

# The New Work Environment

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Implications for Business Leaders

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28 July 2015

**TEC**  
The Executive Connection

**A Framework for Member Conversations**

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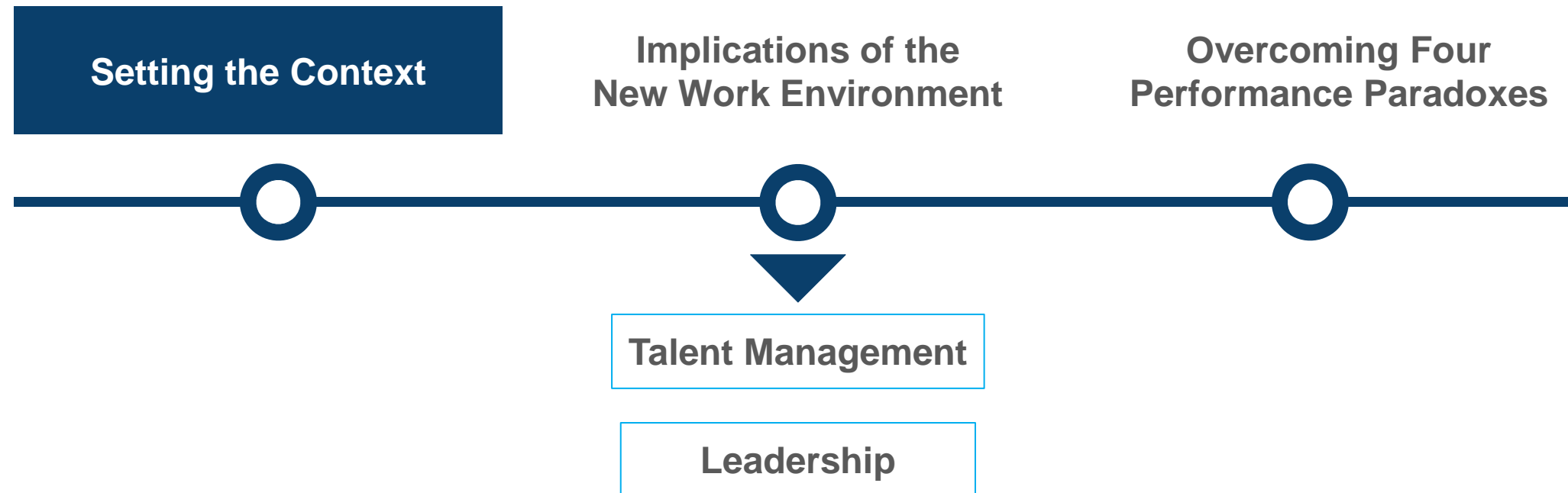
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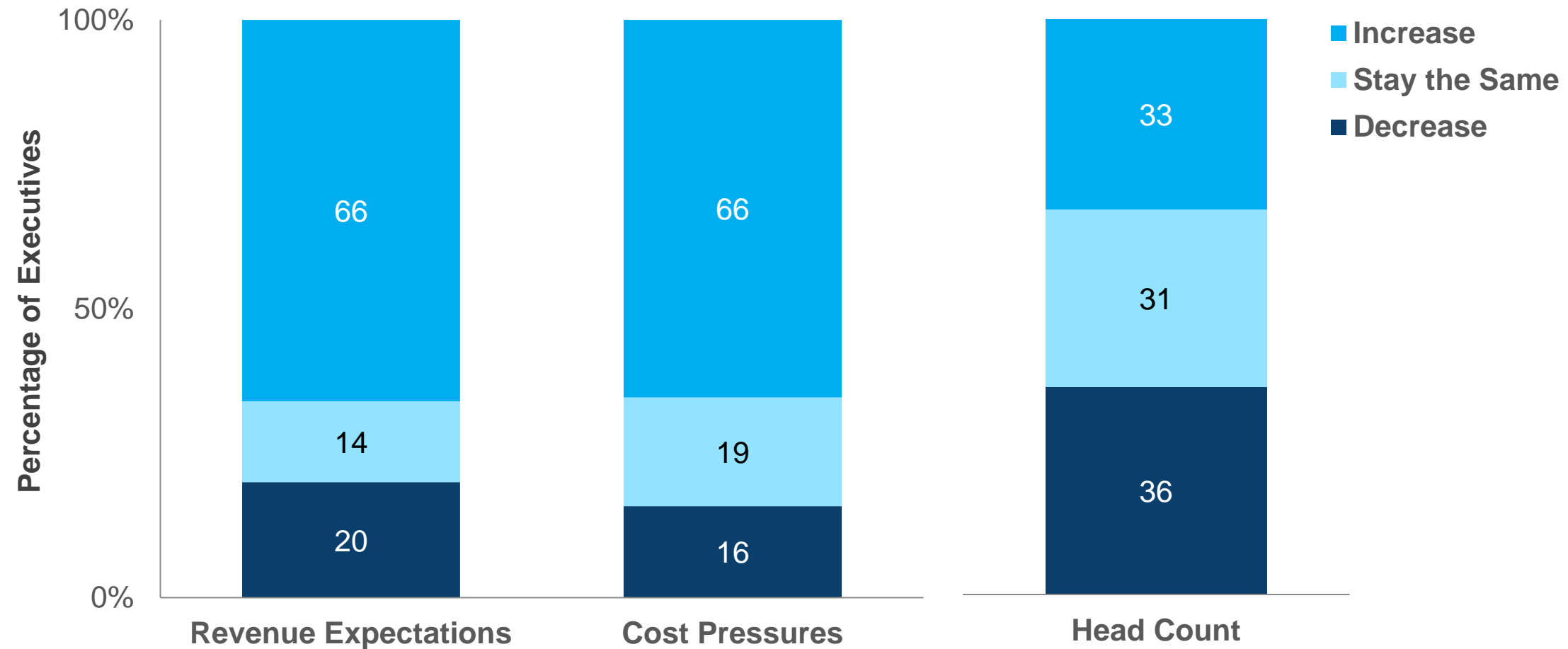
# Presentation Roadmap

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# Big Expectations. Not Enough Resources.

Business Executive Expectations of Revenue Growth Pressure, Cost Pressure, and Head Count Change



Source: CEB analysis.

# The Performance Gap

Employee Performance Gains Available Through Improving Conventional Performance Management



$n(2002) = 13,047$ ;  $n(2012) = 23,339$ .

# The Organizational Environment Has Changed

## Geographically Dispersed Workforces

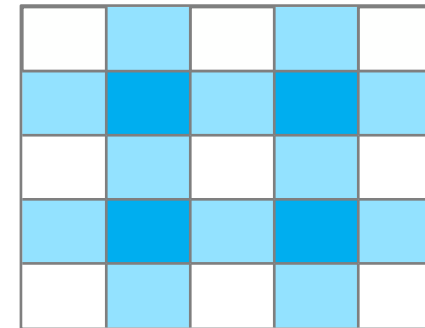


**57%**

Increased work across locations

n = 23,339.

## More Matrixed Organization Structures

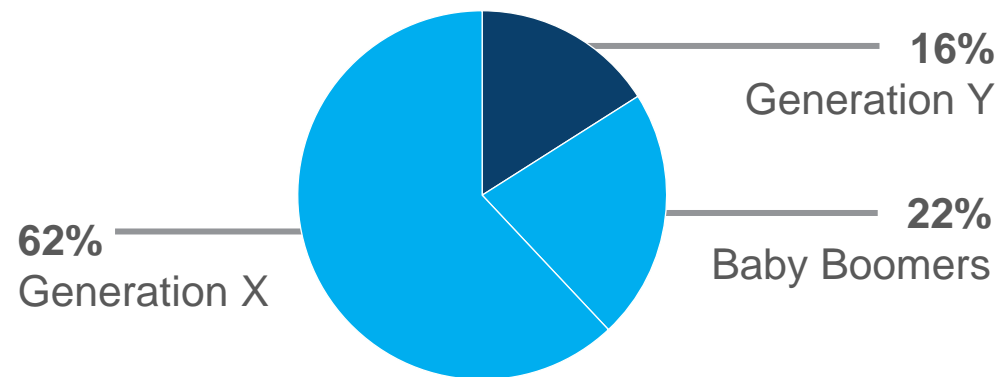


**50%**

Increased number of people involved in decision making

n = 23,339.

## Changing Workforce Demographics Percentage of the Workforce by Generation



n = 23,339.

## Higher Volume of Information



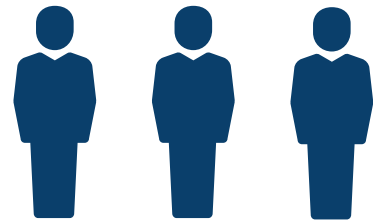
**50%**

Increase in time spent finding and reviewing information

n = 23,339.

# Employees' Work Is More Interconnected

## Greater Amount of Collaboration Required



**67%**

Work with more people than 3 years ago

n = 23,339.

## Interpersonal Coordination



**60%**

Work with 10 or more people daily

n = 23,339.

## Cross-Silo Coordination

*Regular Interaction across different...*

**66%**

*...levels*

**57%**

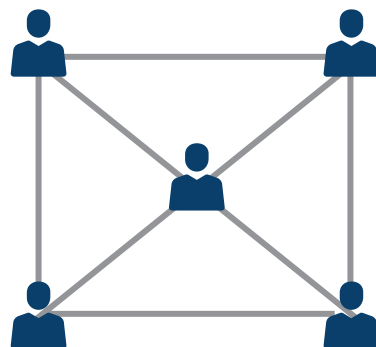
*...departments*

**63%**

*...locations*

**57%**

*...departments*



n = 23,339.

## Reliance on Others to Get Work Done



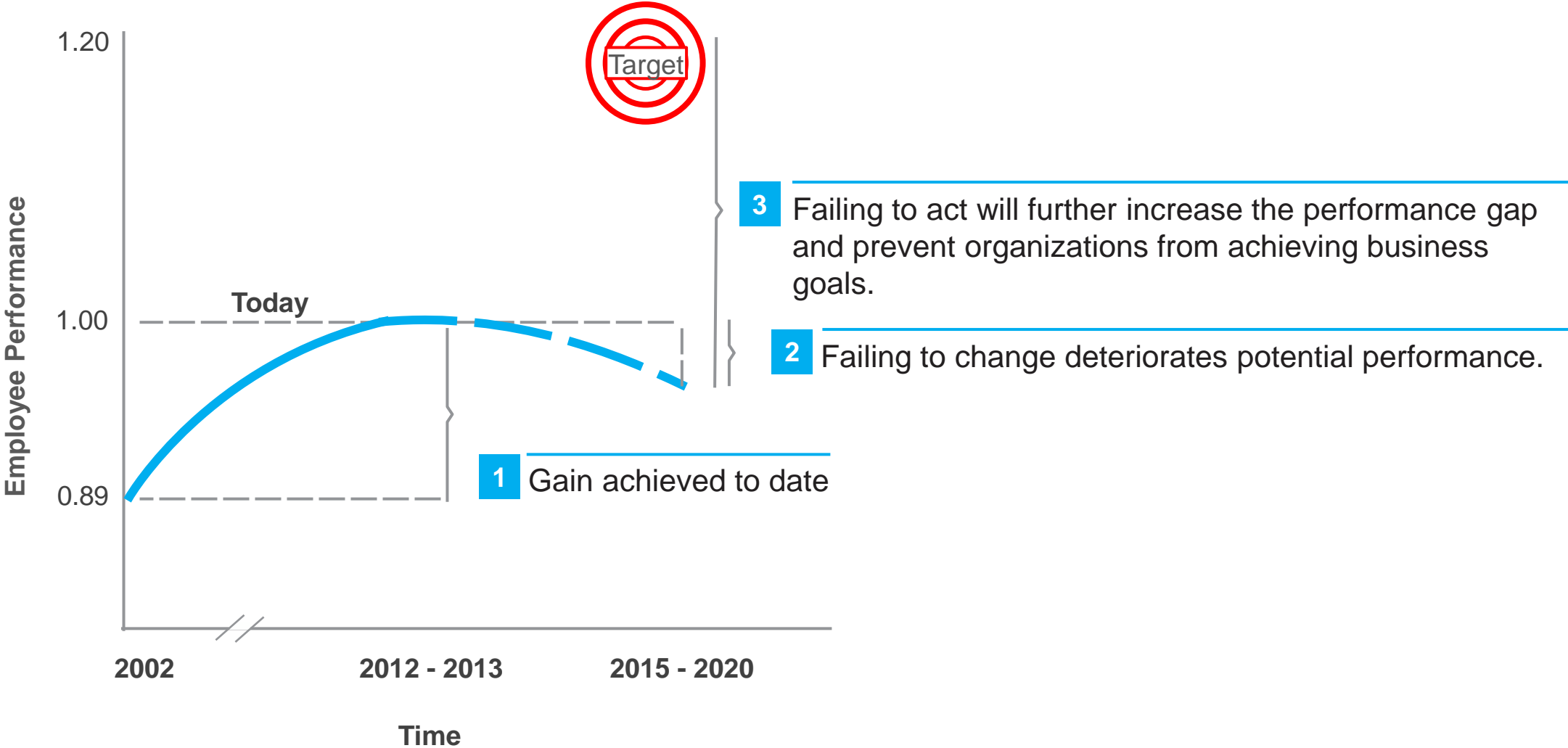
**60%**

Increased

n = 23,339.

# Without Changes to Performance Management Strategy, Performance Will Start to Decline

Employee Performance Gains Available Through Improving Conventional Performance Management



$n(2002) = 13,047$ ;  $n(2012) = 23,339$ .

Source: CEB analysis.



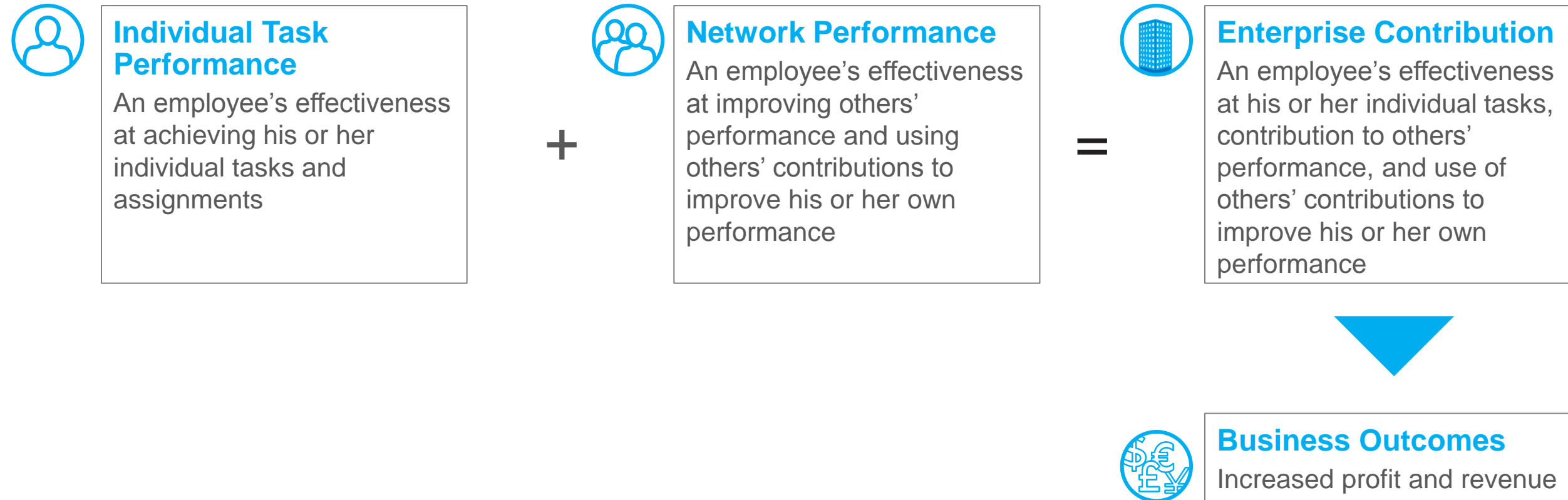
# Presentation Roadmap

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# The Era Of The “Star” Individual Contributor Is Over

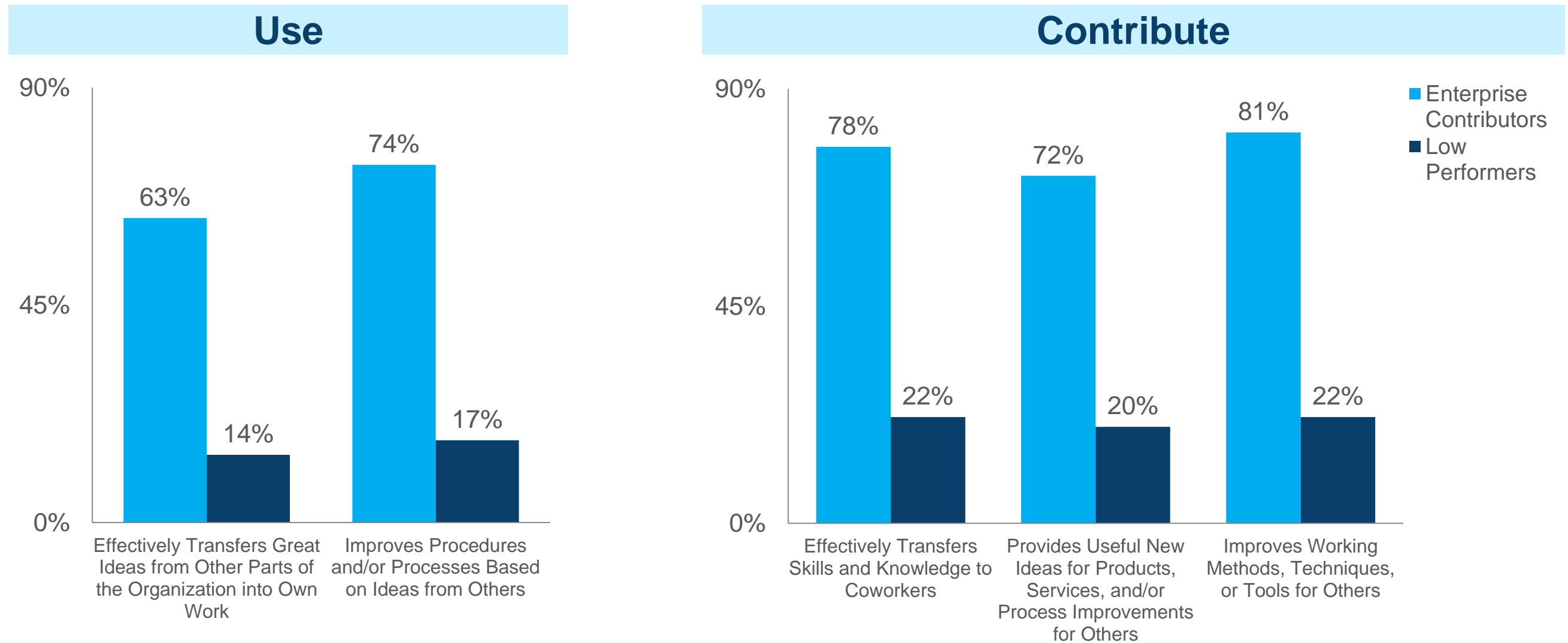
CEB’s Model for High Performance in the New Work Environment



Source: CEB analysis.

# Enterprise Contributors Use and Contribute to the “Network”

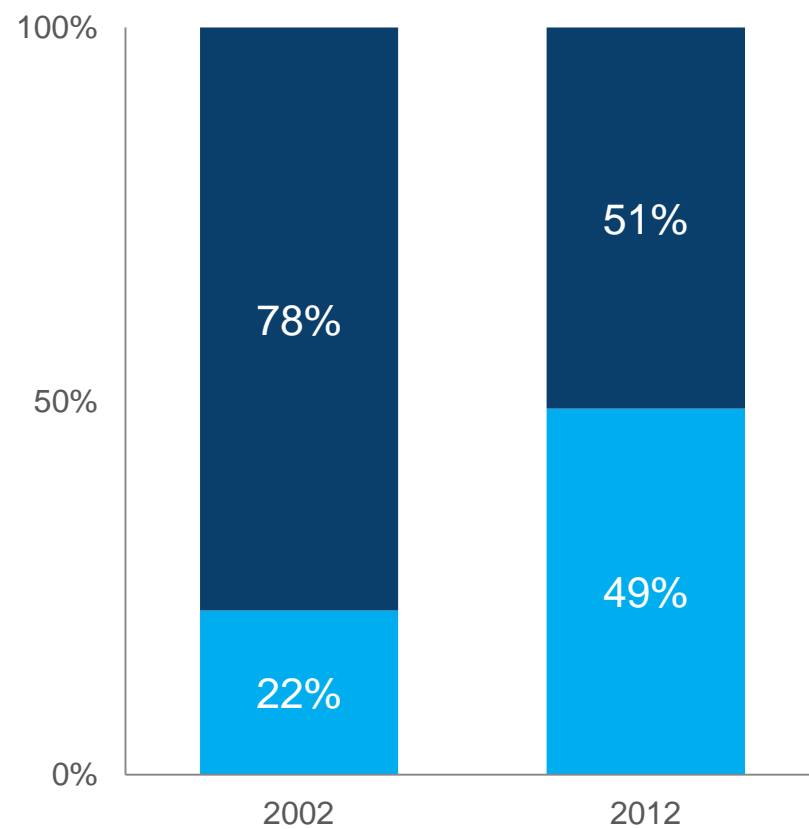
Effectiveness at Key Network Performance Outcomes by Performance Level



Source: CEB analysis.

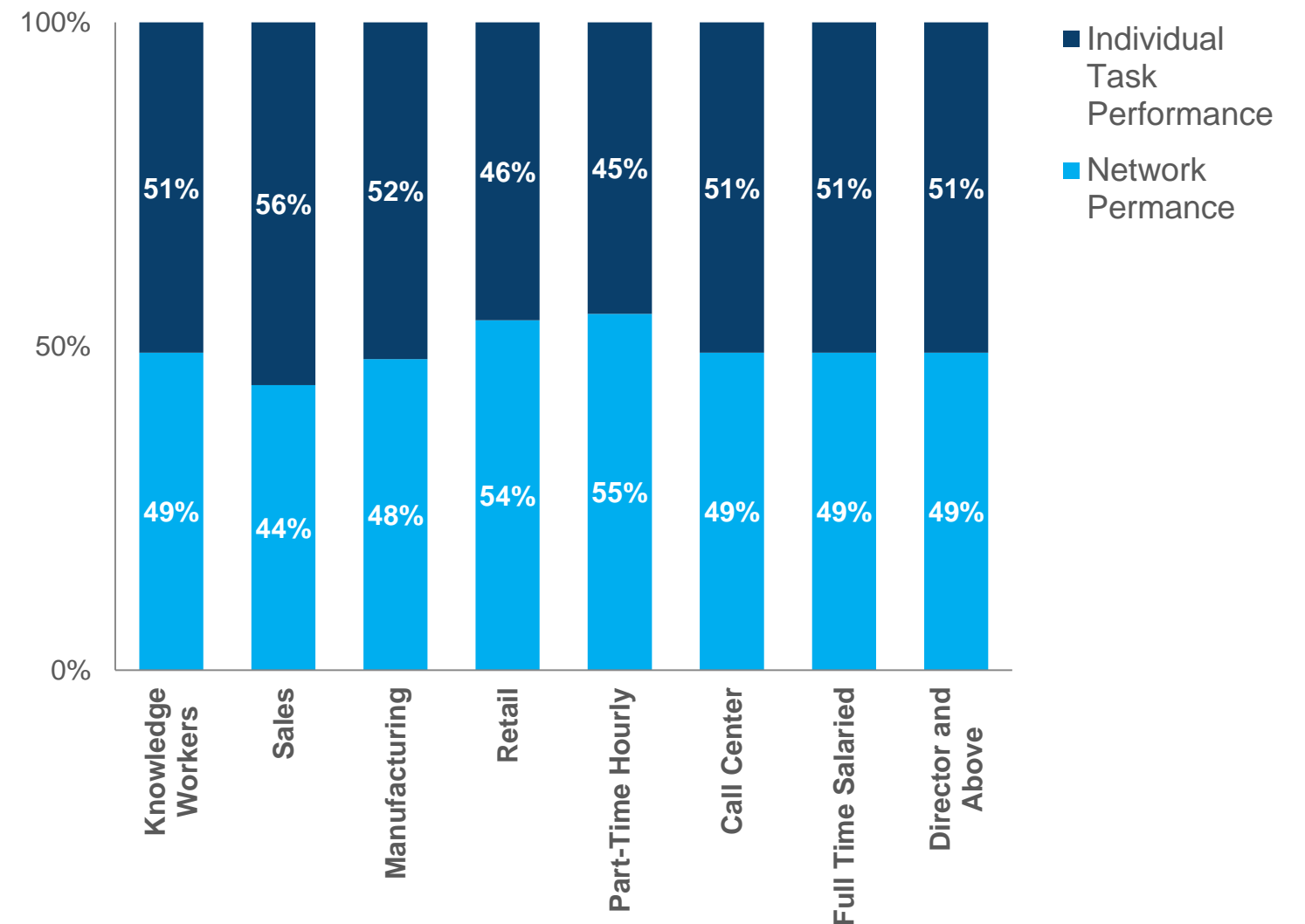
# Importance of Network Performance Has Increased Over the Last 10 Years

Relative Importance of Employee Performance Component to Business Unit Profitability<sup>a</sup>



<sup>a</sup> Relative importance in business unit profitability is determined by conducting a MANOVA analysis.

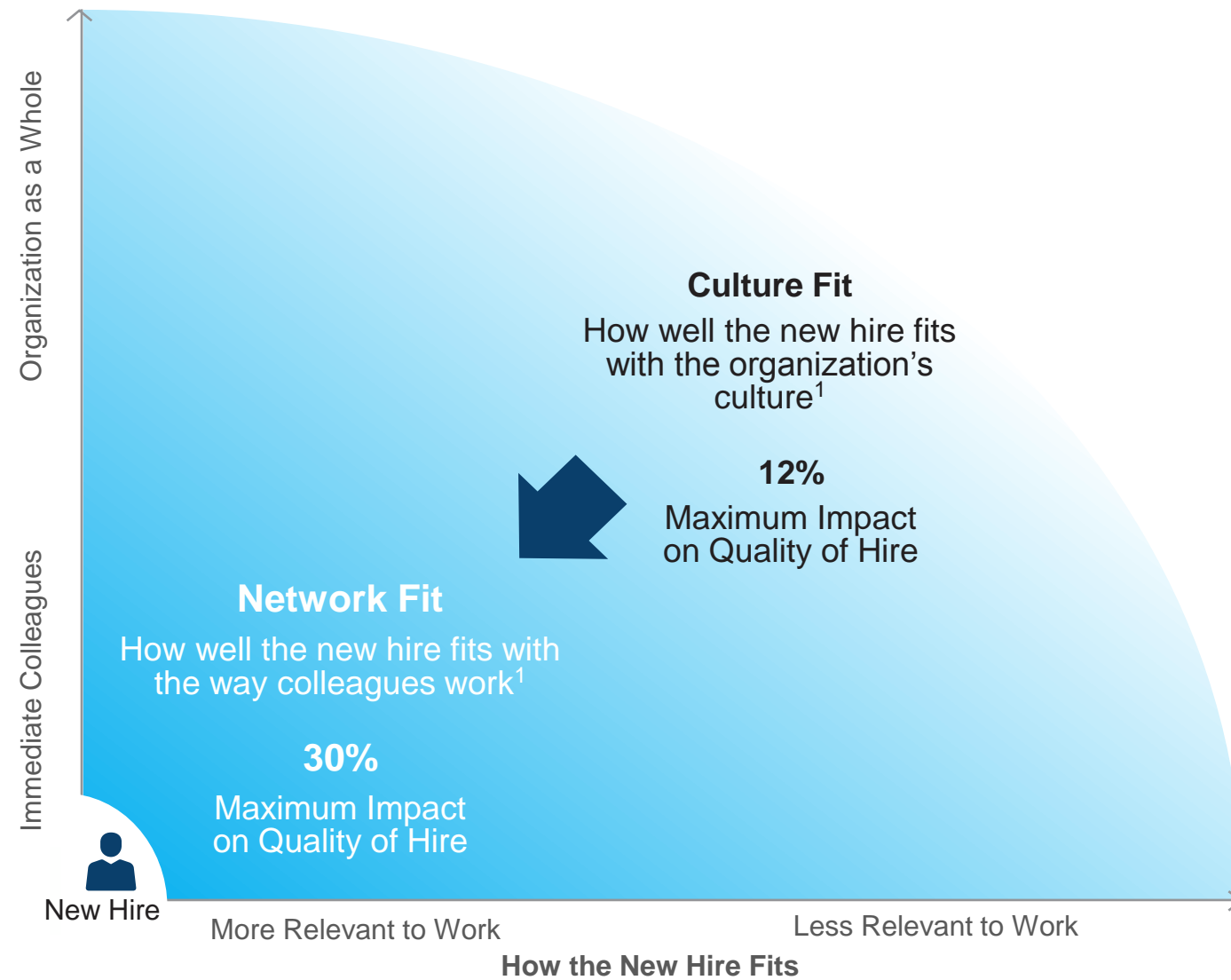
Relative Importance of Employee Performance to Business Unit Profit by Employee Type, 2012





# Hire Less for Culture Fit, More for Network Fit

## The Network Fit Framework



n = 500 Hiring Managers.

<sup>1</sup> Fit as we measure it can be both "conforming" (the same characteristics are fit) or "complementary" (different characteristics are fit) and so does not inhibit organizational diversity.

Source: CEB, Selection Effectiveness Diagnostic, 2013.

# Define the “Who” of Network Fit

## Network Fit Definition Template

- Which **formal peers** in the organization are critical to success in the new hire’s role?
  - Who will depend on the new hire to conduct their job?
  - Whom must the new hire depend on to conduct his or her job?
  
- Which **informal peers** (i.e., those unrecognized by the organizational chart) will the new hire interact with?
  - Who has knowledge or expertise outside the new hire’s formal team that would improve the new hire’s performance?
  - Which informal peers will the new hire interact with regularly (i.e., daily)?
  
- Which peers will be important to the new hire’s performance **over the next 6–12 months**?
  - How might the new hire’s role and responsibilities change in the next 6–12 months?
  - How might the broader team structure change in the next 6–12 months?



**Whom the New Hire Must Fit With**

Peer 1: \_\_\_\_\_

Peer 2: \_\_\_\_\_

Peer 3: \_\_\_\_\_

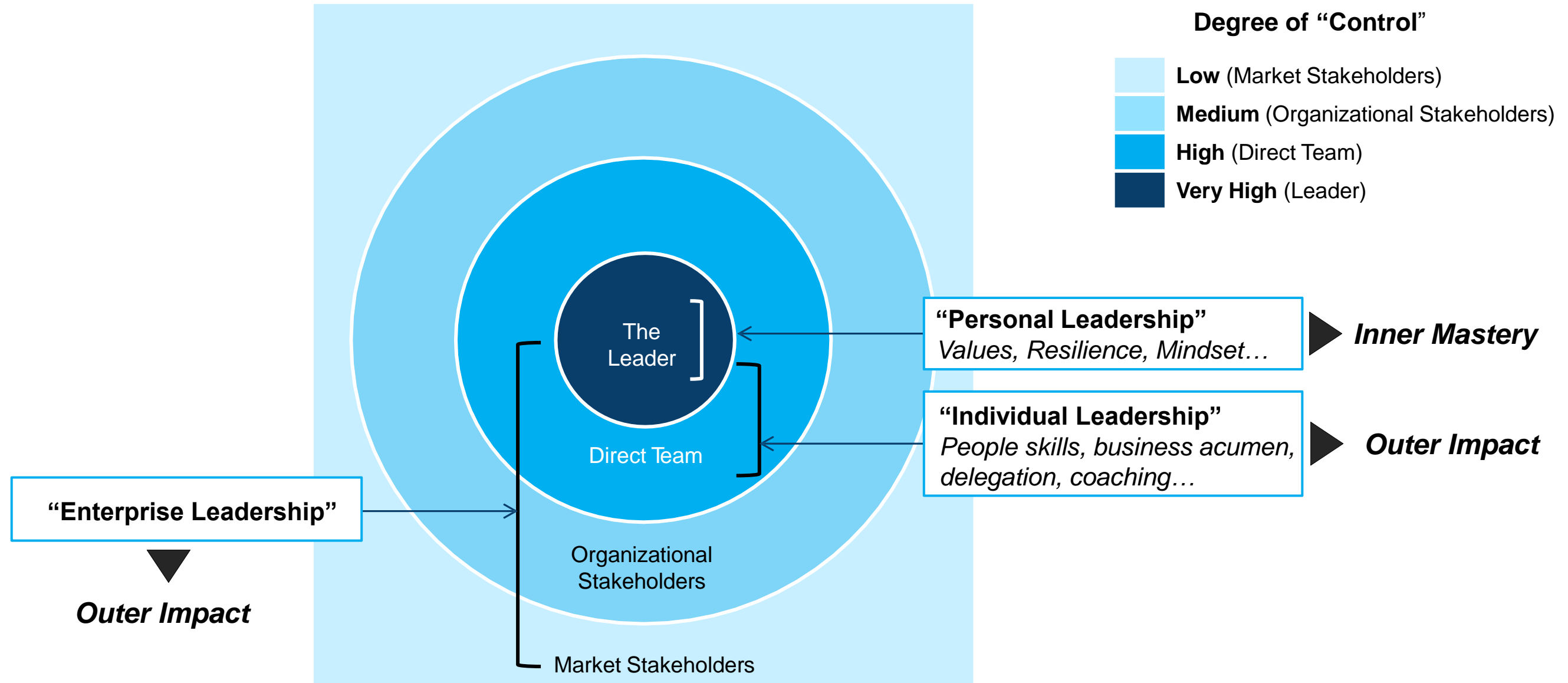
# Presentation Roadmap

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# Leadership Spans and Level of Control



# The New Work Environment Increases Complexity of Leadership and Our Leaders Aren't Prepared

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More Stakeholders to Consult

*"I need to run this by our Exec Committee"*



Increased Responsibilities

*"My job is very different than what it used to be!"*



Geographically Dispersed Teams

*"Every day I have to influence someone I've never met before."*

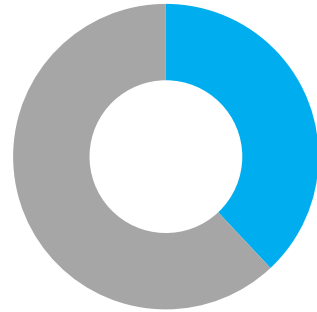


Leaders Have Less Time with Their Team

*"I am spending half the time I used to with my direct reports these days."*

# More Lonely At The Top Than Necessary...

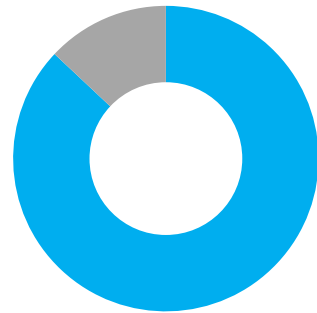
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**38%**

**of Leaders don't consider the rest of the business when making decisions**

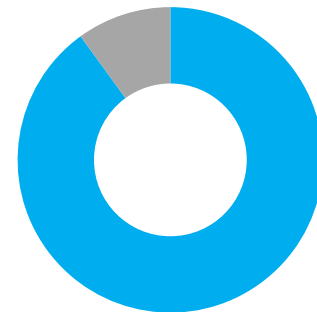
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**87%**

**of Leaders feel unsupported by their peers**

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**90%**

**of Leaders don't support cross-BU collaboration**

*n* = 197.

Source: CEB 2014 Enterprise Leadership Head of HR Survey.

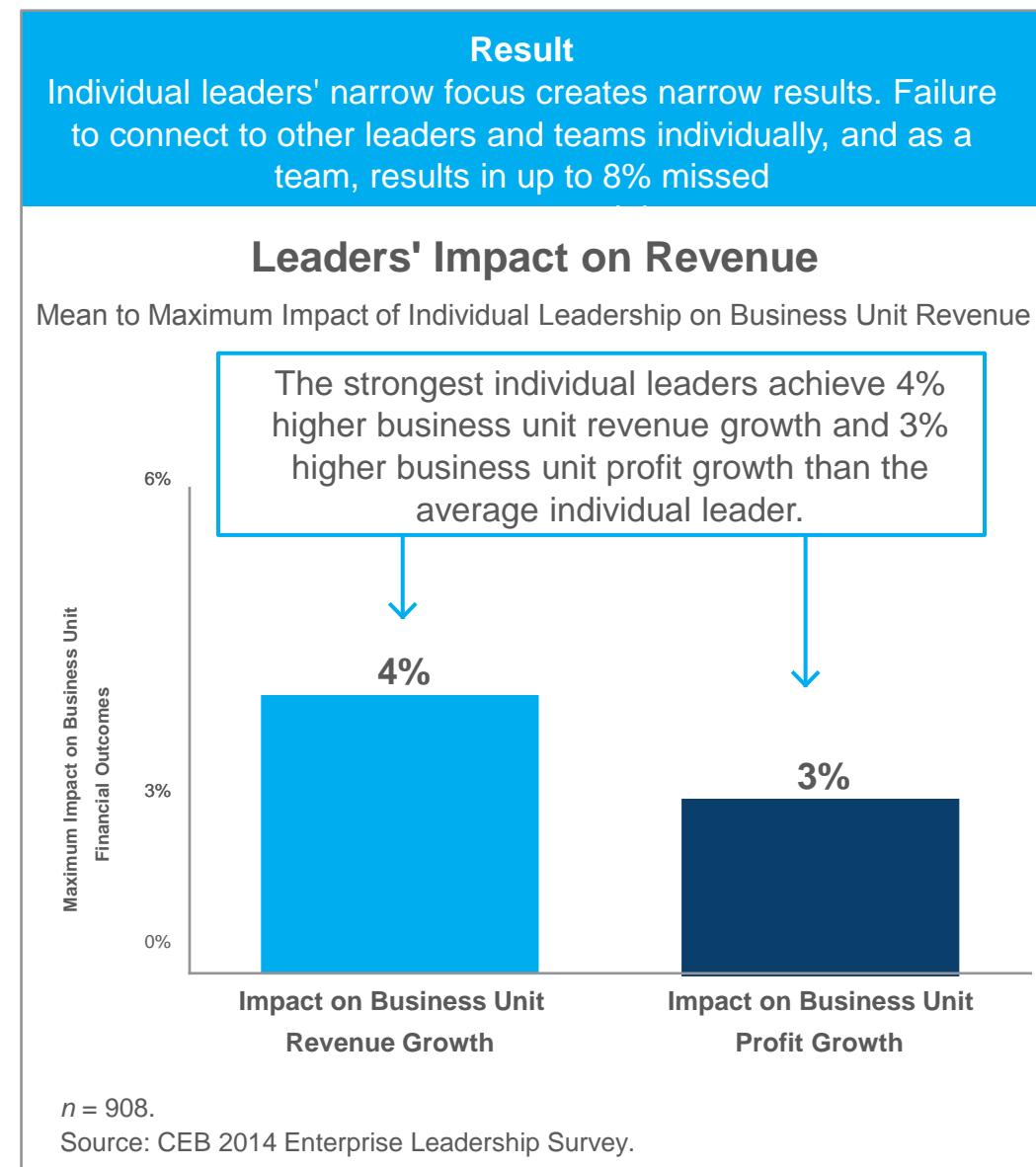
# Most Leaders Respond to Complexity By Avoiding It, Focusing Instead on Their Individual Business Unit



“I relentlessly prioritize what’s best for my team. The company is better for that. I don’t get sucked into the wrong things.”  
-Senior Director, Professional Services Company

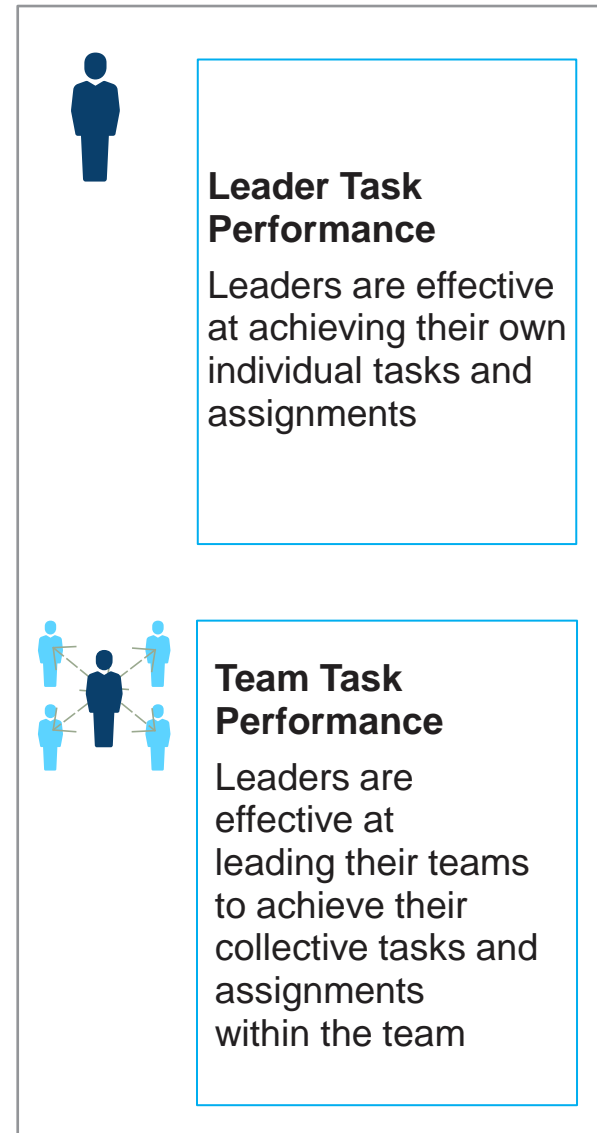
“Our leaders hit the goals we put in front of them. The problem is we’re not seeing as much of an impact on our company-wide numbers as we would have expected.”  
-CEO, Telecommunications Company

Source: CEB analysis.

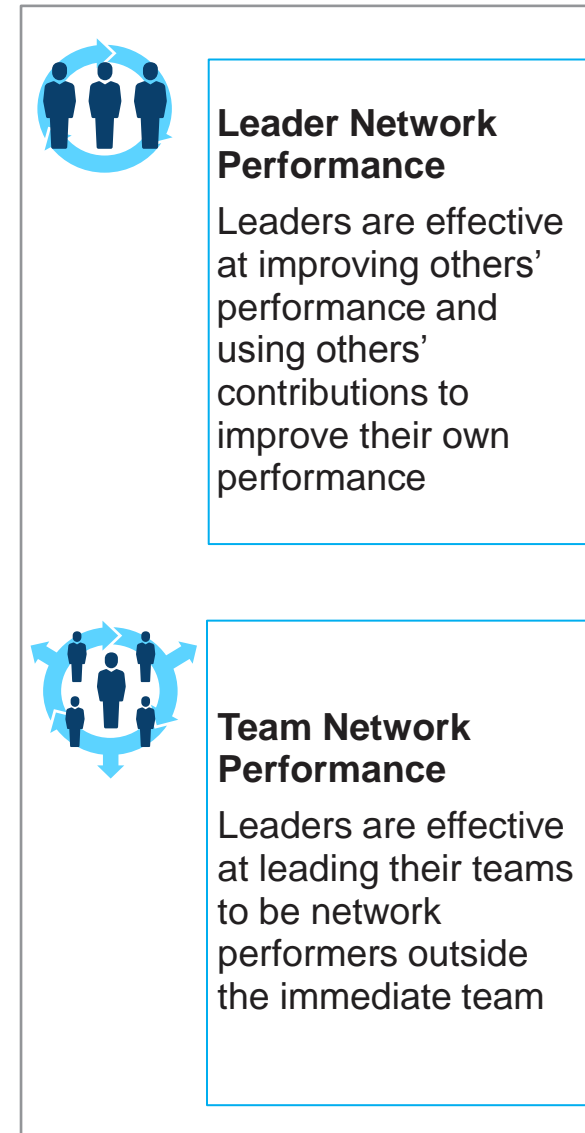


# Enterprise Leadership: CEB's New Model to Transform Leader Performance

## Individual Leadership



## Network Leadership



+

=

## Enterprise Leadership

A leader's effectiveness at meeting his or her individual objectives, contributing to and leveraging the performance of other units or teams, and leading his or her team to do the same

## Enterprise Outcomes

Revenue and profit for his or her business unit and other business units or teams

# Individual Leadership is Not Enough, Enterprise Leadership Is the New Way To Drive Results

## Shift 1

### Take—and Give—with Peers

Individual leaders use peer contributions to improve their business unit. Enterprise leaders **use and provide contributions** to improve the broader enterprise.



Enterprise leaders are **1.5x more effective** at evenly giving and taking than individual leaders

## Shift 2

### Push—and Pull—Team Contributions

Individual leaders delegate work to their team. Enterprise leaders delegate work and **ensure team contributions receive the resources and visibility needed** for success.

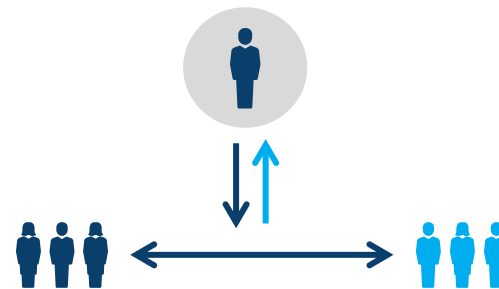


Enterprise leaders are **1.2x more likely** to pull than individual leaders

## Shift 3

### Facilitate—Don't Direct—Team Performance

Individual leaders provide their teams with direction to accomplish their tasks. Enterprise leaders **connect their teams with those that can enhance and benefit from the team's performance**.



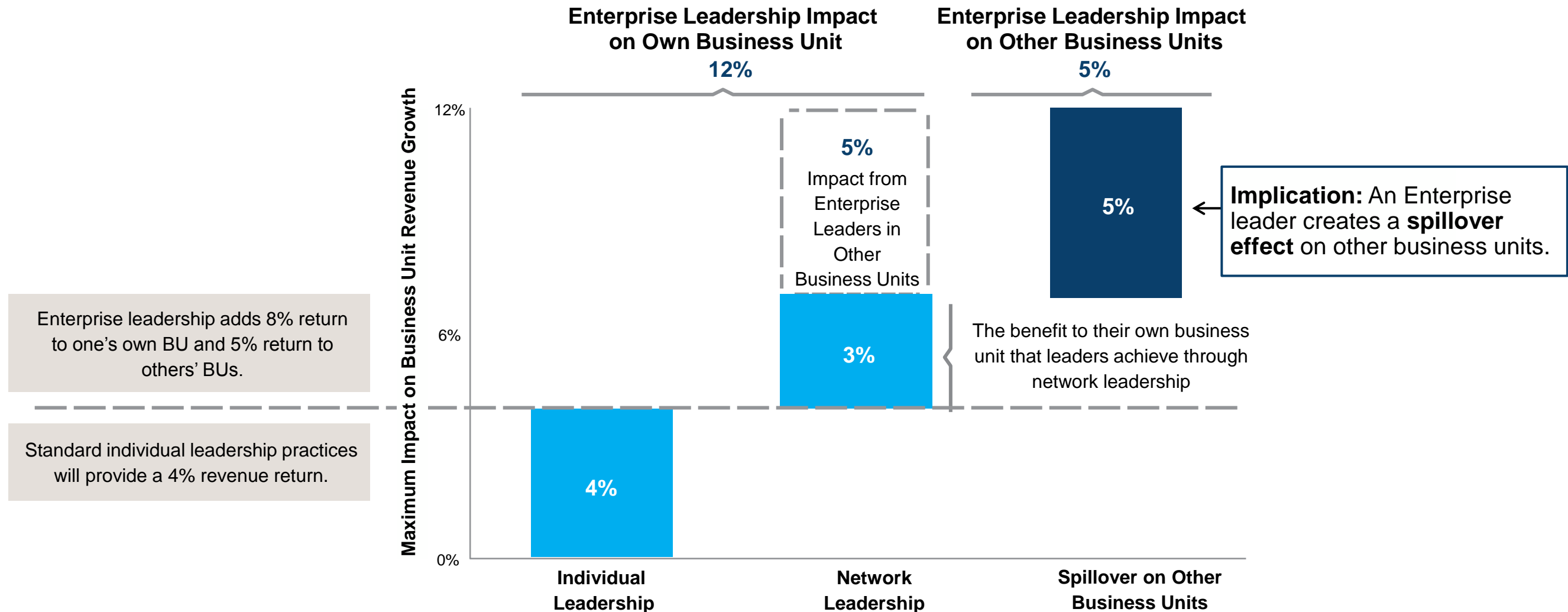
Enterprise leaders are **1.3x more likely** to facilitate than individual leaders

*n* = 908; *n* = 2,101.

Source: CEB 2014 Enterprise Leadership Survey; CEB 2014 Enterprise Contribution Survey.

# Enterprise Leaders Deliver Significantly Higher Performance Overall...

Maximum Impact on Business Unit Revenue Growth



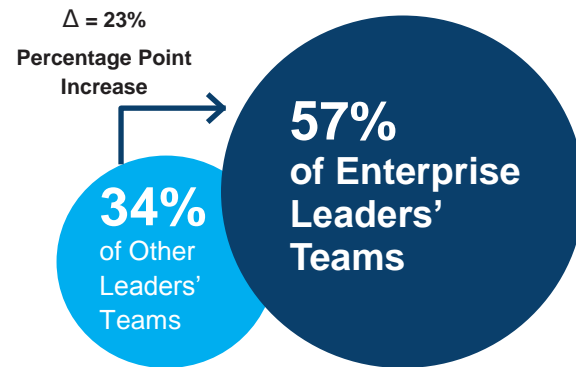
n = 908 leaders, 362 connections.

Source: CEB 2014 Enterprise Leadership Network Analysis.

# ...And Drive Stronger Team Outcomes

## More Innovative Teams

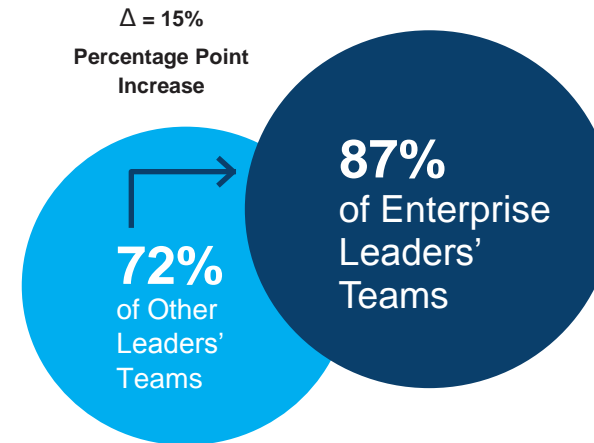
Percentage of Teams Achieving a High Level of Innovation



*n* = 908 leaders; 3,243 direct reports.  
Source: CEB 2014 Enterprise Leadership Survey.

## More Adaptable Teams

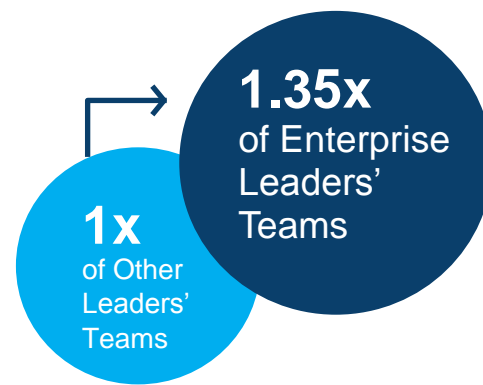
Percentage of Teams Effective at Generating Solutions to New or Unanticipated Problems



*n* = 908 leaders; 3,243 direct reports.  
Source: CEB 2014 Enterprise Leadership Survey.

## Higher Employee Engagement

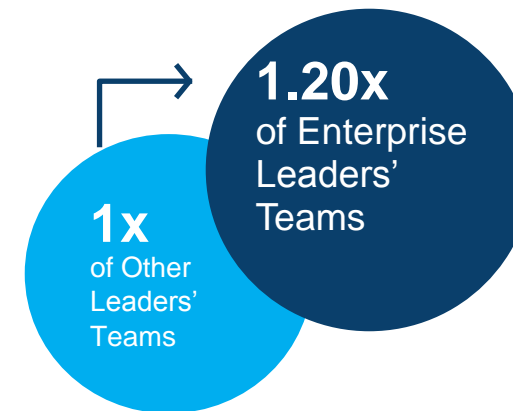
Leader's Maximum Impact on One-Year Change in Team's Employee Engagement



*n* = 908 leaders; 3,243 direct reports.  
Source: CEB 2014 Enterprise Leadership Survey.

## Higher Customer Satisfaction

Leader's Maximum Impact on One-Year Change in Team's Customer Satisfaction

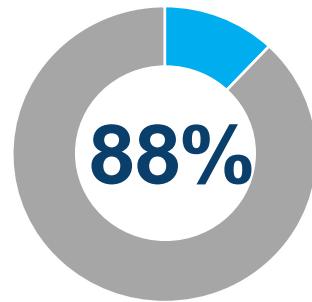


*n* = 908 leaders; 3,243 direct reports.  
Source: CEB 2014 Enterprise Leadership Survey.



# But, Enterprise Leaders Are Few and Far Between

Only 12% of leaders are Enterprise Leaders



88% of leaders fail the requirements for Enterprise Leadership

*n* = 908.  
Source: CEB analysis.

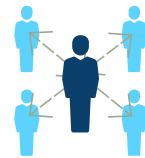
## Individual Leadership



### Leader Task Performance

**23%**

of leaders are ineffective at these types of tasks



### Team Task Performance

**41%**

of leaders are ineffective at these types of tasks

## Network Leadership



### Leader Network Performance

**69%**

of leaders are ineffective at these types of tasks



### Leading Team to Leverage Other Units

**65%**

of leaders are ineffective at these types of tasks

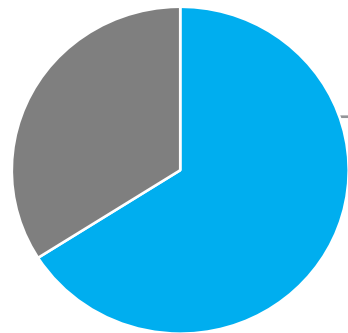
# Leaders Perceive Three Key Barriers to Being Enterprise Leaders

1

## Lack of Control

Leaders don't have the control they believe they need to lead their business and teams successfully.

*I can't be successful as a leader without autonomy and control.*



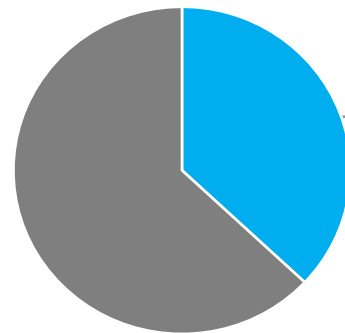
**66%**  
of Leaders  
Agree

2

## Incomplete Information

Leaders are uncertain about what is required to perform as an Enterprise Leader.

*I understand how to productively contribute to the network.*



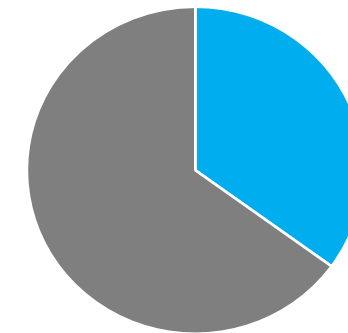
**37%**  
of Leaders  
Agree

3

## Rewards Risk

Leaders don't believe they will be fairly rewarded for being an Enterprise Leader.

*My contributions to others will be financially rewarded.*



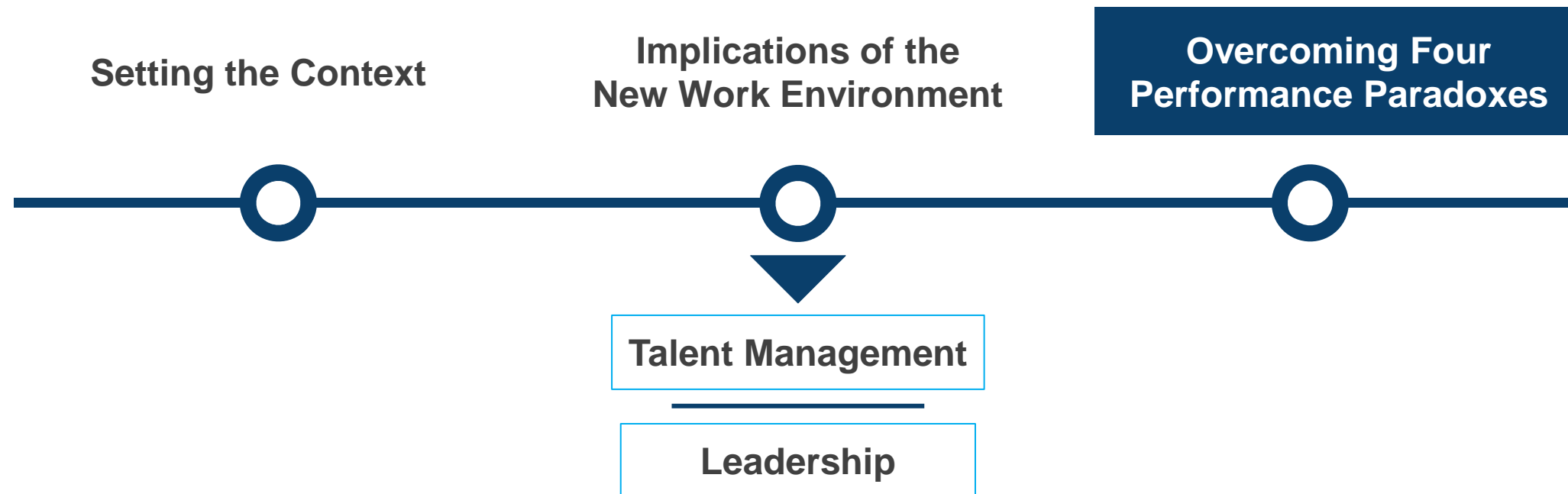
**35%**  
of Leaders  
Agree

*n* = 908; *n* = 2,101.

Source: CEB 2014 Enterprise Leadership Survey, 2014 CEB Enterprise Contribution Survey.

# Presentation Roadmap

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# The Four Paradoxes

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## 1. The Competition Paradox



## 2. The Empowerment Paradox



## 3. The Collaboration Paradox



## 4. The Motivation Paradox

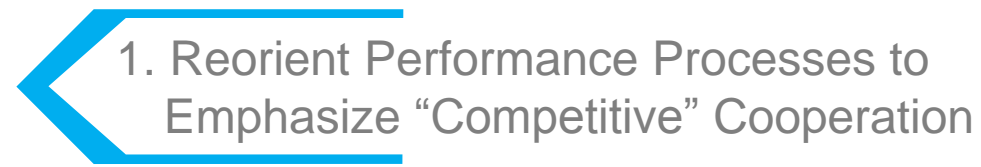


# Overcoming The Four Performance Paradoxes

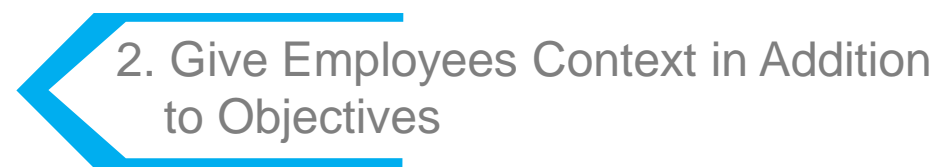
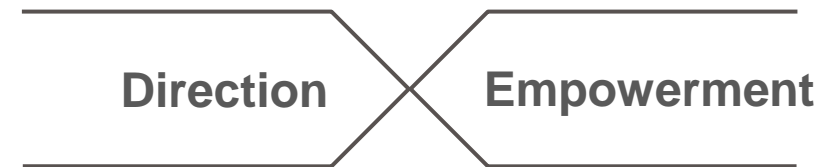
## The Four Paradoxes Facing Today's Workforce

## Steps to Overcome Performance Paradoxes

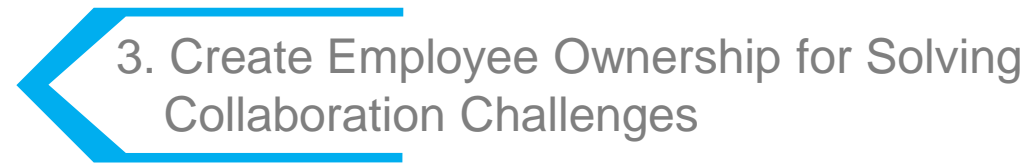
### 1. The Competition Paradox



### 2. The Empowerment Paradox



### 3. The Collaboration Paradox



### 4. The Motivation Paradox



“*If you want to go fast... go **alone**.*

*If you want to go far... go **together**.”*

Old African Saying

# Thank You

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