

# THE CONFERENCE BOARD



## Most CEOs Say Flexibility and Adapting to Change Now Vital to Competing Worldwide

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Most CEOs say flexibility and adaptability to change are the major keys to staying competitive, according to a study released today by The Conference Board and sponsored by Heidrick and Struggles and PeopleSoft.

The Conference Board's **CEO Challenge 2004** report reveals that 88 percent of the 540 global business leaders interviewed designate speed, flexibility, and adaptability as a top priority for their companies. Some 42 percent consider this issue "of greatest concern" (the strongest challenge rating). The report, in its fifth year, covers CEO views in 40 countries.

CEOs were asked to rate challenges on a scale from 1 to 5. Top priority challenges are those rated either 1 or 2 by CEOs.

From two-thirds of the surveyed CEOs (in the U.S.) to almost 90 percent (in Asia), business leaders say that transferring knowledge, ideas and practices within the company is a top priority.

"Developing an agile, adaptable workforce that embraces change and aligns itself quickly will be tomorrow's competitive differentiator," says Carl Steffen, Vice President, HCM marketing, PeopleSoft Human Capital Management, and co-sponsor of this year's survey. "CEOs who are willing to invest in the people, processes, and technologies that promote these objectives will be the ones who will reap the future benefits."

"CEOs were adamant in suggesting that adaptability and innovation continue to be the keys to sustainable advantage," adds Linda Barrington, Research Director of The Conference Board. "This will be all the more so as the world sees emerging markets climbing up the ladder of skill specialization at an unprecedented speed."

### Talent And Innovation: Important Elements Of Flexibility

Seventy-eight percent of the CEOs surveyed say that stimulating innovation, creativity, and enabling entrepreneurship are top priorities of their companies. Thirty-one percent of those surveyed say this issue is their greatest concern.

"Business leaders realize that their top executives need to be continually learning while at their jobs," says Barrington. "The ability to innovate based on newly acquired knowledge is the key to keeping companies competitive."

In addition, 66 percent of the CEOs surveyed say that the availability of talented managers is a top priority, while 26 percent say it is of greatest concern to them.

Availability of skilled labor is also a top priority for leaders across the globe. Sixty-six percent of Asian business leaders say it is a leading company priority, compared with 51 percent of CEOs from Europe and 42 percent from the U.S.

“The perceived challenge of finding skilled labor often is a result of not knowing where – in the world – to look,” says **Kyung H. Yoon, Vice Chairman of Heidrick & Struggles**. “Too often there is focus only on the internal labor pool and/or the local market. Not only may these not be sufficient but all too often they cannot provide the diversity of thought and experience that CEOs and their companies are going to need to help their leadership teams provide adaptability and innovation.”

On sourcing and outsourcing, there was unanimity among the CEOs interviewed that companies in developed markets would be better served if they stopped focusing on and lamenting unstoppable change and instead focused all their talent and resources on developing new ways to compete.

**The Conference Board’s CEO Challenge Survey 2004 was conducted during the spring of 2004 and covers 540 global business leaders. All findings and data in this report represent the accumulated experience of the senior executives surveyed.**

Source: CEO Challenge 2004: Perspectives and Analysis - Report 1353, The Conference Board.

#### **About The Conference Board**

The Conference Board is the leading global business knowledge network for the world’s largest corporations. The Conference Board’s mission is to help companies improve their performance and strengthen the role of business in society. More than 2,000 companies in 60 countries are members of The Conference Board, which produces a wide variety of economic barometers and studies and a series of best practices research on corporate governance, corporate citizenship, human resources, executive compensation, and other critical management areas. The Conference Board is an independent and not-for-profit organization.

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