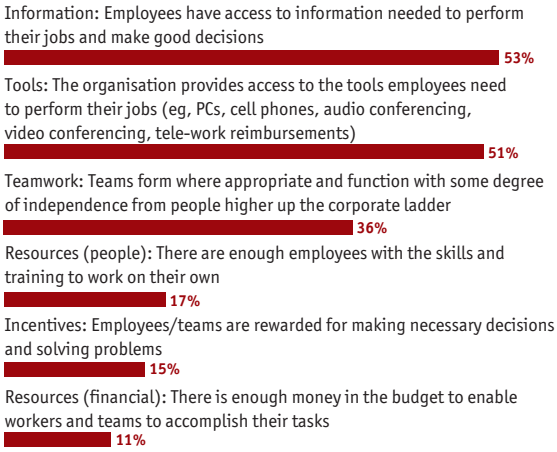
Which area best describes your own job function?



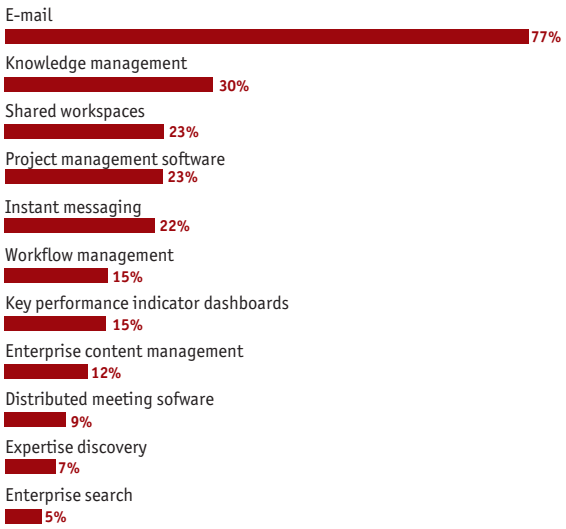
How important is enablement to your specific business function?
(Rate on a scale of 1 to 5, where 1=Very important and 5=Not at all important)



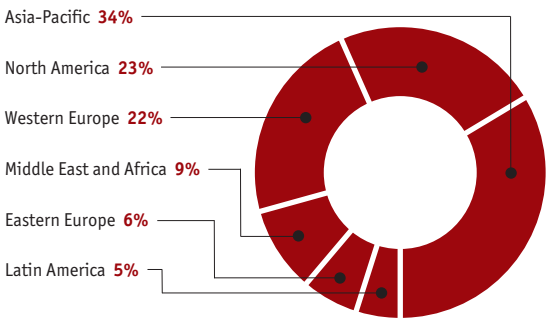
Thinking only about your own business function, in which of the following areas would you say employees are most enabled? (Select up to two)



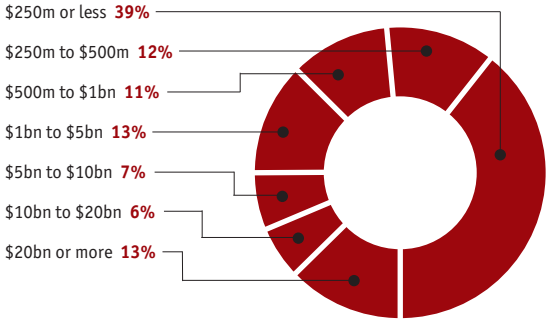
Which of the following software tools have been highly effective in making you feel enabled? (Select up to three responses)



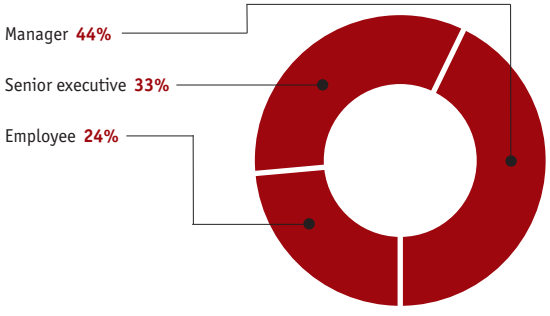
In which region are you personally based?



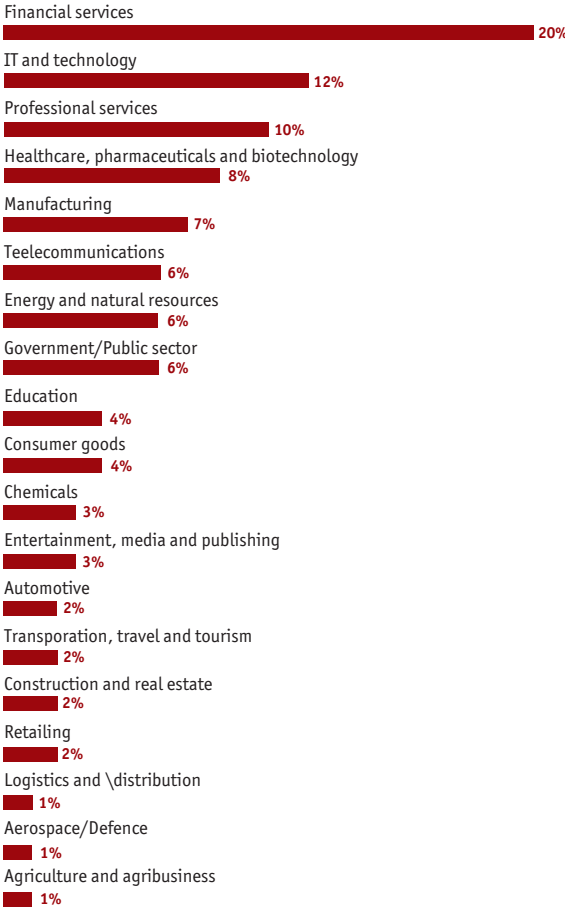
What is your organisation's global annual revenue in US dollars?



Which of the following best describes your place in the organisation?



What is your primary industry?



While every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in the report.

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