



FutureWorld Flash Survey 2008:

What's keeping executives awake at night?



Research methodology

1. An on-line survey was conducted in March 2008 with executives around the world.
2. A total of **463 respondents from 37 countries** participated.
3. The survey was **open-ended** to allow respondents to raise the issues they face in **an unprompted, free-flowing manner**. This presentation provides a selection of verbatim responses to allow the voices of global executives to be heard.
4. The responses cover four geographic regions based on the areas in which FutureWorld does business. Statistically-significant regional differences are highlighted where relevant.
5. This is a high-level summary of results. For detailed information, please click the 'contact us' hyperlink at the top of any slide and tell us what you require.
6. As the questions are open-ended, multiple responses mean that the totals often add to more than 100%.




Overview

1. **The top issues “keeping executives awake”** relate to the broader business environment, in particular concerns at **the global economic slowdown and the energy crisis**. **A number of issues** highlighted in previous surveys **appear have been internalized as facts of life**, with resultant lower mentions. These include competition from China and India, risk management and compliance.
2. **Issues to be faced in the future (2-5 years) are strongly in line with current challenges**, indicating that executives feel current issues will remain with them in the short to medium term. **Most troubling are the future impacts of staffing, global economic volatility and resource management**.
3. **In line with 2005 findings, organizational attributes are still viewed as key differentiating competencies**, with service and/or product offering remaining important. In line with key issues raised in the 2008 study, staffing and skills development will be a key differentiating factor.



Overview (continued...)

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4. **The big unknowns for the future** mirror the primary concerns that dominate executives' headspace in the short to medium-term – namely, **the business impact of the global economic downturn and market volatility**. The changing socio-political landscape is also raising concerns in terms of the following:
 - **Where will the balance of economic power ultimately lie, e.g. China/ India, BRIC countries, the US?**
 - **What will be the impact on business of the changing global political landscape, and the national and global impact of politics.**
 5. Changing customer preference, emerging product and service scenarios and the impact of technological change on business are also raised as unknown entities.



Question 1:

What are the top issues
that currently keep
executives awake at night?

Key issues that currently keep executives awake (summary)



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1. **The current global economic recession** is the dominant worry, offsetting the limited mention of personal stress and work-life balance as executives face more pressing economic realities.
2. **Human resourcing and skills remain a priority:**
 - In South Africa this is about skills shortage and the challenge of attracting and retaining skilled and talented people. Some note the impact of emigration and the brain drain from top management levels.
 - Retention and recruitment receive high mention, clearly linked to the ability to perform and service customers and clients.
3. Overall, **executives appear to be more focussed on current macro challenges rather than on specific threats or issues.**
4. **A number of the issues** previously highlighted **have almost been internalized and become facts of life:**
 - China and Asia receive less mentions, as do compliance and corporate governance
 - In South Africa, BEE and HIV/AIDS mentions have declined and become part of business reality

Key issues that currently keep executives awake (summary)



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- The global energy crisis is prominent.
 - **Innovation** receives lower mentions for the short to medium term but **is recognised as a differentiating competency for the future**. This may indicate a gap in the organizational ability to leverage this as a competency.
5. South African executives mention **increasing and/ or unanticipated competition** as well as **expansion into growth markets**, less than their global counterparts.
 - They continue to be internally focused as in the 2005 Survey, possibly to their detriment.
 6. **Lack of faith in the South African government and fear of general political instability** also get strong mentions as specific issues directly impacting South Africa's economic landscape.

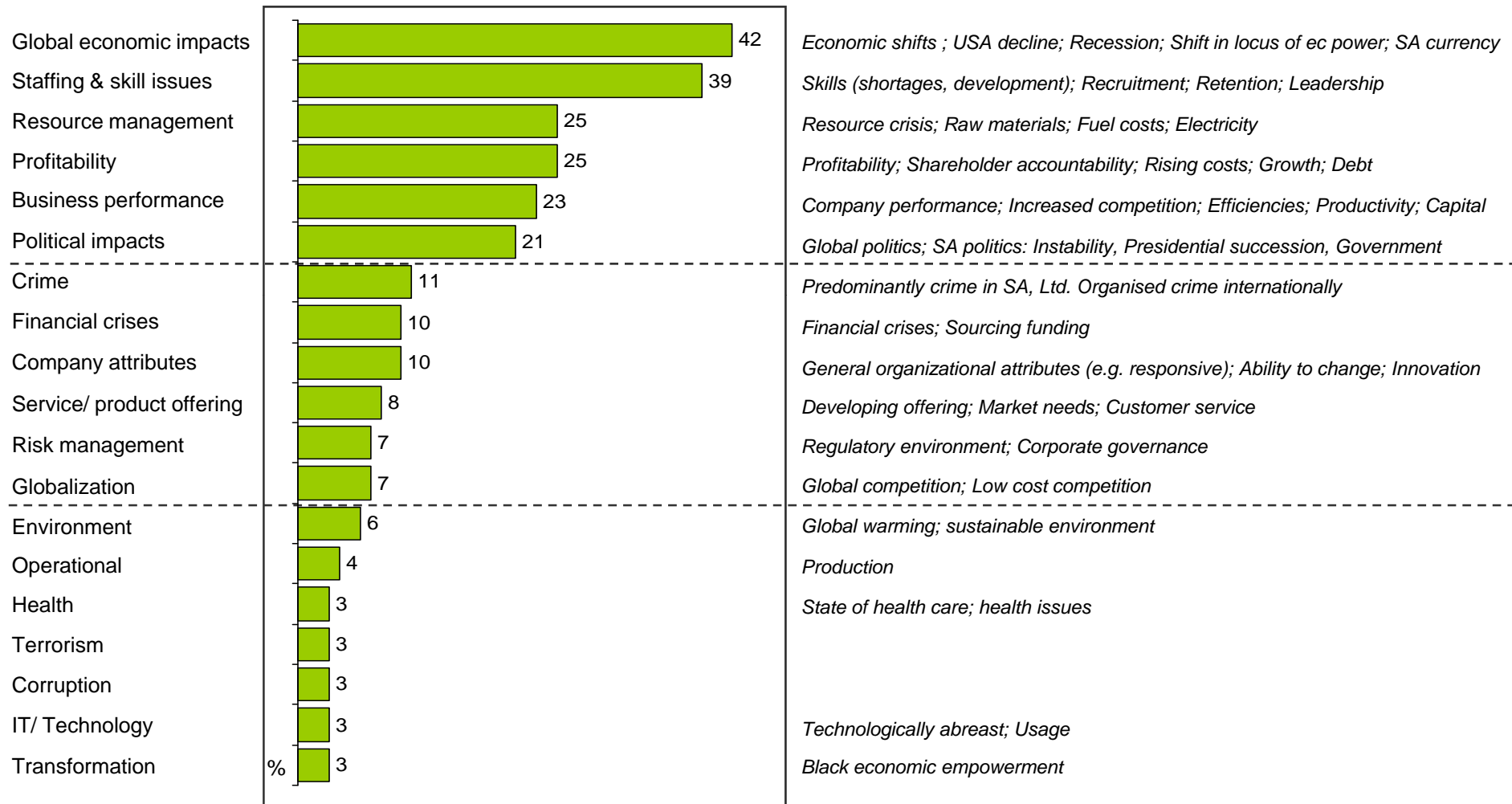
Key issues that currently keep executives awake (overall)



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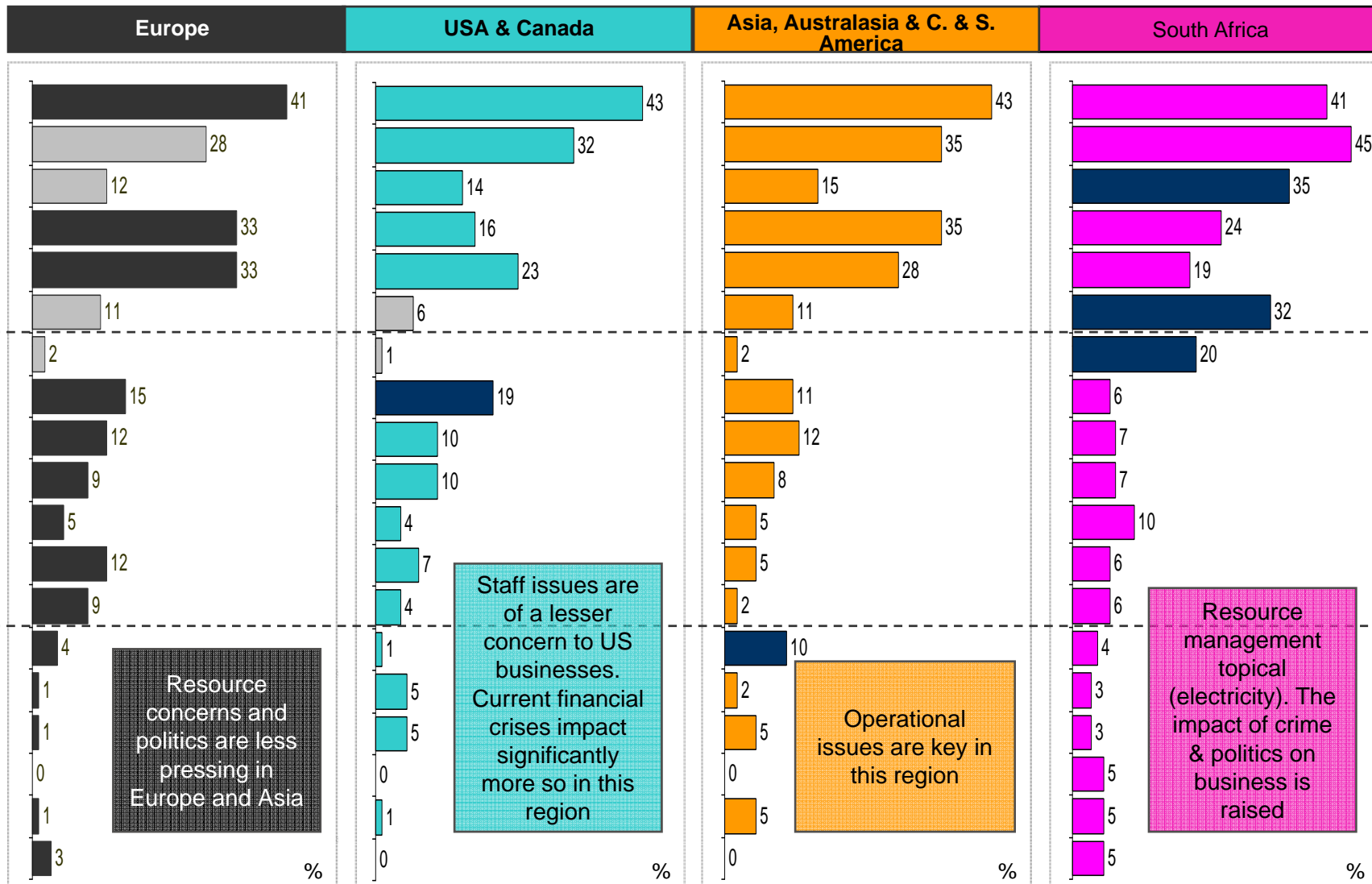


Key issues that currently keep executives awake (regional)



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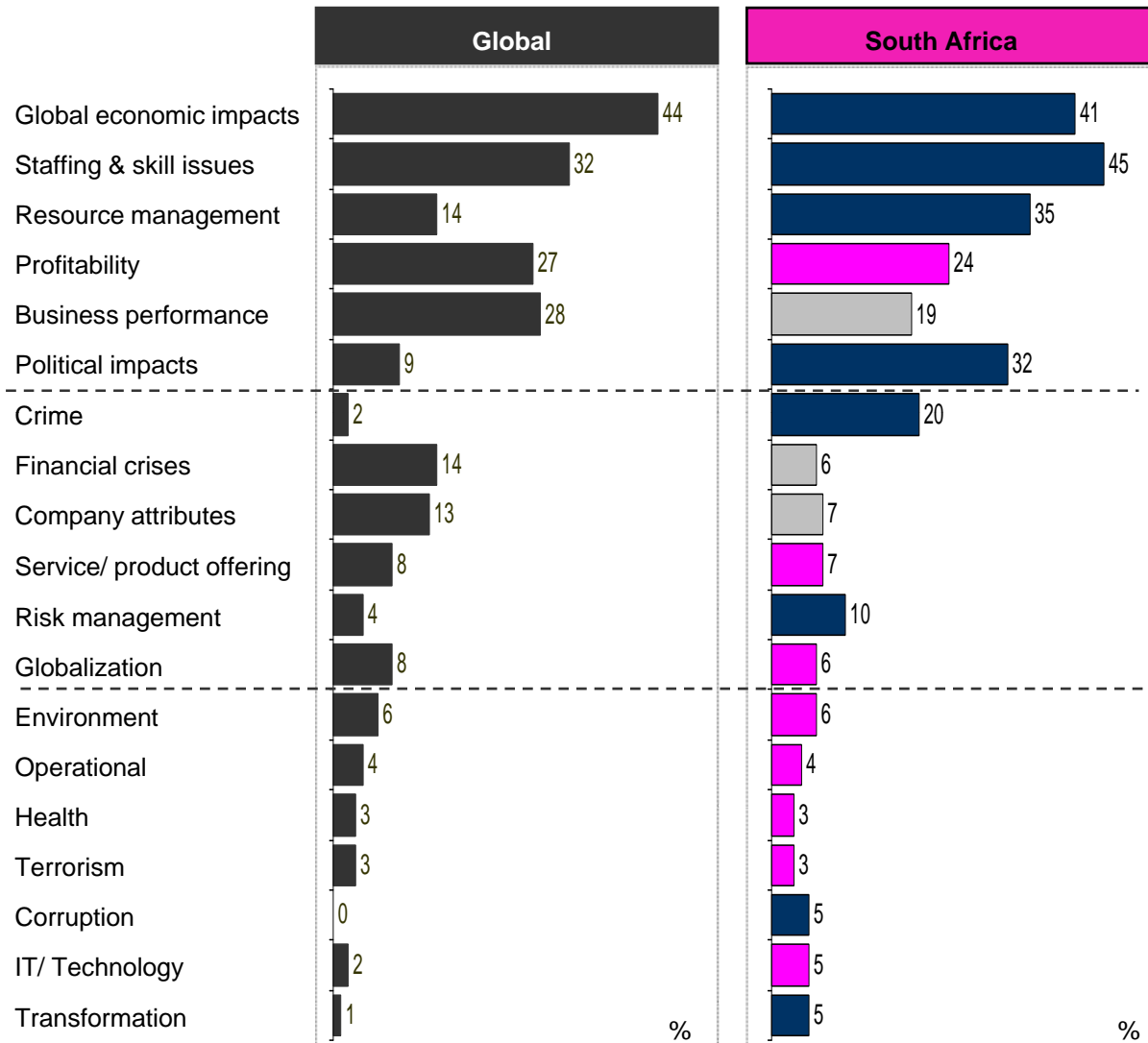


Key issues that currently keep executives awake (SA vs. Global)



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Significantly higher SA mention:

- Staffing & skill issues
- Resource crisis (electricity)
- Political impacts
- Crime
- Risk management
- Corruption
- Transformation

Significantly lower SA mention:

- Business performance
- Impact of financial crises
- Company/ personality attributes


Key issues that currently keep executives awake

Selected quotes and comments



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- “Strategic skills shortages at all levels, from artisans and engineers to senior/executive management”***
 - “The brain drain, qualified people leaving the country”***
 - “Growing trend of lack of competent South African workforce”***
 - “Skills transfer - too much work, too few people”***
 - “Attracting new employees and retaining existing competent employees”***
 - “I also believe that we are struggling to get the right skills and retain them in organizations”***
 - “Retention of skilled staff- expecting a slow and steady leak of management to emigration”***
 - “Sustaining organization growth and development”***
 - “Changing employee attitudes, from loyalty to company to loyalty to self”***
 - “Achieving consistency of performance in a volatile business environment”***
 - “Uncertainty in the face of an increasingly ruthless and globalizing economy”***
 - “Slowdown of the economy and the impact thereof on all business sectors”***
 - “Global economic uncertainty - recession scenario versus hyper inflation scenario”***
 - “Infrastructure weaknesses in a fast growing SA economy that will impact future growth”***
 - “The resource crisis (who's got access to what resources and the implications thereof for others) ”***
 - “The economy moving into a downward trend”***
 - “Impact of crime, fraud, debt, lower disposable income trends on purchasing power, and ultimately after tax performance”***
 - “Generating sufficient growth to achieve the required shareholder returns”***
 - “Worrying about bottom line profits”***
 - “Sustainability of global growth”***



Question 2:


What are the biggest issues that executives will face in the next 2-5 years?

Key issues that executives will face in the next 2-5 years (summary)



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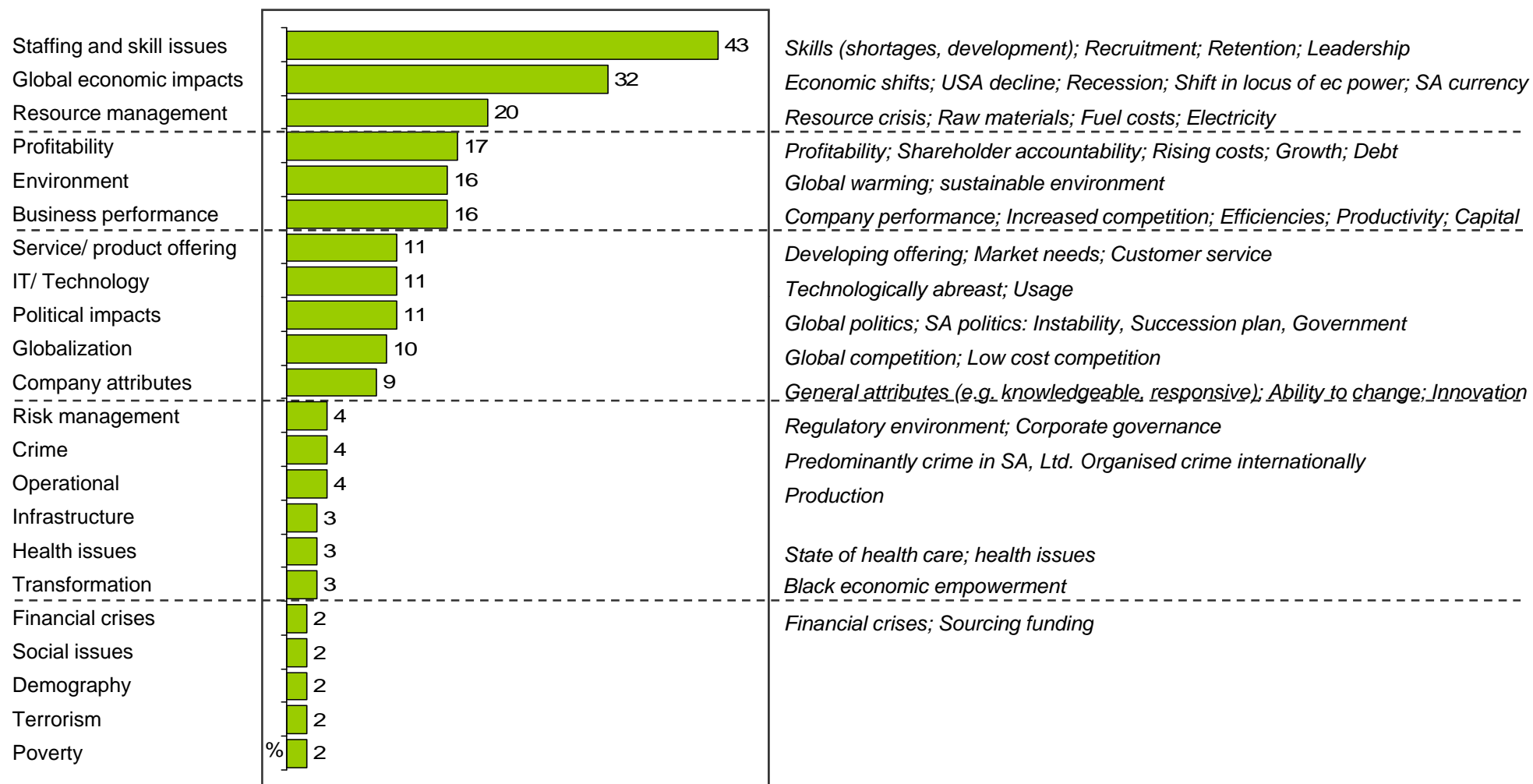
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1. **Executives feel their current challenges will stay with them in the short to medium term** and their driving concerns remain global economic volatility and staffing issues.
 2. **Human capital is the No. 1 concern across the board**, up from No. 3 in 2005. This is more pronounced for SA executives.
 3. Strategic business issues, including competitive differentiation, future business relevance and innovation are less top of mind than the previous study, where this was the No. 1 concern.
 4. In South Africa in 2005, BEE was one of the driving concerns and its relative absence in this survey is notable.
 5. **Energy (again driven by SA's electricity crisis) and environmental impacts and costs** are of concern.

Key issues that executives will face in the next 2-5 years (overall)



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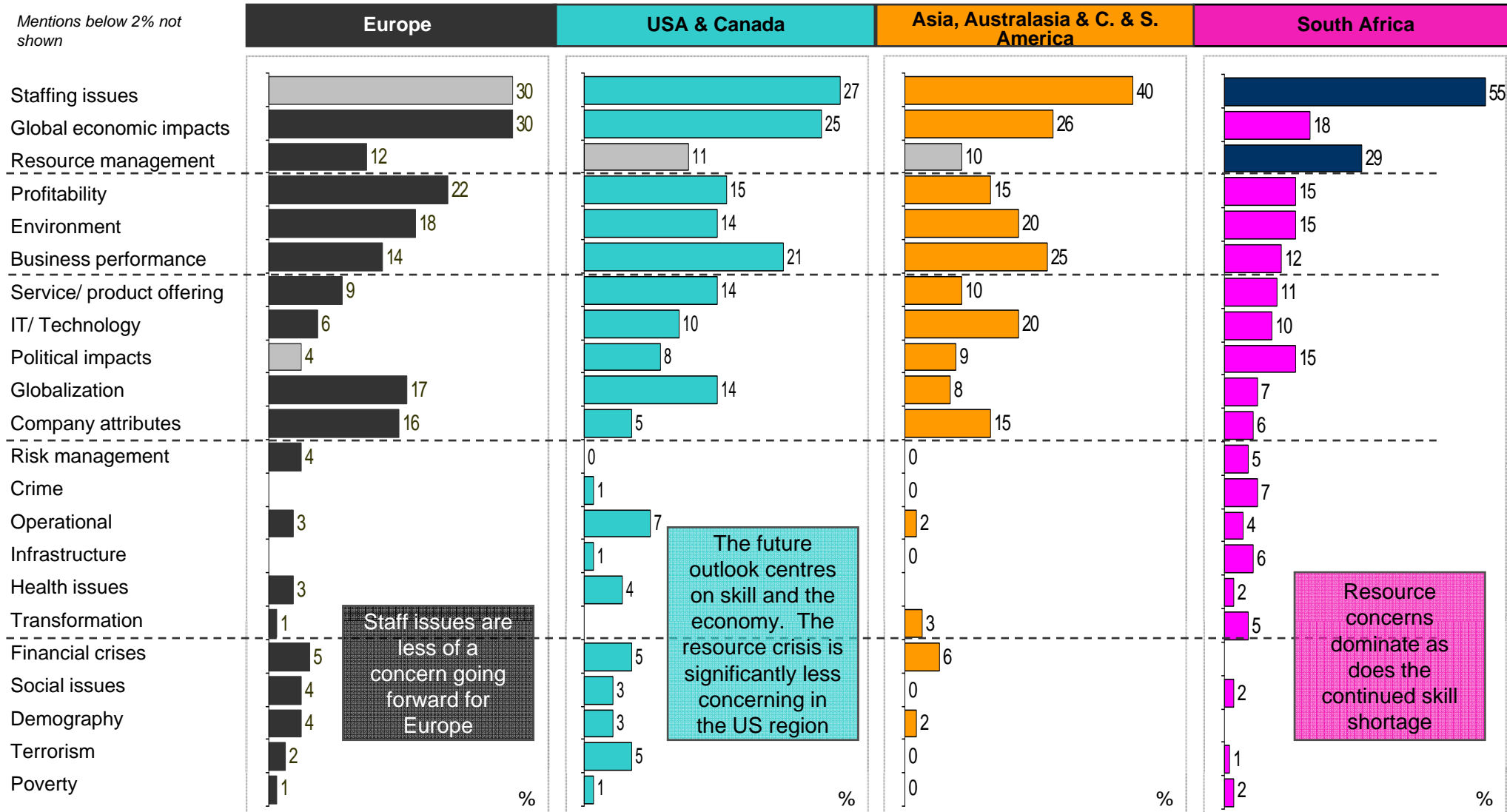
Key issues that executives will face in the next 2-5 years (regional)



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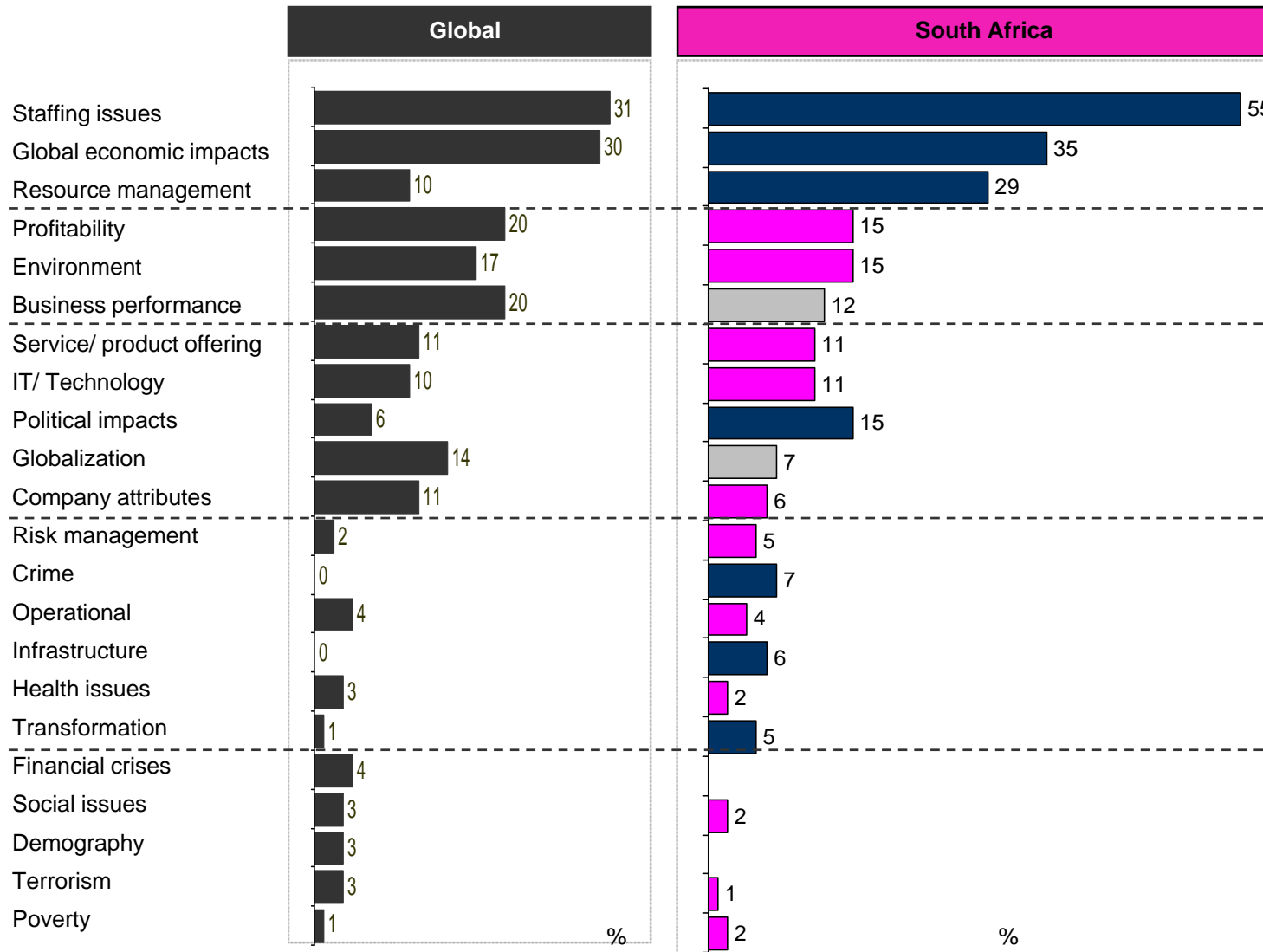


Key issues that executives will face in the next 2-5 years (SA vs. Global)



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- Significantly higher SA mention:**
- Staffing & skill issues
 - Resource crisis (electricity)
 - Political issues
 - Crime
 - Infrastructure
 - Transformation

- Significantly lower SA mention:**
- Business performance
 - Globalization
 - Financial crises

Mentions below 2% not shown


Key issues that executives will face in the next 2-5 years

Selected quotes and comments



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- “Business: reputation risk, talent development, multi-cultural management skills, understanding the world, early warning systems, technology impacts that are not foreseen now”***
 - “War for talent - attracting and retaining talent”***
 - “A whole new raft of people issues driven by the costs of travel to work”***
 - “Employee engagement - facilitating employees to focus on what really matters to the business”***
 - “Globalization's influence on the present activities”***
 - “Assimilation of new technologies, new ideas, new products... dealing with change”***



Question 3:


What competencies will most differentiate your business in the next 2-5 years?

Competencies that will differentiate businesses in the next 2-5 years (summary)



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1. **Organizational attributes (such as the ability to innovate, adaptability to change, flexibility and responsiveness) are still viewed as key differentiating competencies.**
 2. **Staffing remains a key differentiating factor.** Managerial succession and ensuring best of class leadership are key worries. As in the previous questions, skill shortage and talent retention are highlighted (particularly in SA, focussed the need for technical and managerial skill as well as skills transferral).
 3. In the 2005 Survey, a focus on service or product offering was a top mention. But **executives now see service excellence as a critical differentiator, but one which is increasingly more difficult to achieve**, given the increasing rate of change seen in trends driving customer needs.
 4. **Once again, 'Execution! Execution! Execution!' is critical.** This coupled with speed to market implies that rapid decision-making and organizational efficiency are essential.

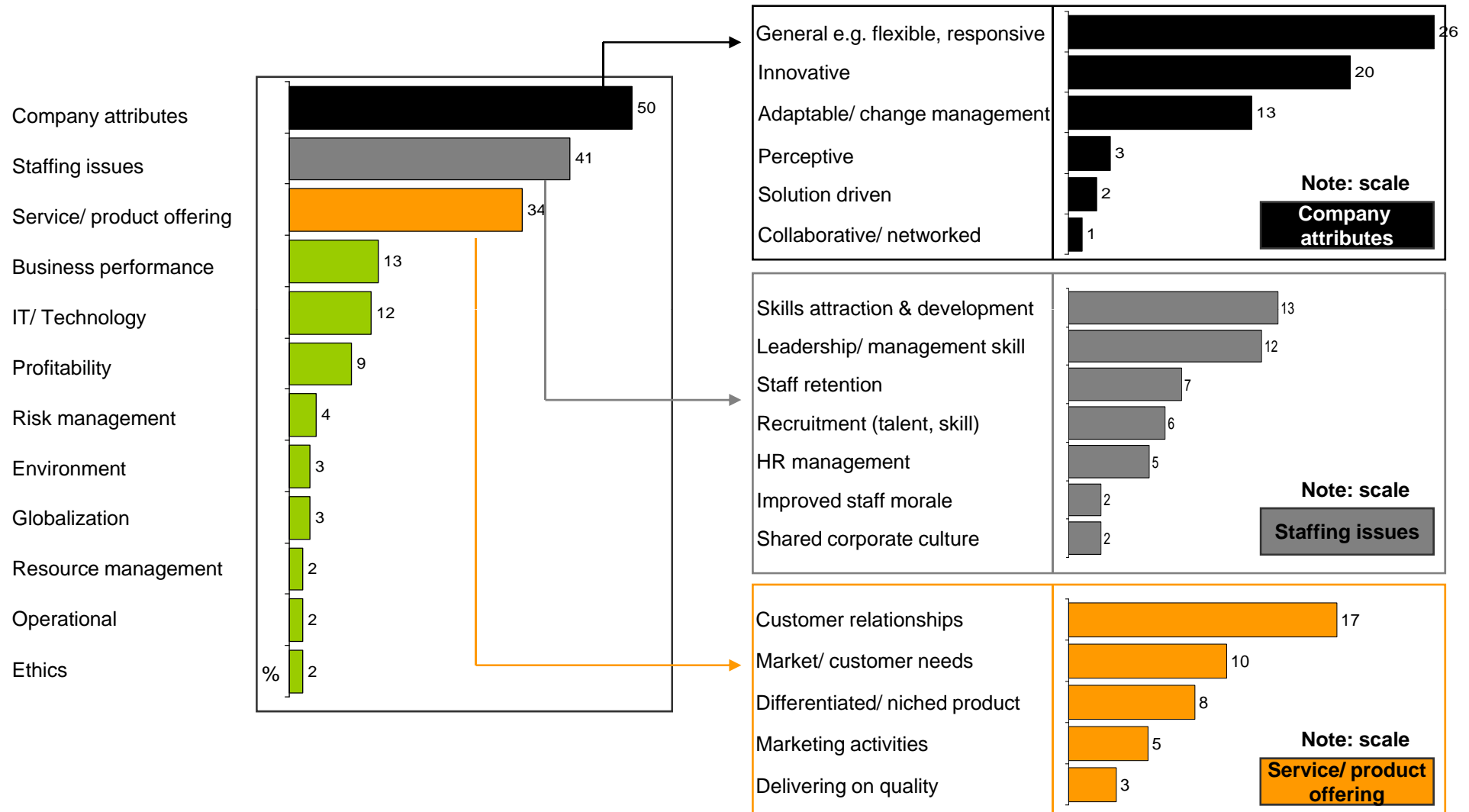
Competencies that will differentiate businesses in the next 2-5 years (overall)



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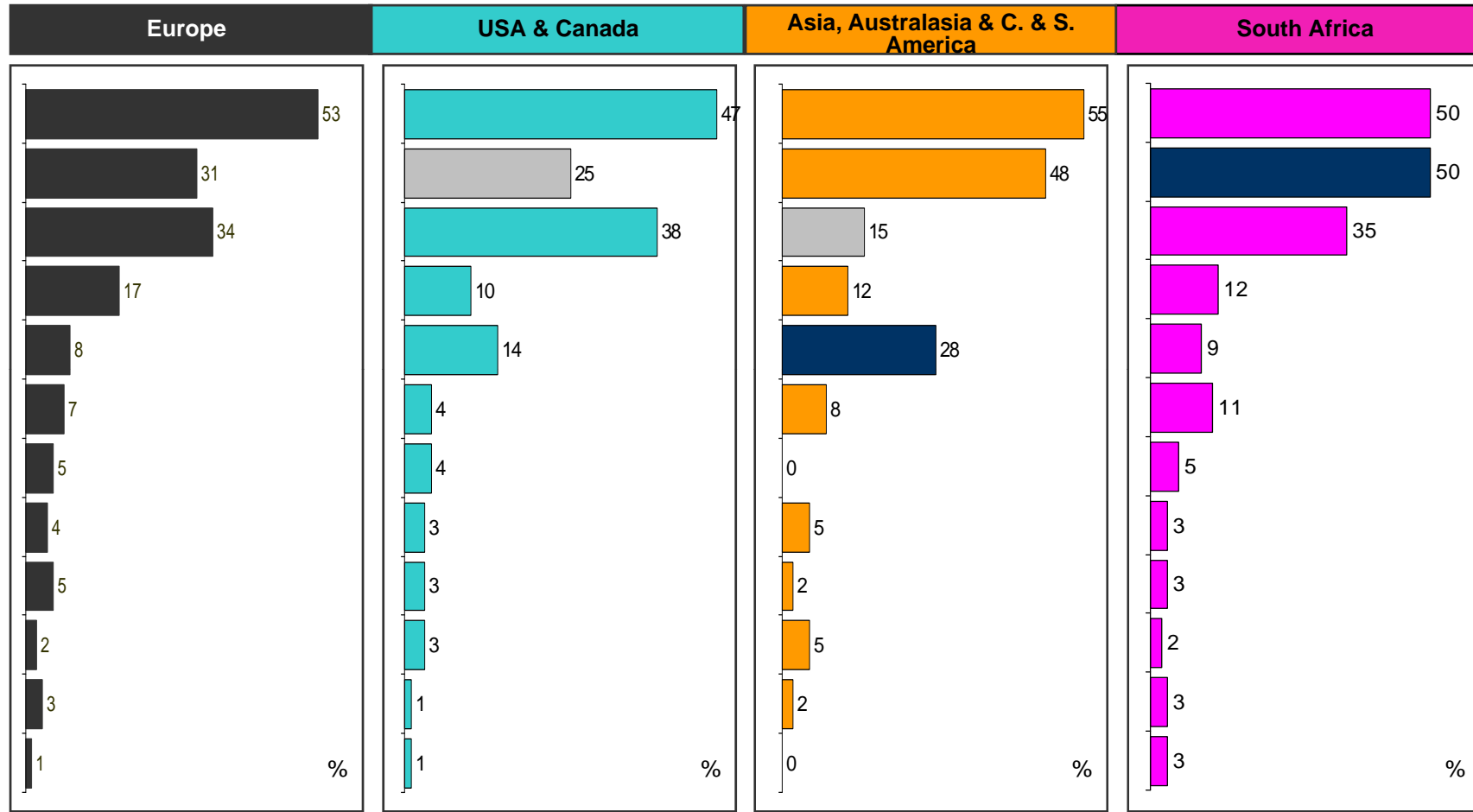


Competencies that will differentiate businesses in the next 2-5 years (regional)



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Again, staff are noted to a lesser extent in terms of differentiators – indicative of fewer skill challenges in the US

Competency in IT/ technology is seen as a differentiator

The skill shortage is again highlighted in South Africa

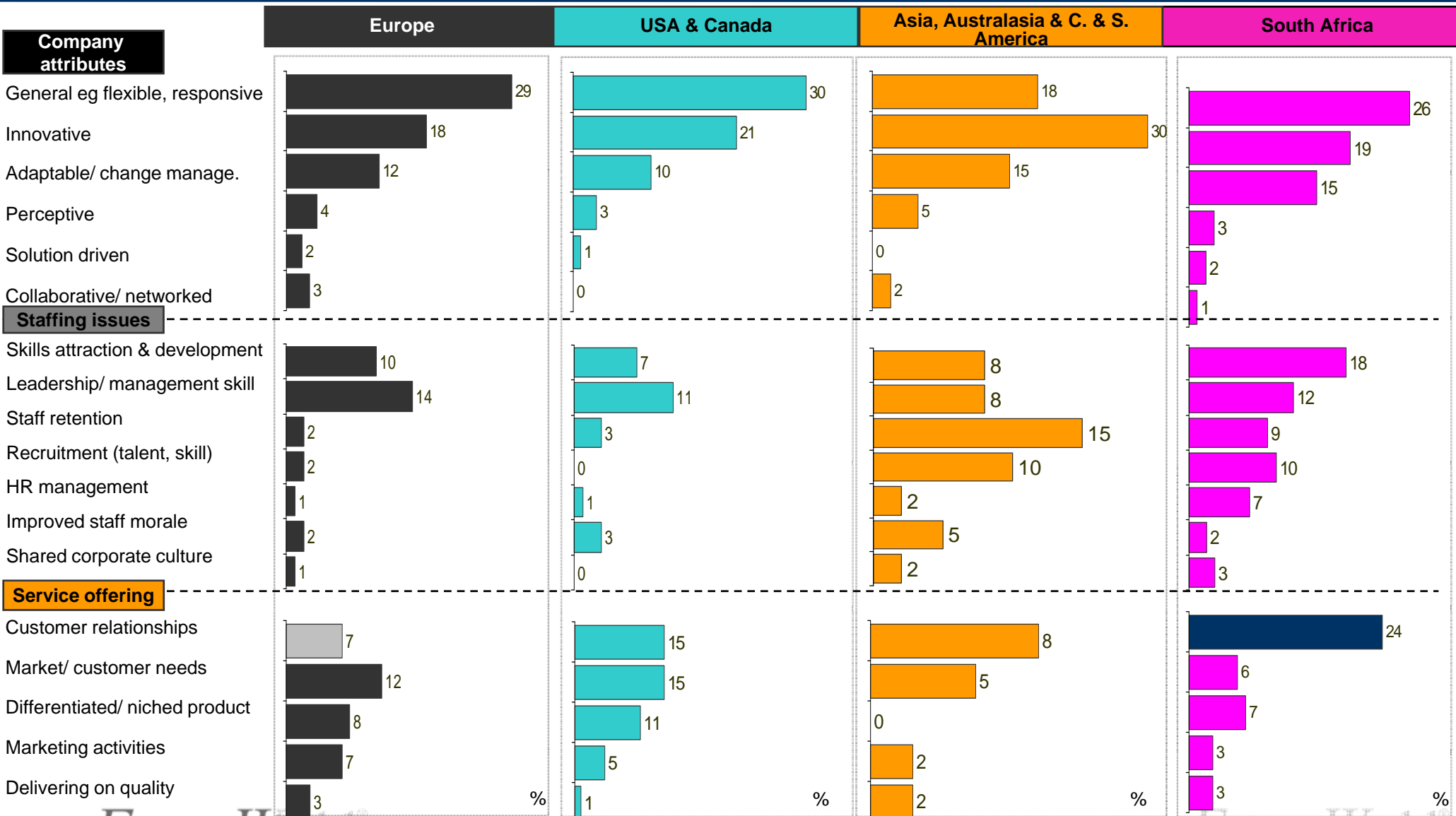
Competencies that will differentiate businesses in the next 2-5 years

(drilldown: regional)



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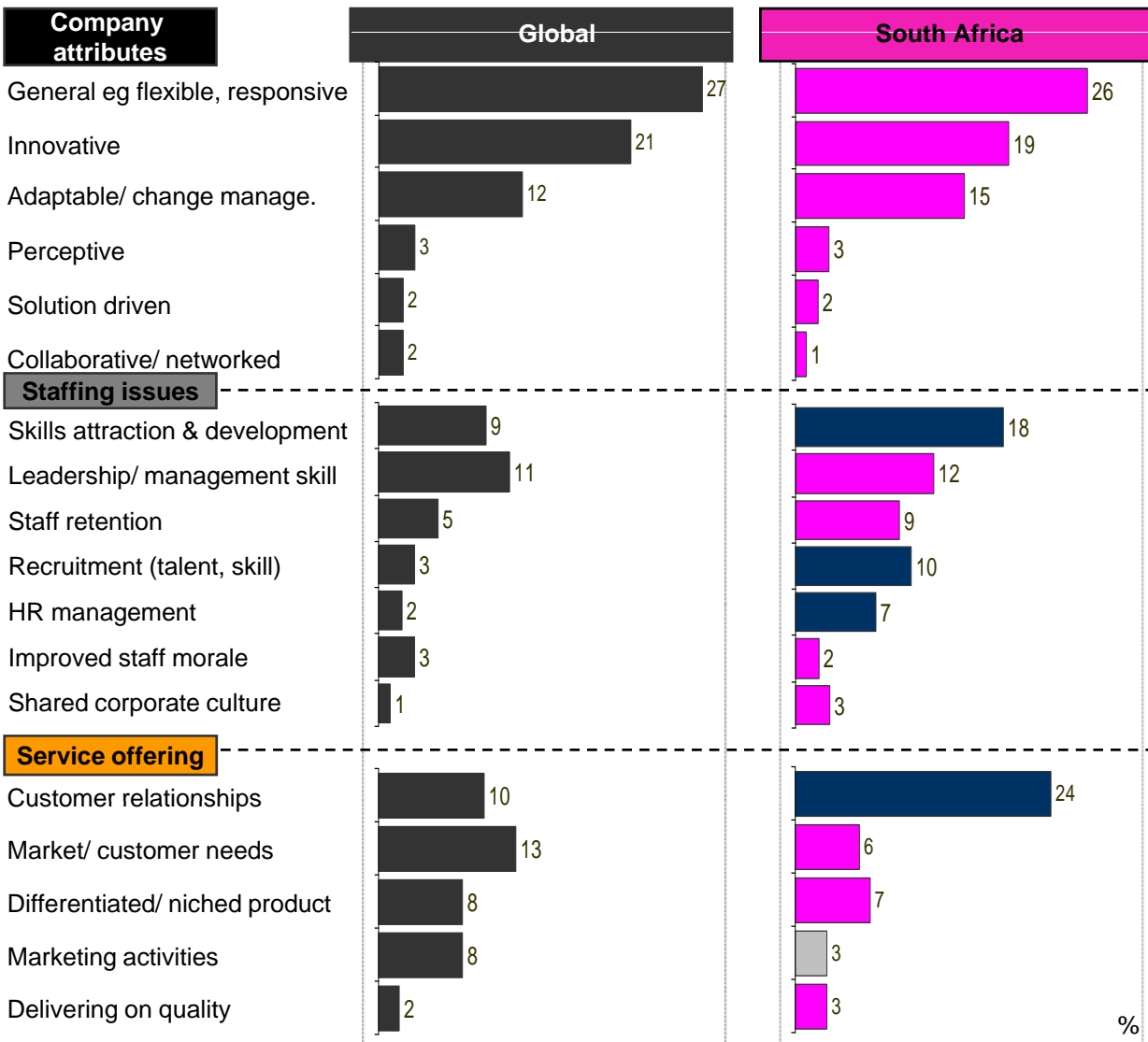
Competencies that will differentiate businesses in the next 2-5 years

(drilldown: SA vs. Global)



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Significantly higher SA mention:

- Skills attraction and development
- Recruitment of talent and skill
- HR management
- Improved customer relationships

Significantly lower SA mention:

- Marketing activities

Mentions below 3% not shown

Competencies that will differentiate businesses in the next 2-5 years

Selected quotes and comments



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“Ability to adapt to rapid change”

“Ability to form, sustain and deepen relationships”

“Thinking out of the box, coming up with new ways of doing business to maintain profitability”

“Innovation, coming up with new concepts, products and services”

“Strong skills development culture”

“Staff training and being a learning organization”

“Leadership ability at all levels”

“Ability to operate in a global business environment”

“The ability to cut project costs and to make timeous decisions”

“Nimbleness in an uncertain environment”

“To get the whole organization to become customer focused and to deliver real benefit to your customer set”

“Adaptability to a changing market”

“Finding different ways of doing business - creativity, innovation and ability to inspire people for change”



Question 4:


What you think your
business doesn't know
about the future?

What you think your business doesn't know about the future (summary)



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1. **The global economic down-turn**, coupled with **market volatility**, raises huge question marks into the future. The impacts on long-term economic growth, inflation control, and the direction the global economy will take are more uncertain than ever.
 2. **The shift of economic power to India and China** and how far-reaching **the consequences of this will be on local and global economies and key industries** are key . 'Just how much will China and India change the planet?' Who will dominate and what will the new rules of engagement be?
 3. Linked to this are questions of **political power, both in terms of the global political battlefield and internally**. The impact that politics will have on the economic landscape is driven by the SA emphasis on political instability, government interference and presidential succession.
 4. Service / product offering questions centre on **how market and customer demands will evolve in the future at an increasing rate**, impacting focus and relevant investments.
 5. Specific to SA, **the pace of technological change and its exact impact on business, consumers and products** is raised. Executives are concerned that they **lack the insight to determine the impact of technological change on their businesses** and the foresight as to where technological investments should be placed.

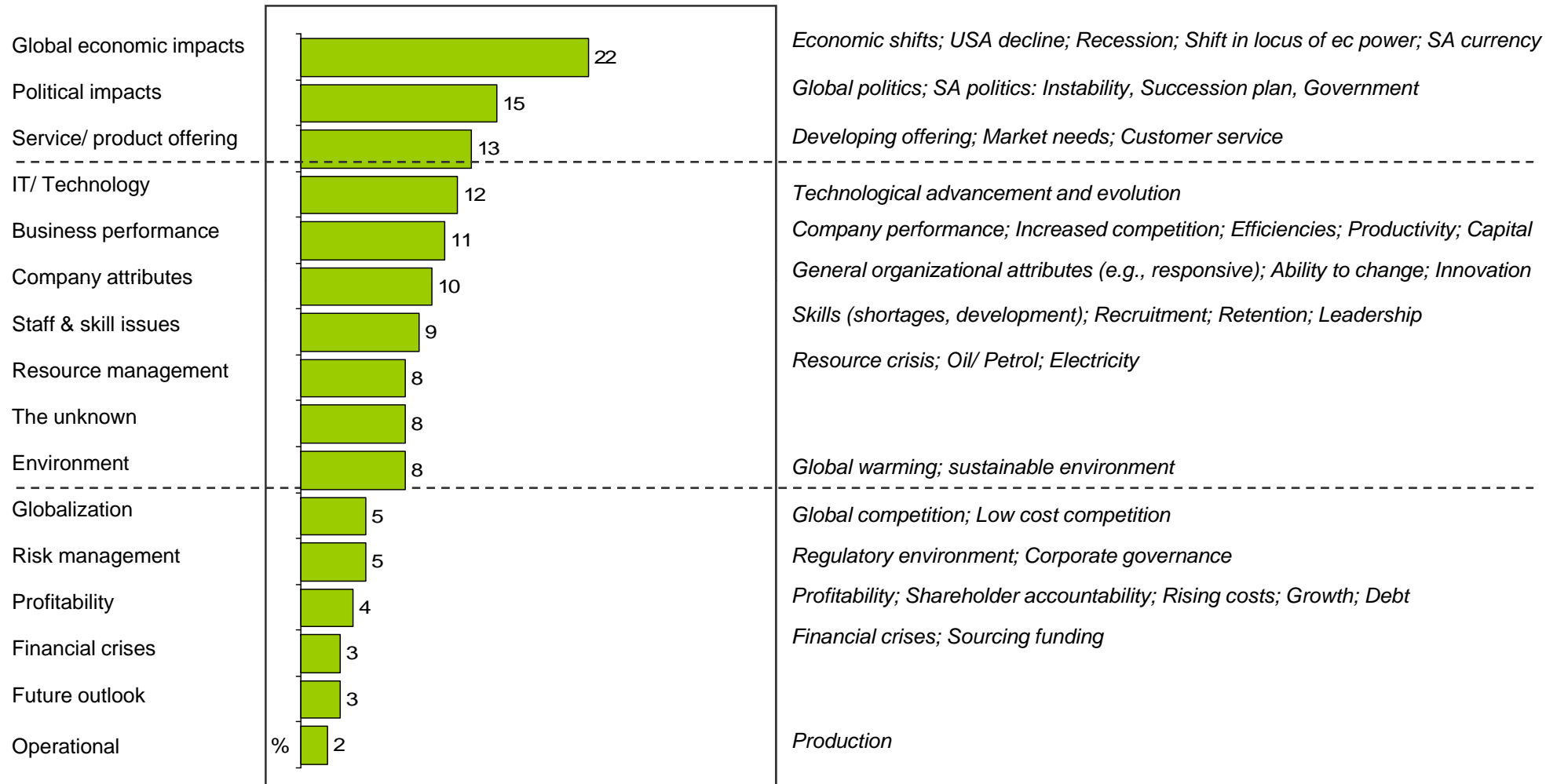
What you think your business doesn't know about the future (overall)



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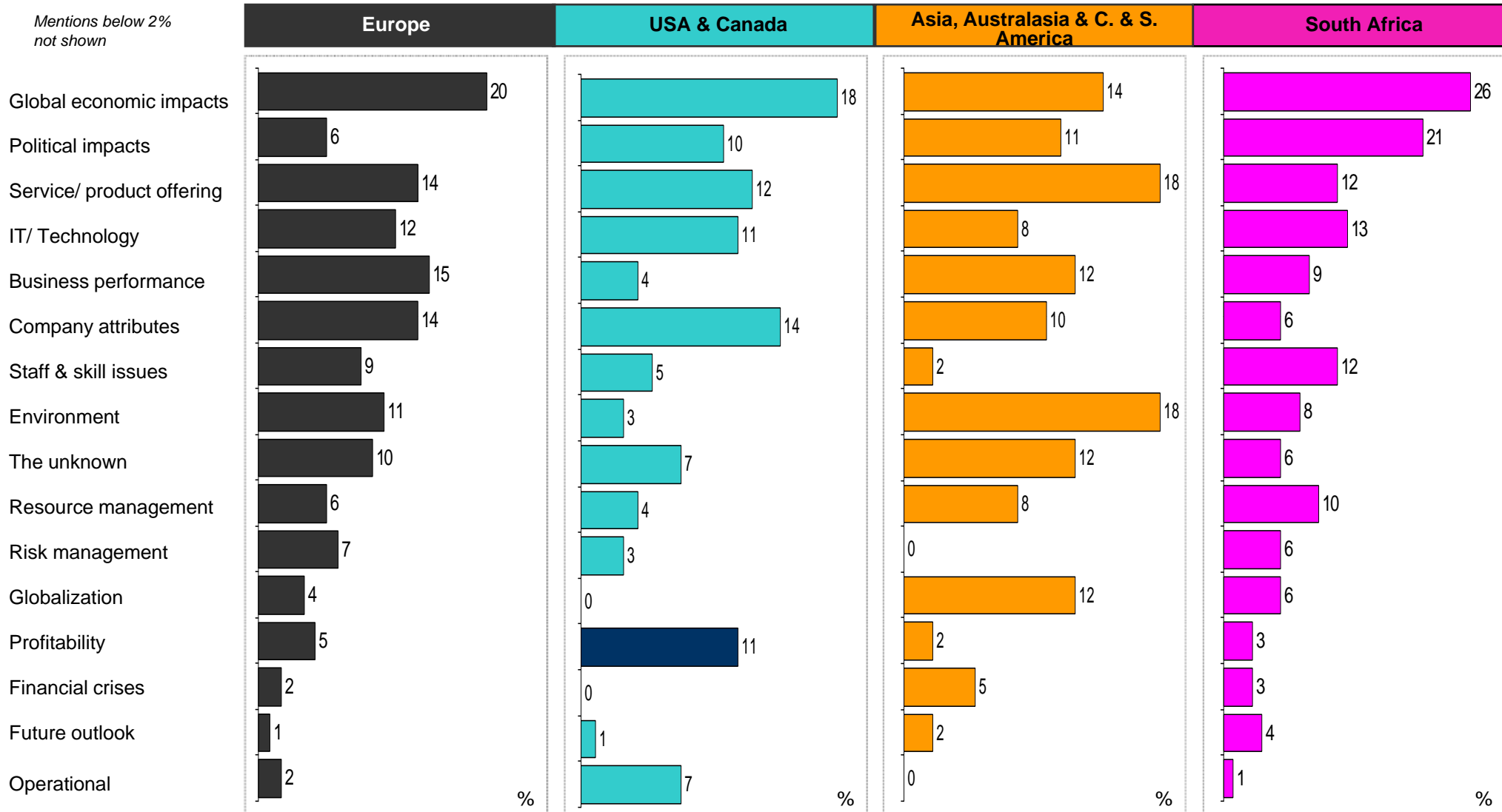
What you think your business doesn't know about the future (regional)



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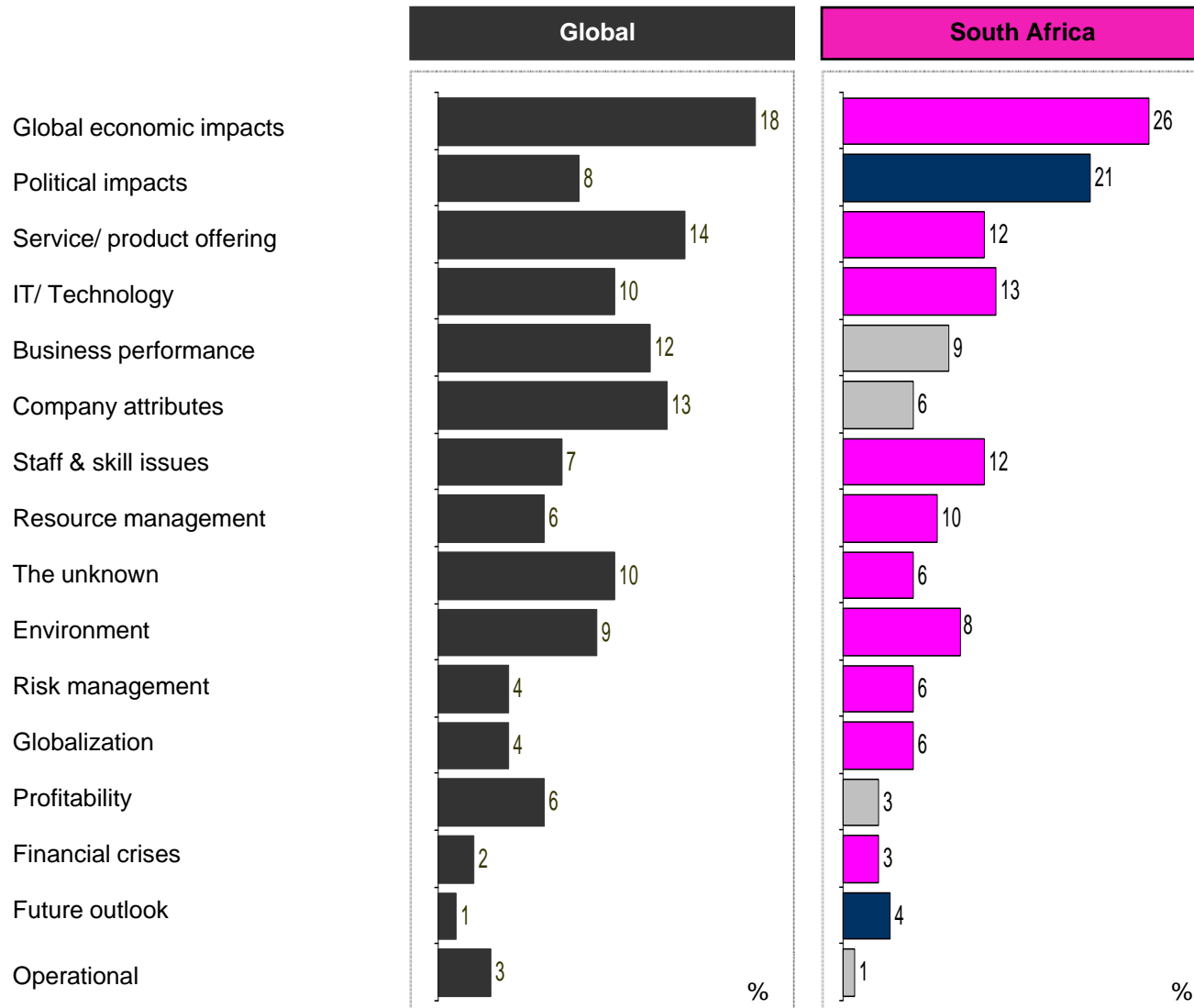


What you think your business doesn't know about the future (SA vs. Global)



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Significantly higher SA mention:

- Political impacts
- Future outlook

Significantly lower SA mention:

- Company personality attributes
- Profitability
- Operational issues

Mentions below 2% not shown

What you think your business doesn't know about the future

Selected quotes and comments



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“Global economic developments”

“How technology is going to further change distribution of products and services in the financial sector”

“Political climate in SA”

“How to work adequately with technology and what the changing consumer patterns will be”

“Future impact of technology on training and development- how quickly will it be powerful enough to replace face to face engagement”

“What technology will spring up to replace current methods of doing business”

“The impact on environmental changes on business innovation”

“How to relate to consumers”

“Products that reduce risk and are more environmentally favorable”



Thank you!

(And remember - if you want more detail, please email enquiries@futureworld.co.za)