

Research Findings

2008 Corporate Issues Survey

A Six-Year Look at the Trends and Issues Organizations and Leaders Face

The Ken Blanchard Companies® annual Corporate Issues Survey pinpoints the needs and issues of organizations seeking to develop their people to their fullest potential. The findings in 2008 represent the feedback from more than 1,800 executives, line managers, and training and HR leaders from a range of companies, industries, and countries. Since 2003, almost 4,900 leaders have participated in this ongoing study.

Executive Summary

On the heels of a fairly positive and healthy economic situation in 2007, the economic outlook for 2008 is less bright. A weakened GDP growth rate, the deterioration of the housing market, and the associated declines in both the construction and financial industries have all contributed to a slowdown in aggregate job growth.

Respondents in our survey paint a similar picture citing competition, economic challenges, and growth and expansion as key organizational challenges. At the management level the set of challenges becomes more focused on people development—creating an engaged workforce, managing change, and developing potential leaders. And at the employee development level the top three issues include performance management, manager/supervisory skills, and interpersonal communication skills.

Survey Detail

TOP ORGANIZATIONAL CHALLENGES

Issue	2003	2004	2005	2006	2007	2008
Competitive pressure	71%	67%	63%	60%	65%	63%
Economic challenges	na	na	na	na	na	61%
Growth and expansion	n/a	n/a	n/a	53%	60%	59%
Skill shortages	34%	34%	39%	43%	51%	50%
Culture change	na	na	na	na	na	48%
Pricing sensitivity	45%	39%	38%	34%	41%	36%
Innovation	na	na	na	na	na	35%
Changing technology	31%	32%	30%	29%	30%	31%
Government regulation	29%	27%	30%	28%	29%	24%
Global challenges	n/a	n/a	n/a	22%	24%	22%
Industry consolidation	8%	20%	14%	13%	12%	13%
Ethics and social responsibility	na	na	na	na	na	13%
Environmental adherence	na	na	na	na	na	9%

In this section, respondents were asked two questions, both were forced choice with the option to write in comments. In the first question, respondents were asked to choose the top five issues they would focus on in 2008 and, in a second question, asked which *one* issue was most important.

The top issues organizations will focus on in 2008 remains largely unchanged from previous years. Competitive pressures, growth and expansion, and skills shortages remain in the top four of the rankings. Ranking second this year was the issue of economic challenges, which was offered as an option for the first time this year.

The data for 2008 reveals that little has changed in the

forced choice ranking of the issues over the years, competitive pressures remains the number one ranked issue and continues to be an area of focus for organizations.

Economic challenges was added as an issue to this year's list of choices and was also a top issue for organizations we surveyed, perhaps mirroring the uncertain economic outlook ahead. Growth and expansion continues not only to surface as a key issue but also has increased in regard to the number of respondents selecting it since 2005.

Skill shortages has increased steadily as an issue since 2003. And while a statistical analysis to determine whether the increase was significant was not valid due to the addition of new challenges to the list each year, we believe that an increase of 34% selecting the issue in 2003 and 2004 to 50% selecting it in 2008 indicates a significant increase.

An analysis of the differences in the percentages and rankings at the .05 level of significance shows a significant difference in the rankings of Growth and expansion and Economic

challenges and indicates that there is a significant difference between the ranking of Economic challenges, and Culture change. No similar significance can be attributed to the difference in percentages for Culture change, Competitive pressures, and Skill shortages, but there was a significant difference in the rankings between Innovation and Skill shortages and the percentages for the issues ranked below Innovation.

Issue	Percent selecting
Growth and expansion	23%
Economic challenges	18%
Culture change	13%
Competitive pressures	12%
Skill shortages	12%
Innovation	6%
Changing technology	3%
Price sensitivity	3%
Other	3%

TOP MANAGEMENT CHALLENGES

Top Management Challenges (Choose Five)

Issue	2003	2004	2005	2006	2007	2008
Creating engaged workforce	47%	48%	48%	53%	54%	58%
Managing change	na	na	na	na	na	55%
Developing potential leaders	74%	58%	58%	63%	64%	53%
Selecting and retaining key talent	55%	55%	53%	57%	62%	50%
Communicating mission, vision, values	na	na	na	na	na	39%
Reducing costs	58%	49%	50%	45%	43%	38%
Customer loyalty	46%	45%	41%	41%	48%	38%
Aligning culture with strategy	na	na	na	na	na	37%
Increasing innovation	32%	31%	32%	36%	25%	29%
Succession planning	48%	36%	34%	42%	38%	27%
Employee flexibility/responsiveness	39%	44%	35%	39%	26%	22%
Managing a shrinking talent pool	na	na	na	na	na	18%
Managing a virtual workforce	na	na	na	na	na	11%
Understanding generational influences	na	na	na	na	na	11%

Which ONE Management Challenge is most important for 2008?

Issue	Percent selecting
Creating an engaged workforce	15%
Managing change	14%
Selecting and retaining key talent	12%
Improving customer loyalty and retention	10%
Developing potential leaders	9%
Aligning culture with strategy	8%
Reducing costs	8%
Communicating vision, mission, values	6%
Increasing innovation	5%
Succession planning	4%
Improving employees flexibility and responsiveness	3%
Managing a shrinking talent pool	3%

In this section respondents were faced with two questions, both forced choice with the option to write in comments. In the first question respondents were asked to choose the top five issues they would focus on in 2008 and then in a second question asked which *one* issue was most important.

Creating an engaged workforce has increased in importance every year since 2003, based on the number of respondents selecting it. Managing change, an issue that was added in 2008, ranks second, and Developing potential leaders ranks third. The issue of reducing cost has declined from 58% of respondents citing it as an issue to 39% of respondents citing it as an issue, which could represent a significant drop. One hypothesis for this could be that managers are seeing

a need to develop their people and improve engagement as a means of boosting productivity and profitability rather than achieving this through reduction of costs. A test for significance could not be conducted due to newly added issues in the 2008 study.

A test at the .05 significance level showed no statistical difference between the 15% response and 14% for Creating an engaged workforce and Managing change respectively. However, the difference between those percentages and the 12% response for Selecting and retaining key talent is statistically significant at the .05 level. This is also significantly different at the same level, from the 10% response for Improving loyalty. However, there was no significant difference between Improving customer loyalty and the three issues ranked below it.

TOP EMPLOYEE DEVELOPMENT CHALLENGES

Top Employee Development Challenges

(Choose Five)

Issue	2003	2004	2005	2006	2007	2008
Performance Management						78%
Manager/supervisor skills	75%	61%	61%	66%	64%	74%
Interpersonal communication skills	53%	56%	40%	51%	48%	63%
Team building skills	46%	44%	38%	46%	44%	59%
Customer relationship skills	51%	48%	44%	48%	52%	58%
Executive development	48%	36%	32%	36%	37%	46%
Innovation/Intrapreneurship						42%
Sales skills	35%	31%	31%	26%	28%	34%
Professional skills	19%	31%	28%	31%	29%	na
Information technology skills	13%	26%	23%	25%	30%	na

This section attempts to shed light on the top employee development challenges organizations will face. As in the previous two sections, respondents were faced with two questions, both forced choice with the option to write in comments. In the first question, respondents were asked to choose the top five issues they would focus on in 2008 and then in a second question asked which ONE issue was most important.

Performance management emerged as the key issue followed by Manager/supervisory skills, Interpersonal communications skills and then Team building skills. Customer relationship skills seems to have

increased in importance slightly over the past few years but since the list of issues has not remained as a finite set over the course of the five years we've been conducting this survey we could not test for statistical significance.

A significance test at the .05 level showed a significant difference between the top three issues of Performance management, Managerial and supervisory skills and Customer relationship skills, but no significant difference between the percentage of responses at 9%, 8% and 7% respectively.

Which ONE Employee Development Challenge is most important for 2008?

Issue	Percent selecting
Performance management	23%
Managerial/supervisory skills	20%
Customer relationship skills	15%
Team-building skills	9%
Interpersonal communication skills	8%
Sales skills	8%
Executive development	7%
Innovation/intrapreneurship	7%
Other	3%

TOP HR CHALLENGES

Top five Human Resource/Training challenges

(Choose Five—Ranked by order of importance in 2008)

Issue	Percent selecting
Connecting training to business results	67%
Sustaining training with follow-up and reinforcement	63%
Strategic alignment of training goals and business initiatives	62%
Embracing a coaching culture	58%
Measuring the effectiveness of training	53%
Establishing competencies	43%
A focus on integrated talent management	38%
Creating buy-in for training	31%
Securing top management buy-in	25%
Reducing the cost of training	21%
Other (please specify)	4%

In 2008 we added a new section to identify challenges that HR and training leaders specifically face. The data indicates that the areas of most concern are the ability to connect training content so that it specifically links to and addresses business results for the organization. A second issue is that of sustaining training throughout the organization and specific to the individual through follow-up and reinforcement strategies. A third issue is the ability to align training goals and business initiatives to create a strategic alignment. A fourth initiative seems to be the need to create and embrace coaching and to imbed that within the organizational culture. Two other issues rounding out the top six are the ability to measure the effectiveness of training and to establish competencies.

When respondents were asked to choose only one initiative to focus on there was little change except a slight difference in the ranking of the issues.

Which One Human Resource/Training issue is the most important for 2008?

Issue	Percent selecting
Strategic alignment of training goals and business initiatives	18%
Sustaining training with follow-up and reinforcement	16%
Connecting training to business results	15%
Embracing a coaching culture	12%
Measuring the effectiveness of training	8%
Establishing competencies	8%
A focus on integrated talent management	7%
Securing top management buy-in	5%
Creating buy in for training	4%
Reducing the cost of training	4%
Other	2%

About The Ken Blanchard Companies®

The Ken Blanchard Companies® is one of the world's leading training and development experts. We create lasting behavioral change that has measurable impact on the organizations we work with. We provide training that makes a difference.

Our programs are based on behavioral models that add a situational context to the training experience, so individuals learn to be more productive in real-world scenarios and make the shift from learning to doing more quickly and effectively.

As the innovator of the most widely used leadership development system in the world, Situational Leadership® II, we provide groundbreaking thinking and a memorable learner experience. We begin with a collaborative diagnostic process identifying your unique needs and business issues, then develop an appropriate leadership strategy.

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