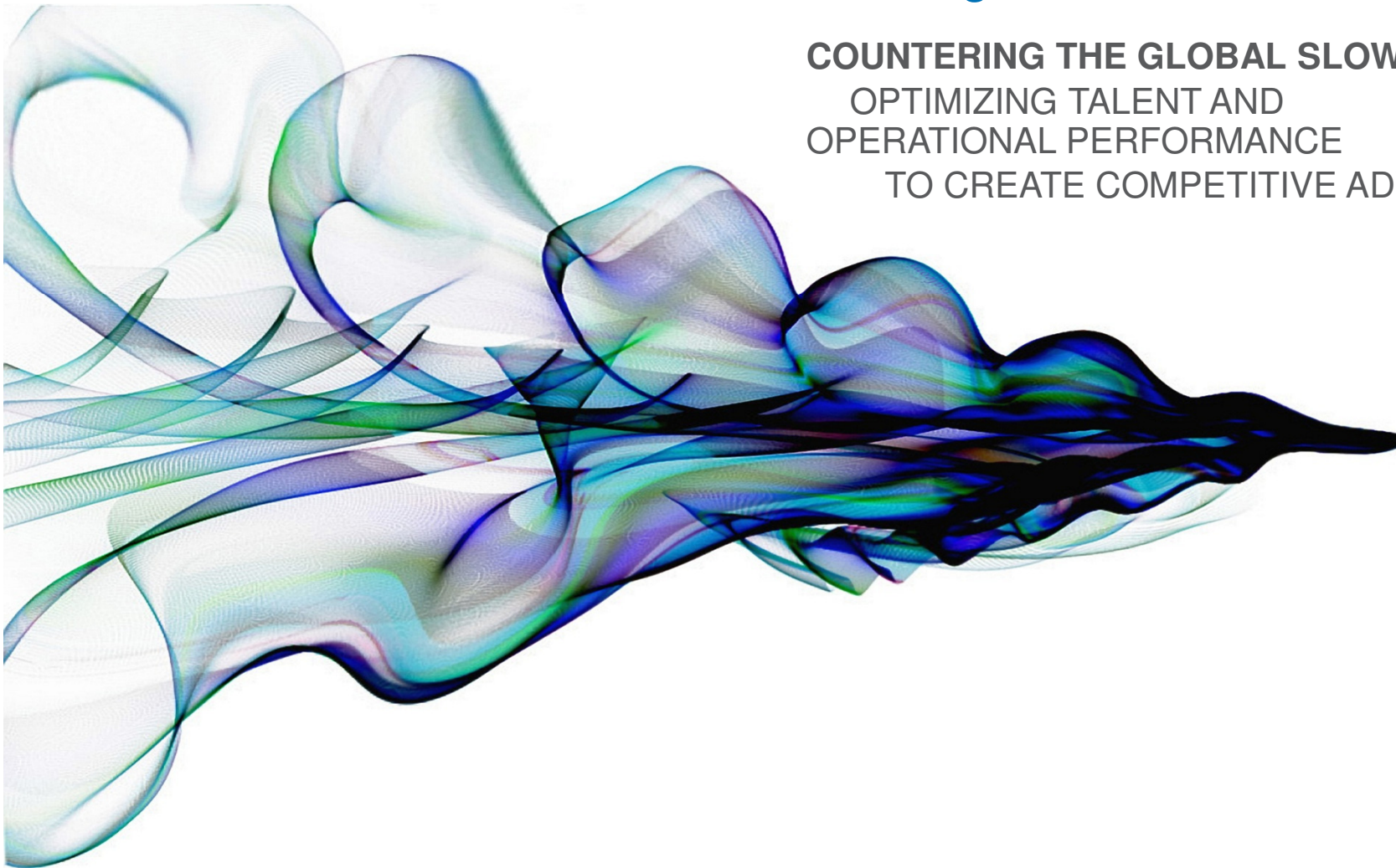


# The Conference Board CEO Challenge™ 2013

**COUNTERING THE GLOBAL SLOWDOWN  
OPTIMIZING TALENT AND  
OPERATIONAL PERFORMANCE  
TO CREATE COMPETITIVE ADVANTAGE**



## Human Capital and Operational Excellence are the Top Global Challenges for 2013

Global Rank	CHALLENGES 2013*	Score
N=729		
1	Human Capital	2.44
2	Operational excellence	2.10
3	Innovation	1.99
4	Customer relationships	1.72
5	Global political/economic risk	1.68
6	Government Regulation	1.55
7	Global Expansion	1.31
8	Corporate brand and reputation	0.92
9	Sustainability	0.82
10	Trust in business	0.46

N=Number of overall responses. The response rate varies for each challenge. Each score represents the mean of the ranks given the challenge. For information about how the scores were created, see "About the 2013 Survey" on page 24 of the CEO Challenge@ 2013 Summary Report.

\*Operational Excellence was added to the list of challenges in 2013 replacing Cost Optimization. Trust in business was also added in 2013 replacing Investor relations.



## The Top 5 Strategies to Meet the Top 5 Challenges

Global Rank	1 Human capital	2 Operational excellence	3 Innovation	4 Customer relationships	5 Political/economic risk
N=545					
1	Grow talent internally	Raise employee engagement and productivity	Apply new technologies (product, process, information, etc.)	Enhance quality of products/services	Integrate long-term risk recognition into strategic planning
2	Provide employee training and development	Focus on reduction of baseline costs	Engage in strategic alliances with customers, suppliers, and/or other business partners	Sharpen understanding of customer/client needs	Reduce exposure to risky countries/regions
3	Raise employee engagement	Break down internal silos	Find, engage, and incentivize key talent for innovation	Engage personally with key customers/clients	Implement contingency plans for crises (e.g. geographical, political, relocation of)
4	Improve performance management processes and accountability	Continual improvement (six sigma, total quality, etc.)	Create culture of innovation by promoting and rewarding entrepreneurship and risk taking	Increase speed of products and services to market	Manage currency risk
5	Increase efforts to retain critical talent	Seek better alignment between strategy, objectives and organizational capabilities	Develop innovation skills for all employees	Use competitive intelligence to better understand customer/client needs	Establish crisis management teams and procedures

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## Global Convergence on Challenges

Global Rank	CHALLENGES 2013*	Score	Asia	Europe	United States	China	India
N=729			n=395	n=136	n=138	n=54	n=55
1	Human Capital	2.44	1	1	5	2	1
2	Operational excellence	2.10	3	2	1	5	4
3	Innovation	1.99	2	T3	4	1	3
4	Customer relationships	1.72	T5	5	3	6	6
5	Global political/economic risk	1.68	4	T3	6	4	2
6	Government Regulation	1.55	7	6	2	T8	5
7	Global Expansion	1.31	T5	7	7	T8	7
8	Corporate brand and reputation	.92	8	9	8	7	9
9	Sustainability	.82	9	8	10	3	8
10	Trust in business	.46	10	10	9	10	10

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## Government Regulation Top Challenge for Financial Services

Global Rank	CHALLENGES 2013*	Score	Manufacturing	Financial Services	Non-Financial Services
N=729			n=256	n=92	n=361
1	Human Capital	2.44	1	4	1
2	Operational excellence	2.10	2	3	4
3	Innovation	1.99	3	6	3
4	Customer relationships	1.72	6	2	2
5	Global political/economic risk	1.68	4	5	6
6	Government Regulation	1.55	7	1	5
7	Global Expansion	1.31	5	10	7
8	Corporate brand and reputation	.92	9	9	8
9	Sustainability	.82	8	8	9
10	Trust in business	.46	10	7	10

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## Human Capital: Grow Talent Internally is the Top Ranked Strategy to Meet the Human Capital Challenge in All Regions

Global Rank	HUMAN CAPITAL STRATEGIES	Score	Asia	Europe	United States	China	India
N=545			n=321	n=85	n=95	n=42	n=42
1	Grow talent internally	2.48	1	1	1	1	1
2	Provide employee training and development	1.58	2	3	2	4	2
3	Raise employee engagement	1.19	3	T8	4	10	3
4	Improve performance management processes and accountability	1.09	7	T8	3	2	4
5	Increase efforts to retain critical talent	1.05	4	T5	9	5	5
6	Enhance effectiveness of the senior management team	.97	8	11	8	7	6
7	Improve corporate brand and employee value propositions to attract talent	.95	6	4	15	3	T8
8	Hire more talent in the open market	.94	9	7	6	8	13
9	Improve effectiveness of front-line supervisors and managers	.90	5	16	10	9	12
10	Improve leadership development programs	.69	12	T12	7	14	T8
11	Invest in education systems to improve workforce readiness	.68	11	2	12	12	7
12	Improve succession planning for current and future needs	.61	13	10	5	13	T10
13	Redesign financial rewards and incentives	.59	10	T12	13	6	T10
14	Increase diversity and cross-cultural competencies	.38	14	T5	T17	11	14
15	Promote and reward entrepreneurship and risk taking	.29	15	15	11	15	15
16	Expand talent pools by recruiting nontraditional workers	.19	16	14	T17	T17	16
17	Manage multigenerational workforce	.14	19	18	14	20	T17
18	Increase the use of contractual or contingent workers	.10	T17	19	16	19	T17
19	Reduce per employee costs through renegotiations with unions, freezing compensation, redesigning health and retirement benefits, hiring fewer workers, reducing hours worked, etc	.08	20	17	20	T17	20
20	Require the use of analytics to articulate the business impact of key human capital initiatives and programs	.05	T17	NR	19	16	19

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**Operational Excellence: Employee Engagement is a Critical Element in Achieving Excellence; Asia Focuses on Technology; U.S. and Europe Focuses on Cost Controls**

Global Rank	OPERATIONAL EXCELLENCE STRATEGIES	Score	Asia	Europe	United States	China	India
N=544			n=291	n=103	n=108	n=38	n=40
1	Raise employee engagement and productivity	1.64	1	2	1	T5	2
2	Focus on reduction of baseline costs	.94	13	3	3	12	1
3	Break down internal silos	.93	T10	1	T4	4	9
4	Continual improvement (six sigma, total quality, etc.)	.92	5	7	2	8	3
5	Seek better alignment between strategy, objectives and organizational capabilities	.85	7	6	T4	T21	17
6	Invest more in new technologies	.79	2	8	9	1	7
7	Redesign business processes	.78	T10	4	6	9	16
8	Improve speed to market	.72	12	9	7	T5	8
11	Deeper integration of global operations	.68	3	T10	14	20	4
12	Improve performance and accountability of middle management	.62	4	22	10	10	10
13	Improve performance and accountability of senior management	.59	6	16	13	T14	14
14	Better align IT with business goals	.57	14	T12	8	11	6
15	Achieve economies of scale through organic business growth	.52	18	17	11	T21	15
16	Achieve economies of scale through product/process standardization and harmonization	.47	21	5	16	19	T18
17	Consider sourcing opportunities globally	.46	15	T10	17	18	13
18	Secure lower costs for materials and other input resources	.37	T16	21	15	17	5
19	Better align executive compensation and incentives with business performance	.32	T16	T23	23	7	T20
20	Better manage outsourced operations & offshore operations	.31	20	14	19	T14	T18
21	Improve capital investment decision process	.30	24	15	18	T24	T22
22	Enhance the effectiveness of board governance	.23	19	T23	24	13	T20
23	Reduce management layers	.21	22	20	25	T14	24
24	Optimize number of global suppliers	.16	25	19	22	T24	T22
25	Achieve economies of scale and/or synergies through mergers and acquisition	.15	23	25	T20	23	T25
26	Decrease carbon footprint/resource use	.04	26	26	26	26	T25
T9	Ensure supply chain integrity	.70	8	T12	12	3	12
T9	Improve cash management	.70	9	18	T20	2	11

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## Innovation: Strategies Are Primarily People-Driven

Global Rank	INNOVATION STRATEGIES	Score	Asia	Europe	United States	China	India
N=467			n=254	n=84	n=91	n=40	n=38
1	Apply new technologies (product, process, information, etc.)	2.35	1	3	1	1	2
T2	Find, engage, and incentivize key talent for innovation	1.69	3	4	4	T3	3
T2	Engage in strategic alliances with customers, suppliers, and/or other business partners	1.69	4	6	2	T3	4
4	Create culture of innovation by promoting and rewarding entrepreneurship and risk taking	1.64	6	1	3	7	1
5	Develop innovation skills for all employees	1.60	5	2	5	5	5
6	Change business model	1.44	2	8	9	2	10
T7	Encourage more product specific incremental innovation for the short term	.72	8	5	7	9	6
T7	Invest more in long-term research and development	.72	7	9	10	6	7
9	Integrate social media into product and service offerings	.49	T13	7	11	14	12
10	Leverage expertise of senior leaders to develop high-potentials and transfer knowledge	.47	9	15	8	8	T8
11	Leverage competitive business intelligence	.46	T11	10	6	15	T8
12	Pursue open innovation concepts	.43	10	13	12	11	14
13	Strengthen intellectual property and patent protection	.37	T11	11	13	T12	11
14	Increase use of third-party providers to conduct research and development	.35	T13	14	14	10	15
15	Seek government support and funding for research and development	.30	15	12	15	T12	13

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## Customer Relationships: Quality and Understanding Customer Demands Through Personal Contact Seen as Keys to Customer Relationships

Global Rank	CUSTOMER RELATIONSHIP STRATEGIES	Score	Asia	Europe	United States	China	India
N=480			n=248	n=96	n=94	n=34	n=30
1	Enhance quality of products/services	2.55	1	2	2	1	3
2	Sharpen understanding of customer/client needs	2.17	2	1	1	T2	T1
3	Engage personally with key customers/clients	1.52	4	3	3	5	4
4	Increase speed of products and services to market	1.49	3	8	4	6	T1
5	Use competitive intelligence to better understand customer/client needs	1.37	5	4	5	7	8
6	Broaden range of products/services	.96	6	5	7	T2	T6
7	Tailor marketing, promotion, and communications campaigns to key customer needs	.86	7	9	6	8	T6
8	Provide incentives for front-line employees to improve customer engagement	.82	8	14	11	4	14
9	Increase transparency of customer relationship processes	.72	10	7	8	10	5
10	Use social media and new communication technologies	.69	9	6	12	13	T12
11	Increase user-friendliness of products/services	.50	13	10	10	T11	10
12	Employ new metrics on customer engagement and retention	.47	12	13	9	14	9
13	Promote sustainable products/services	.45	11	11	13	9	11
14	Lower price of products/services	.35	14	12	14	T11	T12

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**Global Political/Economic Risk: The Strategies Selected By CEOs to Cope With Global Risk Show an Interesting Mix of Long-Term Strategic Planning (U.S.), Managing Currency Risk (Europe), and the More Reactive Choice of Implementing Crisis and Contingency Plans (All Three Regions).**

Global Rank	POLITICAL/ECONOMIC RISK STRATEGIES	Score	Asia	Europe	United States	China	India
N=333			n=173	n=68	n=67	n=24	n=37
1	Integrate long-term risk recognition into strategic planning	1.65	3	4	1	T5	3
2	Reduce exposure to risky countries/regions	1.50	7	2	2	12	1
3	Implement contingency plans for crises (e.g. geographical, political, relocation of employees)	1.41	2	3	4	T2	4
4	Manage currency risk	1.36	4	1	5	7	2
5	Establish crisis management teams and procedures	1.35	1	5	3	1	5
6	Improve access to credit	1.21	8	6	14	T5	13
7	Diversify supply chain	1.08	9	9	T8	8	7
8	Partner with local businesses to mitigate risk	1.07	5	8	6	4	6
9	Raise capital reserves	.99	6	7	7	T2	10
10	Get Board more actively involved in enterprise risk management	.61	10	15	11	9	8
11	Secure alternative methods for input resources	.56	11	14	10	10	9
12	Cease business operations in unstable environments	.53	13	10	12	13	12
13	Engage with governments to solve pressing social problems	.49	12	12	13	14	11
14	Increase funding for cyber security	.28	16	17	T8	15	NR
15	Hedge against future rises in energy costs	.25	15	13	15	16	T15
16	Lobby governments to address sovereign debt issues	.22	18	11	16	NR	14
17	Increase security presence in volatile regions	.18	14	18	17	11	T15
18	Partner with governments to address sovereign debt issues	.11	17	16	18	17	17

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