

2011 Corporate Issues Survey

A Nine-Year Look at the Key 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 2011 represent the feedback from 1,300 executives, line managers, and training and HR leaders from a range of organizations, industries, and countries. Since 2003, approximately 9,800 leaders have participated in this ongoing study.

Executive Summary

In 2008, organizations felt the first signs of an economic slowdown, with more of the same in 2009. In 2010, responses indicated soft recovery. What's in store for 2011? Thirty-eight percent of our respondents felt very or fairly optimistic about economic recovery for 2011, while 63% were only mildly optimistic or cautious in regard to the economy in 2011, which is very similar to the results in 2010.

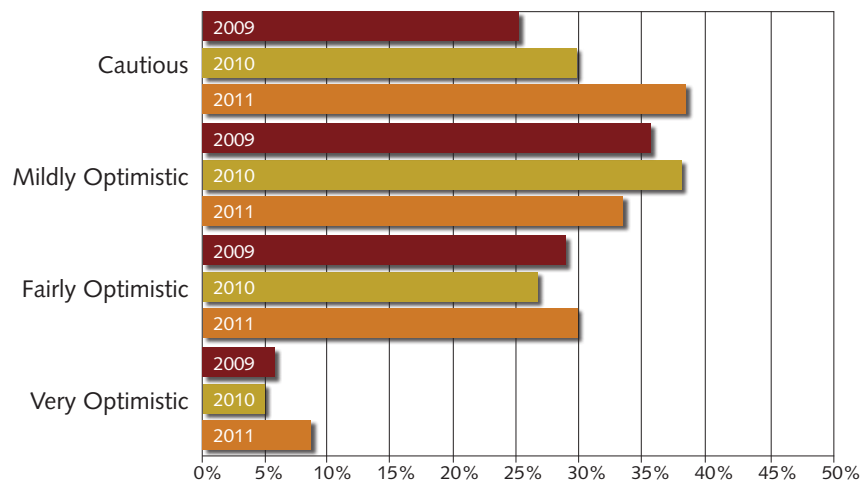
However, despite a conservative view of the economy, respondents don't appear to anticipate spending significantly less on training. Seventy-eight percent indicated that they'd be spending the same amount or more on training in 2011 than they did in 2010. Key issues for organizations include dealing with economic challenges as well as growth and expansion. Key leader development issues include managing change and creating an engaged workforce; key employee development issues include developing supervisory and managerial skills and improving productivity.

Survey Detail

Economic Outlook for 2011

Respondents were asked to describe their organization's overall outlook in regard to the economy. In 2011, 30% indicated that their organization's economic outlook is cautious, which represents no change in comparison to 2010. Thirty-three percent indicated that they are only mildly optimistic, which represents a 5% decrease from 2010. Thirty percent indicated that they are fairly optimistic, which is a slight increase from 2010. Finally, 8% indicated that they are very optimistic, which represents a slight increase from 2010. While organizational outlooks regarding the economy aren't overwhelmingly positive, the data indicates a slightly positive movement. *See Chart 1.*

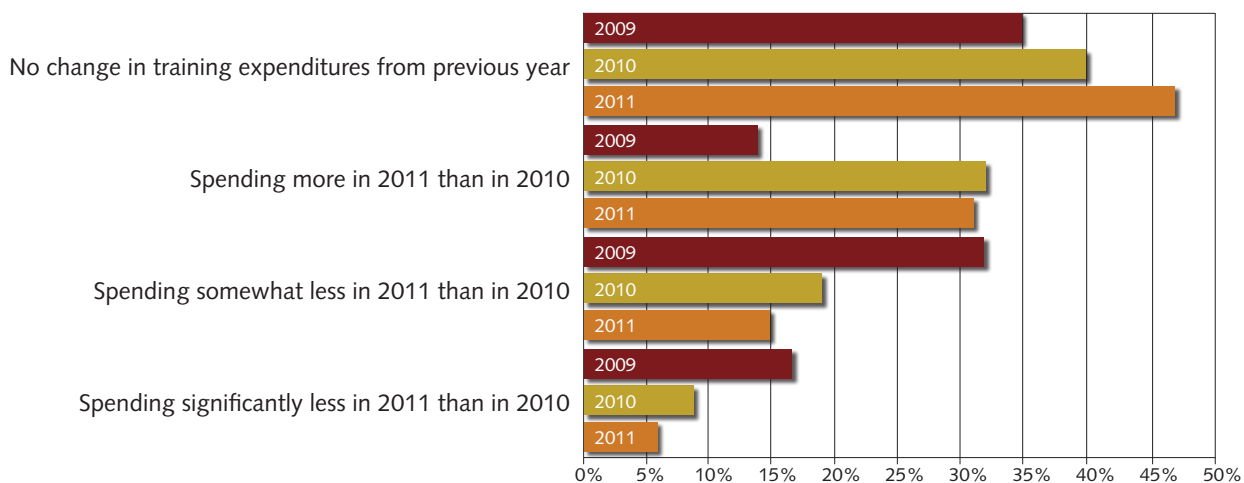
Chart 1—What's your organization's outlook for 2011 given the current economy?



*percentages were rounded up, therefore some totals may be higher than 100%

In light of the current economic outlook, respondents in our survey show less caution in regard to training expenditures for 2011 than they did in 2010 and especially in 2009. Seventy-eight percent of respondents indicated that they will either be spending the same or more on training and development in 2011 than they did in 2010, up 6% from 2010. Only 21% of respondents in 2011 compared to 28% of respondents in 2010 and 49% of respondents in 2009 indicated they will spend either somewhat less or significantly less, on training and development. This is a significantly positive shift. *See chart 2.*

Chart 2—Training and Development Expenditures for 2011



Top Organizational Challenges

The top issues that organizations will focus on in 2011 remain largely unchanged from previous years, with the exception of the three top rated issues. Economic challenges, growth and expansion, and competitive pressures remain the top issues, although their ranking has shifted slightly. While the three-point shift in economic challenges from 2010 to 2011 is slight, issues relating to growth and expansion increased by almost 10%. Other slight shifts include a 6% decrease in competitive pressure, a 5% increase in culture change, a 4% decrease in price sensitivity, a 7% increase in government regulation, a 6% increase in changing technology, a 5% decrease in global challenges, a 3% decrease in ethics and social responsibility, and an 8% decrease in environmental adherence. See *Chart 3*.

Chart 3—Top Organizational Challenges (Ranked by order of importance in 2011)

Issue	2003	2004	2005	2006	2007	2008	2009	2010	2011
Economic challenges	na	na	na	na	na	61%	85%	57%	60%
Growth and expansion	n/a	n/a	n/a	53%	60%	59%	50%	51%	60%
Competitive pressure	71%	67%	63%	60%	65%	63%	64%	59%	53%
Culture change	na	na	na	na	na	48%	41%	44%	49%
Innovation	na	na	na	na	na	35%	36%	48%	47%
Pricing sensitivity	45%	39%	38%	34%	41%	36%	41%	47%	43%
Skill shortages	34%	34%	39%	43%	51%	50%	34%	38%	38%
Government regulation	29%	27%	30%	28%	29%	24%	25%	29%	36%
Changing technology	31%	32%	30%	29%	30%	31%	24%	30%	36%
Global challenges	n/a	n/a	n/a	22%	24%	22%	26%	26%	21%
Ethics and social responsibility	na	na	na	na	na	13%	13%	20%	17%
Environmental/green adherence	na	na	na	na	na	9%	10%	23%	15%

We also asked organizations to rate themselves and their effectiveness in addressing key people development and talent management issues. For the most part, respondents gave their organizations positive ratings: 45% to 65 % of respondents rated their organizations as effective or very effective. On the other hand, the two issues where respondents rated their organizations as less effective include the ability to rapidly develop skills and to develop future leaders. Only 31% and 38%, respectively, rated themselves effective or very effective. See Chart 4.

Chart 4—Rate Your Organization’s Effectiveness in Addressing Each of the Following Issues:

Issue	Very Ineffective	Ineffective	Neither Effective Nor Ineffective	Effective	Very Effective
Effectively allocating its workforce	2%	13%	20%	56%	9%
Evaluating workforce performance	5%	21%	27%	40%	7%
Managing labor costs	1%	10%	26%	51%	12%
Sourcing and recruiting from outside the organization	3%	17%	33%	40%	7%
Retaining top talent	4%	16%	29%	42%	9%
Enhancing workforce performance	2%	23%	34%	37%	4%
Rapidly developing skills	5%	26%	35%	29%	5%
Fostering collaboration and knowledge sharing	5%	23%	27%	37%	8%
Developing future leaders	7%	25%	30%	32%	6%

Top Management Challenges

Respondents were asked to choose the top five management challenges they will focus on in 2011 and the rankings from 2010 to 2011 have shifted. Some of the most significant upward shifts are as follows: respondents cited an increased need to manage change as this issue rose 9% from 2010 to 2011; developing potential leaders rose 3% in 2011; and aligning culture with strategy also rose 5%. Downward shifts from 2010 to 2011 include creating an engaged workforce, a 4% decrease; performance management, a 5% increase; and selecting and retaining key talent, which represented an 8% decrease. *See Chart 5.*

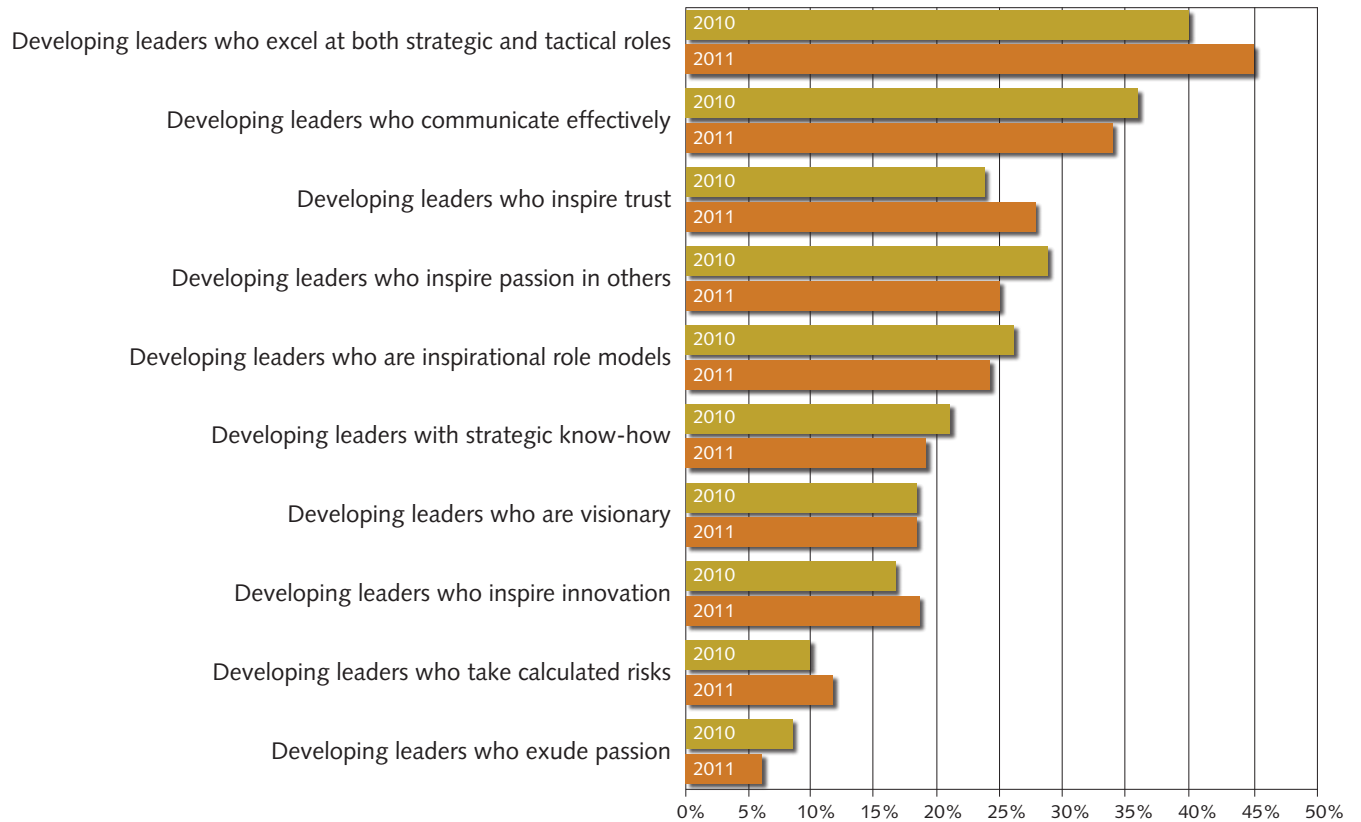
Chart 5—Top Management Challenges (Ranked by order of importance in 2011)

Issue	2003	2004	2005	2006	2007	2008	2009	2010	2011
Managing change	na	na	na	na	na	55%	59%	44%	53%
Creating an engaged workforce	47%	48%	48%	53%	54%	58%	57%	50%	46%
Developing potential leaders	74%	58%	58%	63%	64%	53%	50%	41%	44%
Performance management	na	na	na	na	na	na	na	48%	43%
Aligning culture with strategy	na	na	na	na	na	37%	33%	36%	41%
Reducing costs	58%	49%	50%	45%	43%	38%	52%	43%	40%
Selecting and retaining key talent	55%	55%	53%	57%	62%	50%	39%	45%	37%
Customer loyalty	46%	45%	41%	41%	48%	38%	39%	37%	35%
Succession planning	48%	36%	34%	42%	38%	27%	26%	33%	35%
Communicating mission, vision, values	na	na	na	na	na	39%	35%	31%	33%
Increasing innovation	32%	31%	32%	36%	25%	29%	31%	29%	33%
Employee flexibility/responsiveness	39%	44%	35%	39%	26%	22%	25%	27%	24%
Managing a virtual workforce	na	na	na	na	na	11%	14%	13%	17%
Understanding generational influences	na	na	na	na	na	11%	12%	8%	9%

Top Leadership Skills Gaps

Organizations were asked to identify their largest leadership gaps in the organization. While the rankings of the following leadership gaps did not change from 2010 to 2011, developing leaders who excel at both strategic and tactical roles rose 5%. Other significant upward shifts included developing leaders who inspire trust which rose 4% from 2010 to 2011. See Chart 6.

Chart 6—Where are your organization’s largest leadership gaps?



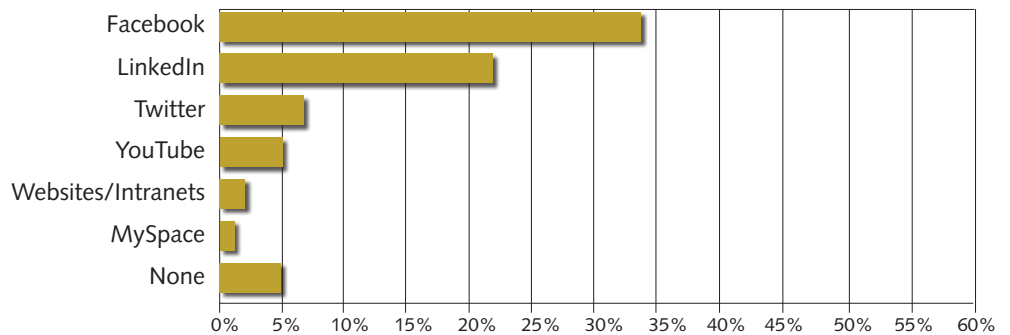
Top Employee Development Challenges

This section sheds light on the top employee development challenges that organizations will face. Respondents were instructed to select only five choices. In reviewing the responses, we see only minor shifts from 2010 to 2011, which are not significant. Areas that show greater levels of change include decision making skills, which rose 9% from 2010 to 2011, and sales skills, which decreased 5% from 2010 to 2011. *See Chart 7.*

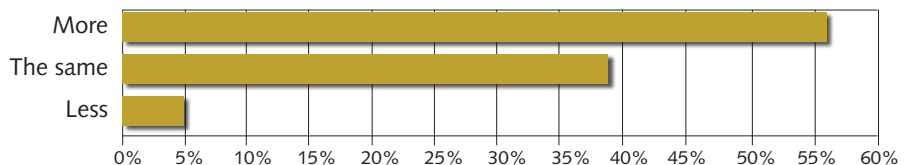
Chart 7—Top Employee Development Challenges (Ranked by order of importance in 2011)

Issue	2003	2004	2005	2006	2007	2008	2009	2010	2011
Managerial/supervisor skills	75%	61%	61%	66%	64%	74%	71%	58%	57%
Productivity improvement	na	na	na	na	na	na	na	55%	53%
Team building skills	46%	44%	38%	46%	44%	59%	60%	49%	50%
Decision making skills	na	na	na	na	na	na	na	41%	48%
Customer relationship skills	51%	48%	44%	48%	52%	58%	55%	45%	47%
Interpersonal skills	53%	56%	40%	51%	48%	63%	62%	42%	42%
Reducing costs	na	na	na	na	na	na	na	36%	34%
Innovation	na	na	na	na	na	42%	45%	30%	33%
Sales skills	35%	31%	31%	26%	28%	34%	39%	36%	31%
Executive development	48%	36%	32%	36%	37%	46%	45%	27%	27%
Entrepreneurialism	na	na	na	na	na	na	na	20%	19%
Risk taking	na	na	na	na	na	na	na	19%	19%

Which of the following social media does your organization use most frequently in its marketing and client outreach?

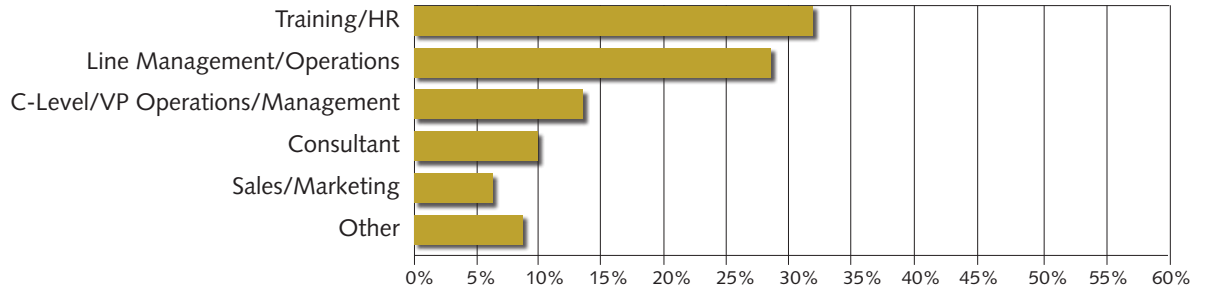


Does your organization plan to use social media more or less in the next year?

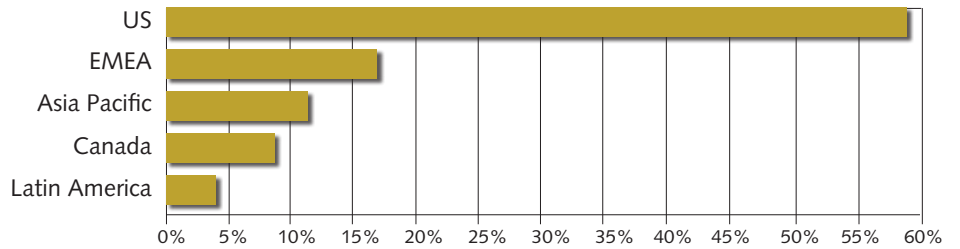


Demographics

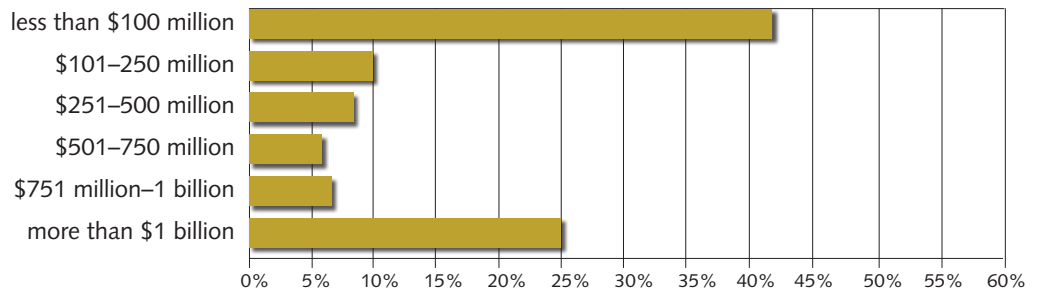
Functional Area



Geographic Region



Organization Size by Annual Revenue



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