CFOs Must Change to Unlock the Future of Autonomous Finance
The Right Role for Sales Reps in Digital Commerce
In a Hybrid World, Leaders Need Help Being Human

Human Leadership of Digital Business
Human Leadership of Digital Business

Letter From the Editor

Despite the money and ambition fueling technology investments, this is the season of our digital discontent. Most organizations want to maintain or continue to speed up their digital spending in 2022, but the push for transformation seems to stall or unsettle the people who need most to believe in it.

CFOs say their own mindsets are a higher barrier to acceleration than either talent or cost. Chief marketing officers take pride in their progress but tell us they now feel bogged down in endless programming details and quests for data points. Executive leaders in every quarter of the enterprise don’t know how to get the most out of flesh-and-blood talent now that they all work in a hybrid realm.

To reach the promised heights — of productivity, creativity, and prosperity — human leaders must evolve along with the networks of systems and software they’re building. It’s time to fine-tune the relationship between people and machines: to face fears, change behavior and rethink the design of your own job, along with those of others.

This issue of Gartner Business Quarterly will show you how. You’ll learn from the real-world experience of organizations from around the globe, including Mastercard, Unilever, Clorox, the Commonwealth Bank of Australia, Akebia Therapeutics, and Express Scripts.

You’ll learn from the real-world experience of organizations from around the globe, including Mastercard, Unilever, Clorox, the Commonwealth Bank of Australia, Akebia Therapeutics, and Express Scripts.

GBQ helps you align with others and reach peak effectiveness, so your enterprise can achieve its goals, be bold and principled, and express itself as it intends. And you’ll find that the very way business is done today is reaching a critical juncture.

We welcome your feedback. Please contact me at judy.pasternak@gartner.com.

— Judy Pasternak

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10 CFOs Must Change to Unlock the Future of Autonomous Finance

Autonomous finance should not be a pipe dream. After all, the necessary tools are operational and evolving quickly. But few CFOs are making headway and they recognize the biggest problem is their own mindset — ahead of both talent and cost issues. They should make three shifts.

14 Marketing Needs Human Superpowers for the Digital Era

While the digital marketing function is now a reality, the expected era of innovation has not followed. Marketing executives find themselves chasing one last data point or complying with cookie rules. But they can get strategic again if they unleash people skills in a new way, helping everyone in the enterprise who uses customer information.

20 The Right Role for Sales Reps in Digital Commerce

Executive leaders in sales, IT, marketing and customer experience should stop designing online aids for buyers to use on their own and build them instead for real-time collaboration between customers and sellers. This is where sales reps add value now and in the future.

24 A New Tech Strategy to Energize the Front Line in Financial Services

Well-intentioned financial services executives invest in technology to boost efficiency, assuming tools free up time for tasks that matter most to frontline performance metrics. But this emphasis hurts as much as it helps: more than 4 in 10 customer-facing employees say tech adds new tasks and it helps: more than 4 in 10 customer-facing employees say tech adds new tasks and employees say tech adds new tasks and requires more skills. The solution: redesign jobs and offer tech that supports a new focus.
Feature Articles

28  In a Hybrid World, Leaders Need Help Being Human
The digital business environment hasn’t dehumanized employees, as many leaders once feared. On the contrary, employees expect a more human experience at work. And it must start at the top, with the people who design jobs and manage teams. Yet only 29% of staff consider their skip-level leaders effective at being authentic, adapting to individual needs while achieving goals and cutting red tape. Here are some training tips.

50  Smash 3 Cybersecurity Myths to Improve Employee Behavior
Employees flouting cybersecurity rules is an intractable problem in the workplace — and it’s an issue that’s not going away. And executive leaders who try to enforce more secure behavior by shining the spotlight on security awareness, or through good “tone at the top,” are likely doing little to improve the situation. A rethink is required: lighten the burden of compliance, hold people accountable and put risks into context.

34  How to Fortify the Board’s Expertise
Corporate boards frequently lack the knowledge to help enterprises navigate new challenges. Although the general counsel often evaluates director skills, nearly half of companies take no follow-up action. And that’s a missed opportunity.

40  The Skills of Tomorrow: How Critical Roles Are Evolving
Even the most sophisticated predictive analytics will not be able to anticipate your organization’s future skills needs — too much is changing too fast. A better way to stay ahead: position the enterprise to flex as new job requirements arise. To do that, develop sensing mechanisms, including an external market perspective. Enter the “skills life cycle,” which leverages nearly eight million job postings from S&P 100 companies to visualize how the most competitive positions for information security, supply chain, finance and HR are changing — which skills are increasingly sought, and which are waning in listings.

54  Collaboration Hot Spots: What’s Frustrating (and What Works) for 5 Enterprise Activities Where Functions Pull Together
At least three functions — and at times, seven or more — get involved when organizations tackle these important challenges: resilience, customer experience, ESG, information governance and innovation. Hundreds of responses from surveys of executives working on these activities provide a glimpse into the state of play — who’s involved, what’s not going so well and, in conclusion, what might separate the good results from the bad.

64  The Whiteboard: Big Questions About Strengthening Objectivity in Business Processes
Have you heard about the hot hand, anchoring, overconfidence, groupthink, recency or the halo effect? These are just six of the dozens of mental shortcuts that create human-reasoning errors everywhere, including, of course, in business activities. Different cognitive biases may crop up depending on whether you’re conducting an audit, investing in cryptocurrency or deciding on a performance management system. Can we help decision makers fight fallacies and minimize the problems they cause?

The Cutting Edge: 3Q22
Cool New Data Points
Compiled by Laura Cohn and Laura Reul

M&A and Sustainability Could Take a Hit If Costs Need Cutting
About four in 10 CEOs and CFOs said these two investment categories would see the first reductions.

Top Two Areas CEOs and CFOs Will Cut First and Last
Percentage of Respondents

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Cut First</th>
<th>Cut Last</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in M&amp;A</td>
<td>29%</td>
<td>41%</td>
</tr>
<tr>
<td>Investments in Workforce and Talent Development</td>
<td>33%</td>
<td>46%</td>
</tr>
<tr>
<td>Investments for Improved Sustainability and Reduced Environmental Impact</td>
<td>15%</td>
<td>39%</td>
</tr>
<tr>
<td>Investments in Technology for Improved Performance Efficiency and Scalability</td>
<td>23%</td>
<td>45%</td>
</tr>
<tr>
<td>Investments in Product Innovation for Growth</td>
<td>27%</td>
<td>37%</td>
</tr>
<tr>
<td>Capital Investments for Physical (e.g., Production or Supply) Network Expansion to Support Growth</td>
<td>26%</td>
<td>32%</td>
</tr>
</tbody>
</table>

n = 128 (cut first); 129 (cut last)
Q: Which two investment categories do you think your organization will cut FIRST?
Q: Which two investment categories do you think your organization will cut LAST?
Source: 2022 Gartner Inflation Response Survey
Do Consumers Shift Their Buying Habits Because of Corporate Stands on Hot-Button Social Issues?

Taking a corporate stand does not lead to much net-positive or negative change in purchase demand. Brands focusing on a niche audience may see more benefit (or risk).

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CEOs’ Responses to Inflation

Summary of Top Two Mentions, Coded Responses

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Prices</td>
<td>32%</td>
</tr>
<tr>
<td>Cost Optimization</td>
<td>22%</td>
</tr>
<tr>
<td>Productivity/efficiency/automation</td>
<td>18%</td>
</tr>
<tr>
<td>Supply Chain Optimization</td>
<td>16%</td>
</tr>
<tr>
<td>Workforce Size and Pay Adjustments</td>
<td>13%</td>
</tr>
<tr>
<td>Products and Markets Changes</td>
<td>11%</td>
</tr>
<tr>
<td>Finance and Funding Changes</td>
<td>10%</td>
</tr>
<tr>
<td>No Action</td>
<td>11%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
</tr>
</tbody>
</table>

n = 365, significant rise in inflation

Q. What are the top two actions you will most probably take in response to this inflation scenario in your market?

Source: 2022 Gartner CEO and Senior Business Executive Survey

---

Emerging Risk No. 1: It’s the Economy

Risk, audit and assurance teams say they’re concerned these threats to business may materialize over the next 12 months:

- Macroeconomic Downturn
- Escalation of Conflict in Europe
- State-Sponsored Cyberattacks
- Energy Price Inflation
- Key Material Shortages

<table>
<thead>
<tr>
<th>Risk</th>
<th>Impact Score</th>
<th>Time Frame Score</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macroeconomic Downturn</td>
<td>3.36</td>
<td>1.70</td>
<td>80%</td>
</tr>
<tr>
<td>Escalation of Conflict in Europe</td>
<td>2.91</td>
<td>1.34</td>
<td>70%</td>
</tr>
<tr>
<td>State-Sponsored Cyberattacks</td>
<td>3.44</td>
<td>1.56</td>
<td>62%</td>
</tr>
<tr>
<td>Energy Price Inflation</td>
<td>2.80</td>
<td>1.37</td>
<td>67%</td>
</tr>
<tr>
<td>Key Material Shortages</td>
<td>3.34</td>
<td>1.44</td>
<td>61%</td>
</tr>
</tbody>
</table>

n = 306
Source: 2022 Gartner Emerging Risks Survey

---

Few Social Justice Stands Drive Significant Net Positive Customer Purchase Behavior

<table>
<thead>
<tr>
<th>Social Justice Stand</th>
<th>Customer Purchase Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for Environmental Protection, Sustainability and</td>
<td>6.0%</td>
</tr>
<tr>
<td>Natural Conservation Initiatives and Regulations</td>
<td>+4 points</td>
</tr>
<tr>
<td>Support For The Rights of LGBTQIA+ Employees and Customers</td>
<td>5.2%</td>
</tr>
<tr>
<td>An Anti-Racist Stance That Denounces Discrimination Against POC</td>
<td>6.7%</td>
</tr>
<tr>
<td>An Abortion-Rights Stance</td>
<td>4.4%</td>
</tr>
<tr>
<td>A Stance to Reduce Gun Violence</td>
<td>3.5%</td>
</tr>
<tr>
<td>A Stance In Support of Law Enforcement And Police Forces</td>
<td>2.6%</td>
</tr>
<tr>
<td>An Anti-Abortion Stance</td>
<td>1.9%</td>
</tr>
<tr>
<td>A Pro-Gun Stance</td>
<td>1.7%</td>
</tr>
<tr>
<td>Support for President Joe Biden, His Administration or the Democratic Party</td>
<td>3.6%</td>
</tr>
<tr>
<td>A Stance Focusing on Specific Racial or Ethnic Groups at the Expense of Others Is Unfair or Harmful Asserting Their Company’s Religious and Moral Values and Right to Not Hire or Serve People Who Identify as LGBTQIA+</td>
<td>3.5%</td>
</tr>
<tr>
<td>Support for a Movement to “Defund the Police”</td>
<td>3.0%</td>
</tr>
<tr>
<td>Support for President Donald Trump, His Administration or the Republican Party</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Q. Which, if any, of the following issues did (...) promote or take a stand in support of?

Source: 2021 Gartner Consumer Advertising and Content Marketing Preference Survey

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When Customers Do Wield Their Wallets on Social Issues, Certain Types of Corporate Responses Lead to Specific Actions

- Company advertising, corporate charitable donations and social media posts spur boycotts — shopping in support of a social stance.
- Leaders’ personal and on-the-job activities, along with company political contributions drive boycotts — registering disapproval by avoiding purchases.
Audit Leaders Who Build Team Expertise Outperform Those Who Hire Experts

The difference is striking: those who put a premium on developing talent outperform those who hire to acquire skills and knowledge, roughly 2-to-1.

Building Expertise Improves Audit Work

- **Acquire Subject-Matter Expertise**: +21%
- **Build Subject-Matter Expertise**: +42%

The "build" approach includes efforts to provide training and to architect learning opportunities.

Impact of Architecting Learning Opportunities on Key Audit Department and Business Outcomes

| Percent Improvement as a Result of Moving from 10th to 90th Percentile in Architecting Learning Opportunities |
|---|---|---|
| **Audit Department Outcomes** | **Audit Talent Outcomes** | **Business Outcomes** |
| Credibility With Business | Reduced Unwanted Attrition | Reduction of Risk Exposure |
| 50% | 25% | 36% |
| Audit Committee Confidence | Reduced Time to Fill | Value Creation/Capture |
| 70% | 34% | 33% |
| Increased Offer Acceptance | | |
| 28% | | |

Learning architects are leaders who help employees prioritize expertise building, connect them to a variety of learning opportunities and understand when their teams have gained enough expertise to audit new areas. They reap a bounty of benefits, including a cut in unwanted attrition.

Impact of Architecting Learning Opportunities on Key Audit Department and Business Outcomes

| n = 73 CAEs |
| Source: 2022 Gartner CAE Talent Survey |
| Note: All results reported are statistically significant at the p < .05 level or less unless otherwise indicated. |

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CFOs Must Change to Unlock the Future of Autonomous Finance

by Suheyla Cavdar and Emily Connelly

Autonomous finance should not be a pipe dream. In theory, it shouldn’t be too many years before a young employee reacts with shock upon hearing the accounting close was once a monthly event — weren’t the books always up to date? And soon, you’d think, self-learning software agents should run many processes on their own. A forecasting system, for instance, could tell ERP to raise target inventory levels immediately when it spies a chance to capture market share.

The necessary tools are operational and evolving quickly. But few CFOs are making headway. While 64% of finance chiefs believe the future autonomous state will be reality within the next six years, only 21% are using machine learning, 19% prescriptive analytics, 12% natural language processing and 8% blockchain. Failure to adopt these technologies is delaying organizations’ ability to move information swiftly with little to no human intervention; they are stalling a mechanism for insulating the business from shocks such as inflation, global conflicts and pandemics.

CFOs do recognize the problem: They tell us that mindset is the hardest barrier to overcome — ahead of talent, data, strategy and even cost. A CFO’s attitude affects every aspect of the path to autonomous finance, including which technologies they choose, what the technologies are used for and whether people adopt them.

To move their whole organization forward and avoid being left far behind, they must shift away from three typical but erroneous beliefs (see Figure 1):

- Finance should start small to avoid costly failures with technology investments.
- Technology is a tool, but people make decisions.
- Teams will embrace technology only when they see its benefits.

Expecting finance to avoid failure is misguided. Broad experimentation from the outset with technologies that enable autonomous finance is the best way to realize value from an investment. Consider these findings:

- Leaders in our 2022 Finance AI Survey deployed a median of eight pilots in the first 12 months of investment; the others deployed a median of four.
- At the end of 12 months, leaders had four applications of AI, and the rest had three.
- The gap widened over time; in subsequent years, leaders had eight applications of AI and nonleaders had four.

Importantly, there was no meaningful difference in spending between the two groups.

The larger point is this: Starting with a limited number of pilots increases the likelihood that finance teams will view technology trials as isolated occurrences in pockets of the function. On the other hand, a greater number of experiments signals a larger shift in the way finance operates in all areas of the function. Each project may be small, but the collective impact is transformational.

Action Steps to Encourage More Experiments

To demystify new technologies and reduce fear of failure, explore the anxieties that could prevent a team or person from pursuing a bold innovation. For example, define the worst things that could happen, then the benefits of taking action and the costs of inaction (see Figure 2).

Figure 2. Fear-Setting Exercise Template

<table>
<thead>
<tr>
<th>Checklist for Naming Your Fears</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Define worst things:</strong></td>
</tr>
<tr>
<td>1. ______________</td>
</tr>
<tr>
<td>2. ______________</td>
</tr>
<tr>
<td>3. ______________</td>
</tr>
<tr>
<td><strong>2. Prevent worst things:</strong></td>
</tr>
<tr>
<td>1. ______________</td>
</tr>
<tr>
<td>2. ______________</td>
</tr>
<tr>
<td>3. ______________</td>
</tr>
<tr>
<td><strong>3. Repair worst things:</strong></td>
</tr>
<tr>
<td>1. ______________</td>
</tr>
<tr>
<td>2. ______________</td>
</tr>
<tr>
<td>3. ______________</td>
</tr>
<tr>
<td><strong>4. Benefits of taking action:</strong></td>
</tr>
<tr>
<td>1. ______________</td>
</tr>
<tr>
<td>2. ______________</td>
</tr>
<tr>
<td>3. ______________</td>
</tr>
<tr>
<td><strong>5. Cost of Inaction at 6 months:</strong></td>
</tr>
<tr>
<td>1. ______________</td>
</tr>
<tr>
<td>2. ______________</td>
</tr>
<tr>
<td>3. ______________</td>
</tr>
<tr>
<td><strong>6. Cost of Inaction at 18 months:</strong></td>
</tr>
<tr>
<td>1. ______________</td>
</tr>
<tr>
<td>2. ______________</td>
</tr>
<tr>
<td>3. ______________</td>
</tr>
</tbody>
</table>

Source: Gartner
Shift 2: From “Technology as a Tool” to “Technology as a Decision Maker”

Fear of the unknown also comes into play when finance leaders choose human judgment over an algorithm’s output. For example, CFOs responding to our survey reported the maximum acceptable variance for a traditional financial statement forecast, built by people, as a median of 10%. What was the maximum acceptable variance for a technology-generated forecast? Just 5% at the median. This discrepancy likely results from finance comparing algorithm performance to a specific target, often an overly lofty goal — or even perfection. Instead, finance should compare an algorithm’s performance to human judgment. As long as an algorithm performs as well as or better than people, you win. A CFO who understands that will no longer need to rely solely on people to do the work.

Action Steps to Increase Trust in Technology

The following are three ways to build trust in technologies for autonomous finance:

- Ask stakeholders what they’ve heard about the technology, and address their specific concerns.
- Conduct an exercise in which the team compares its own forecast predictions to an algorithm’s and discusses the results.
- In addition to a conversation about the value of a new tool, teach the team about the model’s logic and how it was built. Follow up by allowing employees to pressure-test it and offer feedback before the formal implementation (see Figure 3).

“ enterts, vice president of FP&A at Mastercard

Shift 3: From “Keep Your Distance” to “Demonstrate Your Personal Interest”

While CFOs announce exciting new technology investments and tout the transformational potential to encourage widespread adoption, their actions (or lack thereof) speak louder than their words. Only 29% of CFOs say they invest significant personal time in learning about technologies for autonomous finance and their applications. As for the others: their teams take note. Employees don’t change because leaders ask them to; they change because of how leaders behave.

Action Steps to Change Personal Behaviors

CFOs can demonstrate new behaviors with “culture hacks” — small, emotional, immediate changes that have a big impact (see Figure 4). One example of a culture hack: setting a minimum failure rate for innovators, which signals that if the team isn’t failing a certain amount, it’s not being bold enough. Another example: Unilever requires all employees, including finance leaders — even the CFO — to complete internal digital training programs. This mandate brings the entire finance team up to a foundational level. The participation of senior management signals the criticality of those skills.

Figure 4. Attributes of a Culture Hack — ALIVE

A Culture Hack Is...

Actionable

But not low courage

Low Effort

Immediate

Visible

Emotional

One example of a culture hack: setting a minimum failure rate for innovators, which signals that if the team isn’t failing a certain amount, it’s not being bold enough. Another example: Unilever requires all employees, including finance leaders — even the CFO — to complete internal digital training programs. This mandate brings the entire finance team up to a foundational level. The participation of senior management signals the criticality of those skills.

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1 2022 Gartner Autonomous Finance Survey. Data from 83 CFOs was gathered in February and March 2022. Respondents included organizations reporting more than $250 million in revenue and headquartered in the U.S., Canada, the U.K., India and Australia. This survey was conducted to help CFOs understand how they currently view and implement technologies for autonomous finance.

2 2021 Gartner Finance Technology Trends Survey. Data from finance executives was gathered from October through December 2021 from over 400 responding organizations headquartered around the globe. Respondents represent key industries, with 63% of organizations reporting more than $1 billion in revenue. This survey was conducted to assess finance leaders’ use of 58 finance technologies.

3 2022 Gartner Finance AI Survey. This survey included 103 international finance leaders. It was conducted to help finance leaders understand how the finance practice is currently implementing AI. We also sought to understand what actions lead to early success in AI deployment.

4 Why We Prefer Human Judgment to Algorithms, Chicago Booth Review.

5 To learn more, see Culture Change Succeeds or Fails in Leadership Moments.

6 To learn more, see The Art of Culture Hacking.
Marketing Needs Human Superpowers for the Digital Era

by LK Klein, Kristina LaRocca Cerrone, Michael McCune and Dean Vitté

Marketing leaders feel like they've advanced their digital business by five years over the past 24 months, progressing much faster than other functions, but the victory is Pyrrhic. In fact, marketers tell us they’re no longer architects who design grand strategies; they’ve instead become plumbers who only maintain the pipes.

Figure 1. Digital Leaders’ Attitudes Toward Customer Data Investments

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree/Disagree</th>
<th>Neutral</th>
<th>Agree/Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The More We Invest In Collecting Customer Data, the Less Incremental Benefit We See</td>
<td>37%</td>
<td>19%</td>
<td>45%</td>
</tr>
<tr>
<td>We Have Already Invested So Much in Our Customer Data Integration Efforts That We Must See Them Through to Completion</td>
<td>7%</td>
<td>24%</td>
<td>69%</td>
</tr>
</tbody>
</table>

n = 402 leaders in customer data (base varies by statement, excludes “don’t know”)

Q1. Please indicate the level to which you agree with each of the following statements around customer data.
Q2. Please indicate the level to which you agree with each of the following statements around your organization’s customer data integration efforts.

Source: 2021 Gartner Cross-Functional Customer Data Survey

Building out a martech stack and souping up digital commerce were obvious needs that yielded quick wins for the business. Now chief marketing officers (CMOs) are mired in endless operational details: programming an automated campaign, getting one more data point, complying with cookie regulations. What’s more, the pressure to justify digital transformation costs isn’t just a marketing problem; the whole enterprise is trapped in this painful cycle. Harvesting customer data is one example. Almost half of business leaders say the more they invest in it, the less incremental benefit they see. At the same time, more than two-thirds say they’re sunk so much money into integrating the data that they have to see it through to completion (see Figure 1).1

Breaking out of the execution rut doesn’t require a total overhaul. Instead, innovative marketing leaders get more from their digital investments by reinventing capabilities that marketing functions have had all along — bringing human traits front and center but employing those behaviors in a new way. And this strategy has paid off. Organizations that unleashed these people skills were 11% more likely to report revenue growth in 2021.2

To make this headway, marketing teams mastered two methods (see Figure 2):

- **Scaled judgment** — The ability to identify and spread customer insights throughout the enterprise
- **Empathetic influence** — The prowess to motivate others, businesswide, to embrace change

**Scale Your Judgment to Get Smarter Faster**

Progressive marketers don’t just tinker with data and generate customer insights. They change the way they absorb, react to and communicate information. This includes defining new market signals to zero in on, experimenting with different ways to respond to those signals and teaching others what they have learned.

Clorox, for instance, analyzed brands to show what customer attitudes and behaviors aligned with different degrees of product consumption. But the U.S.-based consumer products manufacturer realized it could learn from its analysis in a different way. Go beyond tracking behaviors to instead target and change customers’ habits in real time. Clorox’s marketing team successfully used this method to create opportunities for growth. It linked significant shifts in consumer behavior directly to long-term business objectives (see Figure 3).

But scaled judgment is not just a tactic for making better-quality decisions about customer data. It also helps modern marketers contribute that learning to the whole enterprise — particularly in moments where there isn’t a clear customer signal by which to make a business decision.

GlaxoSmithKline, a U.K.-based multinational pharmaceutical maker, provides a good example of this in practice. Instead of leaving other functions to duplicate customer experiments, the marketing insights team developed a searchable archive that stores, manages and shares knowledge about customers and brands with people throughout the business (see Figure 4).

**Figure 2. Effects of Scaled Judgment and Empathetic Influence on Revenue**

<table>
<thead>
<tr>
<th>Standardized Likelihood of Organizational Revenue Increasing in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scaled Judgment and Empathetic Influence Not Prioritized</td>
</tr>
<tr>
<td>Scaled Judgment and Empathetic Influence Prioritized</td>
</tr>
</tbody>
</table>

n = 404 marketing leaders

Source: 2022 Gartner CMO Spend and Strategy Survey

Note: Prioritization of scaled judgment and persuasion refers to marketing leaders ranking those capabilities as the most important ways for the marketing function to deliver value to the organization.
Everyone, everywhere at GlaxoSmithKline could use these cataloged insights to quickly find and refine existing customer signals as well as develop new ones. In addition to preventing redundant effort, this method allowed the marketing insights team to build on prior work — creating and testing new hypotheses to guide business partners’ ideas to the pilot phase. The whole company got smarter faster.

Unlock Empathy to Bring Everyone Along
CMOs have opened new sources of commercial growth by rapidly shifting to digital-first models for customer engagement.

But to get full value out of these investments, shifting customer behavior is just the start. Marketers also need to change how business partners act. However, only about 30% of marketing leaders believe they are good at doing this.

Most of them concentrate on trying to understand the obstacles in moving customers out of entrenched buying habits. By contrast, progressive marketers work to remove internal barriers that keep everyone in the business from being empathetic to customer problems. Marketing does not own every interaction a customer has with an organization, so it has to work with other functions such as IT, legal and sales on its most ambitious projects. The problem is that stakeholders start out enthusiastic about these projects, but over time — as execution complexities crop up, or priorities start to shift — that excitement wanes. Business partners grow tempted to declare that an experience designed for customers is “good enough,” even though marketing knows it’s really not.

This is where marketers need to apply a nondigital skill to the problem of behavior change. A little empathetic influence goes a long way toward sustaining momentum in addressing complex customer challenges.

For instance, the customer insights team at Synovus asked executives to participate in a limited trial of a web portal rollout. Internal stakeholders at the U.S.-based financial services company attempted different actions and gave feedback on their experience (see Figure 5). The interactions forced the adoption of a customer perspective. As a result, the team had an easier time getting senior buy-in for decisions about whether to invest in more design or delay a deadline.

When functional leaders work with CMOs to align customer empathy with organizational decisions and investment, they can create reliable and rewarding consumer experiences that contribute to ongoing and sustained growth.

Figure 3. Clorox’s Hidden Valley Consumer Journey Map

Source: Adapted From the Clorox Company

Note: The blurred content represents proprietary information.

Figure 4. Insights’ Sourcing and Tracking of Crowdsourced Ideas

Source: Adapted From GlaxoSmithKline

Figure 5. Executive Participation in Practice

Synovus’s Business Experience With Executive Pilot Engagement

Outcome
Senior executives approved further investment in user experience design.

Allow executives with the most to gain or lose to participate in a limited production pilot of the new experience.

Pilot participants perform normal customer actions, such as transferring funds and paying bills.

Pilot participants reported on defects in the platform and friction in the experience.

Launch Decision

How do I pay my bill?

Source: Adapted From Synovus
This study was conducted to establish guidance for marketing leaders who increasingly confront cross-functional data needs before they can properly execute customer experience innovation. The research was conducted online from May through July 2021 among 402 respondents in the U.S. (47%), Canada (5%), France (11%), Germany (11%) and the U.K. (26%). Respondents were required to have involvement in decisions pertaining to use technology to integrate and/or use customer data to facilitate marketing, sales, analytics, etc. Eighty percent of the respondents came from organizations with $1 billion or more in annual revenue. The respondents came from a variety of industries: financial services (48 respondents), tech products (52 respondents), manufacturing (57 respondents), consumer products (36 respondents), media (48 respondents), retail (47 respondents), healthcare providers (40 respondents), IT and business services (31 respondents), and travel and hospitality (43 respondents). Disclaimer: Results of this survey do not represent global findings or the market as a whole but do reflect the sentiments of the respondents and companies surveyed.

The purpose of this survey was to understand the marketing organization’s strategic priorities and budget allocations for 2022. The research was conducted online from February through April 2022 among 405 respondents in the U.S. (38%), Canada (9%), France (7%), Germany (9%), the U.K. (28%), Denmark (2%), Sweden (4%) and Norway (1%). Respondents were required to have involvement in decisions pertaining to setting or influencing marketing strategy and planning, as well as involvement in aligning marketing budget and resources. Seventy-four percent of the respondents came from organizations with $1 billion or more in annual revenue. The respondents came from a variety of industries: financial services (66), tech products (38), manufacturing (49), consumer products (42), media (35), retail (40), healthcare providers (57), IT and business services (35), and travel and hospitality (43).

The purpose of this survey was to test the relevance of 2022 marketing functional themes and concepts with marketing professionals. This research was conducted online from 22 March through 23 March among 179 marketing professionals based in North America.
The Right Role for Sales Reps in Digital Commerce
by Sharon Cantor Ceuvorst and Craig Riley

Eighty-three percent of B2B customers say they prefer to buy online. They find it easier to replace or upgrade products that way. They can also solve complex new problems and major operational issues using a website.1

On the flip side, customers who shop online are significantly more likely to say they should have bought something else, consulted more information or taken longer to make their decision. Overall, they are 22% more likely than offline buyers to regret their purchases.1 And this digital buyers’ remorse is likely to cost the winning supplier any future business or referrals. So what’s the answer?

Functional leaders should stop designing digital tools for individuals to use on their own and build them instead for real-time collaboration between customers and sellers. This is where sales reps add value now and in the future. This method reaps solid results. When people and digital channels are joined up this way, customers learn about their needs and feel confident about their decisions — which drives more ambitious purchases and spurs revenue growth (see Figure 1).

Combine Human Sellers and Digital Tools to Improve Customer Learning
Sales reps remain an essential part of the process for most online buyers. But to keep things moving, it’s easy for sellers — armed with playbooks and scripts intended to reduce the time it takes to close a deal — to oversimplify and overpromise. The result is alarming: buyers who reported their purchase decisions were primarily led by sales reps were less likely to complete a high-quality deal (see Figure 2).1

This underperformance by both technology and sellers reveals a common root cause: the pursuit of speedy deals leads to ineffective customer learning. Failure occurs because both digital experiences and sellers quickly validate decisions instead of guiding customers to challenge their own thinking. But it doesn’t have to be that way. Functional leaders who make an effort to improve customer learning are rewarded commercially. B2B buyers were 147% more likely to buy more than they originally intended when multiple supplier interactions deepened their understanding of their needs and goals.2

Integrated digital and human-led channels are critical components in productive customer learning. Customer confidence rose by 17% when B2B buyers reported that sales reps used technology constructively, which leads to more high-quality deals.3

First up, functional leaders must consider a digital engagement’s purpose and how it fits within the B2B buying process. Most digital sales tools are designed to demonstrate product functionality or configuration to a single buyer. But more than 80% of buyers report using them with colleagues, and 50% in real time with a sales rep.1

Progressive commercial organizations lean into this trend and design digital sales tools for group use. Express Scripts, a U.S. pharmaceutical distributor (now part of Evernorth), creates secure websites for top customer accounts. The company curates relevant materials and allows multiple purchase decision makers to share and review the information on the website among the buying team and with their sales rep.

Figure 1. Required Shift to Integrated Digital and Human Engagement

Source: Gartner

Figure 2. Likelihood of High-Quality Deal by Level of Sales Rep Involvement Averaged Across Buying Tasks
n = 396 B2B buyers, completed purchases only
Q: Which of the following best describes how your buying group interacted with supplier’s point(s) of contact during each of the following tasks?
Source: 2021 Gartner B2B Buyer Survey
Sales Reps Need a New Set of Questions and a New Digital Toolbox

 Buyers are still learning about their own needs and goals as they investigate products. Sales reps can help in three ways:

1. Encourage buyers to assess their current knowledge level and gaps.
2. Collaborate with buyers to relate and apply information.
3. Prepare buyers for the next set of questions and challenges they will face.

The best teachers ask probing questions that lead customers to discover their own answers. Early in the learning process, sales reps can use this method to find out from customers what it is they are trying to achieve — and what’s getting in their way. These questions force buyers to think critically and pressure-test their assumptions. Sales reps must go beyond traditional high-level questions and ask open-ended, exploratory questions about how the purchase fits into their business, how common or realistic are those conditions? How could this purchase create underappreciated costs or challenges, and how can you mitigate them? These questions can (and should) be unsettling, so they work best when sales reps pair them with digital sales tools that guide prospective buyers to satisfying answers. That way, buyers are better able to articulate their needs and feel more informed and confident that they’ve learned enough to move on.

Global commercial real estate company JLL, for example, devised 12 distinct digital tools to help customers accomplish common buying tasks. Sales reps guide customers back and forth through the tools as buyers’ understanding of their needs changes. JLL’s space design tool, for instance, helps buyers map their desired layout of an office floor (see Figure 3). The company trains sellers on how to best use the tools with customers through e-learning modules and one-on-one coaching from subject matter experts and technology advisors. Early in the learning process, sales reps can use this method to find out from customers what it is they are trying to achieve — and what’s getting in their way. These questions force buyers to think critically and pressure-test their assumptions. Sales reps must go beyond traditional high-level questions and ask open-ended, exploratory questions about how the purchase fits into their business, how common or realistic are those conditions? How could this purchase create underappreciated costs or challenges, and how can you mitigate them? These questions can (and should) be unsettling, so they work best when sales reps pair them with digital sales tools that guide prospective buyers to satisfying answers. That way, buyers are better able to articulate their needs and feel more informed and confident that they’ve learned enough to move on.

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Figure 3. JLL’s Collaborative Space Design Tool

1. “First, let’s go to the market you are looking for a space in and find you the right location.”
2. “Next, let’s put in your space specifications and layout preferences together.”
3. “Interesting that you mentioned a modern office layout, let’s model it out together.”
4. “Now let’s take a deeper dive into the layout and show you what it would actually look like.”
5. “As needed, we can also revisit earlier tools and easily make changes, which will be seamlessly applied across other tools.”

Space Finder Tool
- San Francisco Properties
- Explore
- Current Availabilities
- All Properties

Space Plan Tool
- Workstation Option 1 Qty: 3
- Option 2 Qty: 4
- Total SF Needed: 10,000

Space Design Tool
- One Front St.
- Floor 5

Space Experience Tool
- Zoom In
- Videos
- Photos
- Tour

Steve Ramseur
Chief Innovation Officer, JLL

Since debuting its seller-guided digital tools, JLL has reported a 115% increase in conversion rate and a 70% reduction in average sales cycle time. “We have accelerated our sales force forward in tech adoption by five to 10 years,” said the company’s chief innovation officer, Steve Ramseur.

1. 2021 Gartner B2B Buyer Survey. This survey was administered in November and December 2021 among 786 respondents from the U.S. (n = 386), Canada (n = 322), the U.K. (n = 308), Western Europe (n = 102), Australia (n = 118) and India/ Singapore (n = 100). To qualify for the survey, respondents must have considered a purchase and clearly recalled two interactions with a specific brand/supplier in the past six months. B2B customers were required to be full-time employees at a company with at least $500 million in 2020 revenue, and have been involved in a significant purchase decision on behalf of their company (i.e., a decision involving multiple potential vendors and more than one decision maker). Disclaimer: Results of this survey do not represent global findings or the market as a whole but reflect the sentiments of the respondents and companies surveyed.

2. 2020 Gartner Digital Buying Survey. Data was collected from November through December 2020, from 982 respondents. Survey participation was limited to respondents who had made a significant business purchase in the past 12 months and were in senior roles (senior individual contributors and above). Respondents were actively involved in a significant business purchase. Note that a high-quality deal is defined as either purchasing a high-end, premium offering or not settling for a less ambitious offering, and reporting that the purchase has met expectations.
A New Tech Strategy to Energize the Front Line in Financial Services

by Christopher Regan

The front line is critical to revenue growth. But, as functional leaders in a range of industries will tell you, the people who serve customers directly are burned out, and the consequences are devastating.

Take financial services: 37% of branch and contact center employees report they are more stressed now than they were before the pandemic, and 25% are actively looking for new jobs.1 To make matters worse, only 35% of frontline employees report themselves as high-performing,1 and only 21% of financial services leaders report the same when asked about their frontline staff.2

Well-intentioned financial services leaders are investing in technology to improve efficiency, assuming these tools can free up time for the customer-facing tasks that matter most to frontline performance metrics. Unfortunately, this emphasis hurts as often as it helps:

• Less than half of customer-facing employees agree that technology makes their work easier.
• Forty-seven percent report that technology adds new tasks to their work.
• Forty percent say technology requires more difficult skills.

For example, automation might remove some operational tasks but add others (see Figure 1).

New tools, when rolled out frequently, can force employees to work across a larger number of systems to accomplish the same work. Additionally, leaders risk leaving many behind who may be slow to learn and adapt.

Instead, financial services leaders must redesign frontline jobs around a few core kinds of work — and then deliver the tools that support this new vision.

Help the Front Line Improve Outcomes for Employees, Customers and the Firm

The workforce includes twice as many high performers at banks where employees feel equipped to do three things for customers: education about financial options, enablement for reaching goals and reassurance that progress is on track. Employees are also more engaged, more likely to have a high opinion of leadership, less likely to prioritize compensation and less likely to depart (see Figure 2).

Enabling employees to provide customers with financial empowerment support not only leads to these outcomes that benefit the company but also makes customers more likely to purchase a new product, increase their deposits or tell friends about their positive experiences.3

Figure 2. Impact of Enabling the Front Line to Educate, Enable and Reassure Customers

Improvements in Key Talent Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust and have a positive perception of leadership</td>
<td>36% more likely</td>
</tr>
<tr>
<td>Be positively impacted by technology</td>
<td>34% more likely</td>
</tr>
<tr>
<td>Report high ESG and inclusion</td>
<td>41% more likely</td>
</tr>
<tr>
<td>Be highly engaged</td>
<td>28% more likely</td>
</tr>
<tr>
<td>Choose compensation as an important EVP attribute</td>
<td>18% less likely</td>
</tr>
<tr>
<td>Actively look for a new job</td>
<td>12% less likely</td>
</tr>
</tbody>
</table>

n = 660 (frontline employees)

Source: Gartner
Management must take three steps to create this environment:

- Clearly define and communicate skills that the front line must exhibit to help customers make the best decisions.
- Motivate the front line to adopt these new skills by helping them feel financially empowered themselves.
- Shift technology focus to support frontline decision making by offering a deeper and more personalized view of customer context.

How leaders invest in technology is especially important. For instance, most financial services companies already provide simple tools that can shepherd employees through a variety of decision-making processes. These can include client conversation guides, how-to manuals to identify best-fit products and next-step checklists to close out client interactions. But employees don’t have time to make consistent use of these resources.

**Employees Need Technologies That Help Them Make Better, Faster Decisions**

Leading organizations embed tools into frontline workflows that actively push advice and suggestions to employees so they do not need to remember, or put in the extra time and effort, to use them. The most successful tools use artificial intelligence (AI) to analyze customer interaction data and suggest new products and next steps across multiple channels.

For the front line, the models can prompt employees to advise customers about a particular product or next steps in the moment while also noting other products to recommend in the future. For example, an AI tool might identify that a customer would benefit from a high-yield savings account, but it would also recognize that the person might not be receptive to that conversation during a call about suspected fraud. The tool might note that the employee should inform the customer about the firm’s advanced fraud monitoring capabilities after resolving the issue, then propose the savings account later via email.

At the Commonwealth Bank of Australia (CBA), a predictive engagement engine communicates with both customers and the front line — reaching out to whichever is most appropriate for a given message. For instance, it can issue a mobile application alert to a customer who has paid a bill twice. Or it might prompt an employee during a live interaction to explain a particular product benefit.

**Enabling Tasks That Matter Can Alleviate Hiring and Retention Pressures**

Leaders who successfully recenter work and technology around the tasks that matter most to customers can overcome most of the productivity losses caused by high levels of attrition. In fact, when an organization helps even three-quarters of its struggling employees feel highly enabled to work in this way, it can overcome productivity losses by up to 84%. To put that in context, for every 10 employees your firm loses, you’ll need to hire fewer than two to replace them.

The positive correlation between improving how the front line delivers important tasks to customers and revenue-related performance is intuitive, while its impact on engagement and retention speaks to the changing nature of what people want from their jobs. With this shift in emphasis, employees make a greater impact on their communities, which they see in their daily work.

Using this platform has brought significant benefits to the bank, including a Net Promoter Score 12 points higher than its competitors, a 12% increase in high-yield savings accounts and over 10 times more conversations with customers about their home-buying plans.

However, the tool is not a simple one. It uses 300 machine learning models and can analyze 157 billion customer and business data points to make over 2,000 different kinds of suggestions. Complex AI solutions like this are not always practical in the short or medium term for every institution, especially when technical talent and other IT resources are in such high demand. If AI is not in the cards for your organization right now, embed new capabilities in technologies employees already use. For example, some firms adapt their customer relationship management systems to identify employees who have performed well and suggest new products and next steps in the moment.

1. Gartner Financial Services Frontline Productivity Survey. This survey was conducted online from January 2022 through March 2022 and included 837 frontline employees from the banking and insurance industry. The respondents of this survey included relationship managers, wealth managers, investment managers, insurance agents, insurance brokers, retail and insurance contact/call center employees, and other client-facing roles and full-time employees. All participants worked in organizations with more than $50 million in annual revenue from the banking and insurance industry. Regions covered in the survey were North America, Europe, and Asia/Pacific.

2. Gartner Financial Services Business Priority Tracker (Q1). This survey was conducted online from 9 December 2021 through 14 January 2022. It included 139 respondents who are business and technology leaders from financial services organizations. The respondents included senior retail banking, commercial banking, wealth management and insurance leaders.

3. Gartner Customer Experience for Financial Services Survey. This survey was conducted via an online panel from October 2021 through December 2021, collecting responses from 5,807 retail banking respondents, 1140 insurance respondents and 905 HNW (wealth) respondents. Quotas and weights were applied for age, gender, region and income at the country level, so the sample mirrors the distribution of the population. The results of this survey are representative of the respondent base and not the “global” retail banking, insurance or HNW populations as a whole.
In a Hybrid World, Leaders Need Help Being Human
by Jonah Shepp

The upheavals of the past two years reframed the fears of functional leaders about the impact of technology on talent. Where they once worried about displacing or marginalizing workers, they now find that people are more valuable than ever, with different expectations and greater leverage. The shift in circumstances requires a new style of leadership and a new emphasis on creating intentional connections to the enterprise.

It comes down to this: The future of digital business is human — especially at higher levels of the org chart. After all, senior managers shape team members’ right to work when and where they want, their personal growth opportunities and their overall well-being. These pandemic-era demands are no passing fad: Eighty-four percent of HR leaders say they are permanent.1 As a result, the future of digital business is human leadership.2

To meet the moment, leaders must strike a delicate balance (see Figure 1):

- They need to reveal themselves more fully and authentically.
- They must display empathy and help cut red tape to get things done.
- They must adapt to each employee’s needs while still enabling the group to meet its goals.

Few achieve this; only 29% of employees currently say their skip-level leaders exemplify human leadership.3

When they do, though, the whole organization stands to gain. Employees who work for human leaders exhibit dramatically higher levels of engagement, intent to stay, well-being and overall team performance (see Figure 2). These indicators all translate into better business outcomes. Highly engaged employees, for example, improve their teams’ performance by up to 27%.2

**Developing Human Leaders**

To transform the leadership ranks, address three main sources of resistance and cultivate corresponding strengths. That means moving:

- **From doubt to commitment** — Those who have been successful with traditional behaviors must come to believe that human leadership is right for them and for the organization, and they must put in the effort to change.
- **From fear to courage** — Leaders may accept the need for human leadership but feel nervous about the associated vulnerability and risk. This group must gear up to wade into sometimes murky waters where they face intense scrutiny.
- **From uncertainty to confidence** — Finally, even those who are committed and brave about letting down their guard may feel unsure how to flex to individual employees’ needs, emerging situations and sensitive topics. They must feel more confident and at ease with their decision making even when the potential paths forward are complex and ambiguous.

**Overcoming Doubt**

To convince senior executives of the need for human leadership, the business case must come from trusted sources — not just through HR data and analysis, which leaders don’t always believe. Other leaders who have been successful with this concept can be effective champions because they are perceived as truly understanding the day-to-day realities faced by their peers.

In addition, employee voice has a much greater impact when shared with leaders directly instead of being filtered through HR. When workers present their own perspectives, the impact on doubters is more personal.

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**Figure 1. Work Environment Shifts Creating Human Leadership Imperatives**

<table>
<thead>
<tr>
<th>Core Leader Responsibility</th>
<th>Role Model Behavior</th>
<th>Support Teams</th>
<th>Deliver Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior Approach</strong></td>
<td>Professional</td>
<td>Employees</td>
<td>Efficient</td>
</tr>
<tr>
<td></td>
<td>Social and Political Turbulence</td>
<td>Work-Life Fusion</td>
<td>Hybrid Work</td>
</tr>
<tr>
<td><strong>New Approach</strong></td>
<td>Personal</td>
<td>People</td>
<td>Individualized</td>
</tr>
</tbody>
</table>

**Human Leadership Imperative**

- Authenticity
- Empathy
- Adaptivity

Source: Gartner

---

**Figure 2. Difference in Employee Outcomes by Leadership Type**

<table>
<thead>
<tr>
<th>Percentage of Employees Scoring High on Talent Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="High Intent to Stay" /></td>
</tr>
</tbody>
</table>

- **Average Leader**
  - High Intent to Stay: 37% increase over control (43% vs. 55%)
  - High Employee Engagement: 28% increase over control (32% vs. 58%)
  - High Well-Being: 30% increase over control (58% vs. 69%)

- **Human Leader**
  - High Intent to Stay: 12% increase over control (43% vs. 55%)
  - High Employee Engagement: 37% increase over control (32% vs. 55%)
  - High Well-Being: 30% increase over control (58% vs. 69%)

n = 3,392 employees

Source: 2022 Gartner Leadership Success in the New Environment Employee Survey

Note: In addition to the absolute differences shown above, the impact of Human Leadership on engagement, well-being and intent to stay has also been tested through multivariate regression models controlling for age, gender, region, industry, function and onsite/hybrid/remote status.
Overcoming Fear
You can’t eliminate fear with a handbook. Instead, leaders of leaders must model and teach others how to exhibit positive leadership behaviors, even when they are frightened, and offer tools that reduce ambiguity and enable them to use their judgment more effectively.

For example, Akebia Therapeutics, a midsize biotechnology research company based in Cambridge, Massachusetts, developed a workshop to support business leaders in building self-awareness and becoming more inclusive through a deeper understanding of their own fears.

In a large group, participants ease into sharing their anxieties. In smaller settings, they dig into their individual experiences in a psychologically safe space. Then, they learn to manage how they respond to fear in lessons and breakout activities that give them practice separating emotional reactions from behaviors and choosing alternative, authentic responses.

One powerful lesson explains the “amygdala hijack,” when the part of the brain housing emotions activates the body’s fight-or-flight reflex despite an absence of physical danger. In this state, psychological stress impairs decision making and induces other autopilot actions. Akebia’s HR team asks leaders to reflect on what makes them afraid at work, how they respond without thinking and how those reactions might hold them back from their full potential as a leader.

Since launching the fear-awareness workshops, Akebia has seen consistent culture improvements. Its 2021 culture survey showed that the business environment had become more humane, less passive and less aggressive.

Overcoming Uncertainty
Another pharmaceutical company, Sanofi — a multinational organization based in Paris — tried a high-tech way to help people in management hone their humanity by gaining confidence. Some leaders struggled to apply the interactive skills they learned in training when they were engaged in conversations with direct reports, in part because they were not fluent in recognizing and interpreting facial expressions, body language and tone of voice.

To make them more comfortable with each employee, the company used artificial intelligence to codify the data tracking of these social cues from leader-employee interactions into tangible reports. Coaches then worked with leaders who were shown to be less adept at reading social cues. Together, they created individually tailored plans to change behavior.

The Culture Connection
Culture connectedness is just as critical as human leadership to the present-day employee experience, when many or most employees work remotely some or all of the time. Seventy-six percent of employees say culture is very or extremely important to being effective in their job, and 67% of HR leaders agree that, compared to a fully on-site work model, culture is even more important to achieving organizational goals in a hybrid world.

It is true that employees who don’t spend their work hours in the same physical space miss out on many of the moments that bind them to culture organically — the water cooler chats, impromptu brainstorming sessions and celebrations, for example. Only one in four hybrid or remote knowledge workers feels connected to their organization’s culture. So it may be easy to blame the connectedness crisis on the rise of hybrid work. But connectedness was not much of a priority before the pandemic, either. Some employees, particularly underrepresented talent segments, perhaps never felt like they truly belonged in a culture defined mostly at the top and driven primarily through experiences to which they could not relate.

Forcing remote employees back into shared workplaces to foster culture connectedness could backfire — and human leaders who recognize the need for individualized, flexible workflows understand this. First of all, the pandemic is not over, and you don’t want employees to feel endangered, especially when local transmission of the COVID-19 virus is high. Furthermore, workers who have been able to do their jobs fully remotely during the past two years have come to value autonomy and want to retain it. In a survey we conducted in late 2021, 57% of employees said the ability to work flexibly would affect whether they decided to stay at their organizations. Forty-nine percent said if they were to look for a new job, they would only consider remote roles.

Being connected goes beyond simply knowing what the culture is, believing it is right for the organization and demonstrating cultural behaviors. Such alignment is still important, but it’s no longer sufficient for fully engaging your talent. To bring the workforce close, leaders must intentionally forge stronger, more intimate bonds so employees identify with, care about and belong within the culture.

Figure 3. Alignment and Connectedness to Culture

<table>
<thead>
<tr>
<th>Alignment</th>
<th>Connectedness</th>
</tr>
</thead>
<tbody>
<tr>
<td>• I know what the culture is.</td>
<td>• I identify with the culture.</td>
</tr>
<tr>
<td>• I believe the culture is right for us.</td>
<td>• I care about the culture.</td>
</tr>
<tr>
<td>• I demonstrate our cultural behaviors.</td>
<td>• I belong within the culture.</td>
</tr>
</tbody>
</table>

Both contribute to culture’s impact on outcomes such as performance and retention.

Source: Gartner

Figure 4. Maximum Impact of Proximities on Employee Culture Connectedness

Maximum Percentage Increase

<table>
<thead>
<tr>
<th>Proximities</th>
<th>Connect</th>
<th>Disconnect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Proximity</td>
<td>27%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Experiencing emotional proximity can increase an employee’s culture connectedness by up to 27%.

Source: 2022 Gartner Culture in a Hybrid World Employee Survey
Fortunately, employees can experience emotional proximity in any work environment, provided the organization makes an effort to nurture it. Examples of steps to create these moments, even in a hybrid setting, include:

- Making time for expressions of gratitude in team meetings
- Taking time to recognize and acknowledge individual employees’ contributions to their teams’ success
- Speaking to employees about the organization’s purpose
- Accounting for the impact of personal life circumstances in performance feedback
- Helping direct reports develop support networks or reprioritizing workstreams

The flexibility that hybrid work enables can also contribute directly to culture connectedness. Fifty-three percent of employees who have flexibility in location, schedule, work volume, team and the projects they work on have high culture connectedness, compared to only 18% of those with no flexibility.1

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Evolve Culture & Leadership for the Hybrid Workplace

Today’s workplace is hybrid by default. Accepting hybrid as a permanent feature of the modern workplace actually creates an opportunity for organizations to evolve their approach in two key areas: reshaping culture and equipping leaders.

Leverage this 12-month roadmap to evolve culture and leadership for a sustainable hybrid workplace.

Download your 12-month action plan

1 2022 Gartner Leadership Success in the New Environment HR Leader Survey. This survey was conducted online from 9 February 2022 through 14 March 2022 and contains responses from 231 HR leaders, including CHROs, heads of talent management and heads of L&D across 29 countries and 21 industries. The survey design and development, administration and data analysis was done by Gartner’s HR research team.

2 2022 Gartner Leadership Success in the New Environment Employee Survey. This survey was conducted online from 25 January 2022 through 1 March 2022 and contains responses from 3,392 full-time employees, including individual contributors and managers across 13 countries, 23 industries and 20 functions. The survey design and development, administration and data analysis was done by Gartner’s HR research team.

3 July 2021 Gartner Human Deal Benchmarking Survey (n = 1,779 employees). This survey was conducted in November 2020 worldwide on various topics relating to the employee value proposition. Respondents were permanent employees between the ages of 18 and 65 at organizations with more than 1,000 full-time employees from all industries and employee functions. The survey was designed and developed by Gartner’s HR research team.

4 2022 Gartner Culture in a Hybrid World HR Leader Survey. This survey was conducted in January 2022 and asked 235 HR leaders about their opinions related to their organizations’ cultures. Survey respondents were from organizations worldwide and across industries. The survey was designed and developed by Gartner’s HR research team.

5 2022 Gartner Culture in a Hybrid World Employee Survey. This survey was conducted in December 2021. It included responses from 6,758 employees. The survey focused on employees’ experiences and opinions related to their organizations’ cultures and their connectedness to the culture, with representation from various geographies, industries and functions. The survey was designed and developed by Gartner’s HR research team.

6 2021 Gartner Hybrid and Return to Workplace Sentiment Survey. This survey contains responses from 3,515 employees who represent a wide range of industries, functions, geographies and current work statuses. The survey was designed to understand employee preferences and challenges related to current and future work design. The survey was designed and developed by Gartner’s HR research team and fielded online in October and November 2021.
How to Fortify the Board’s Expertise

by Laura Cohn
with contributor James Crocker

Half of corporate boards don’t have the skills their organizations need, legal leaders tell us.1 Whether it’s a lack of knowledge about digital initiatives or strategy, or a dearth of experience with HR, risk management or environmental issues, companies should take steps to fill the holes in expertise among their directors. The board must be prepared to help companies confront external issues, from a sudden advance in technology to geopolitical upheaval or cybersecurity risk.2

As corporate secretary, a general counsel (GC) should:

• Assess the skill sets of individual board members to determine where the overall group lacks critical expertise.
• Educate the board using internal or external experts.
• Consider whether the board needs restructuring (for instance, adding directors who can provide necessary background knowledge).

Example of a Board Skills Gap: ESG Issues

Just 30% of corporate boards around the world have expertise in environmental, social or governance (ESG) issues.3 Some executives have told us that managing climate risk isn’t a priority because their organizations are service providers, not manufacturing conglomerates or oil-drilling entities. But this is a mistake. Nearly 90% of industries face climate risk.2 Without the right knowledge, the board could fail to ask management the hard and necessary questions about ESG goals and strategy and the company’s role in society. Such missteps could have significant consequences, especially as the United Nations warns this is a now-or-never moment to limit the most dire consequences of global warming.4

A rush of public and private action in the U.S. is the latest trend to push oversight of this issue to the top of the corporate agenda. In March, the U.S. Securities and Exchange Commission (SEC) proposed a new rule requiring firms to report on the board’s management of climate-related risks — a move that builds on climate guidelines or regulations introduced last year in the EU, the U.K., China and Japan.4 And, as of late May, the U.S. proxy season had seen investors file nearly 600 shareholder resolutions on environmental and social issues. The number of climate-related proposals rose to 113 from 85 in 2021.5

The SEC wants companies to disclose whether directors have relevant expertise. If the measure becomes final, each enterprise will need to define what that constitutes based on its risks and business models — and get comfortable explaining why board members do or do not have such knowledge. Organizations would also have to reveal how often directors discuss the issue.

If you fail to “build it,” investors may come and do it for you. Activist investor Engine No. 1 demonstrated this principle in 2021 by installing three directors with expertise in renewable energy to Exxon’s board.6

The pressure has not abated. As 2022 began, State Street Global Advisors urged large companies in the U.S., Canada, the U.K., Europe and Australia to disclose board oversight of climate-related risks and opportunities or face “voting action against directors.”7 Then, in March, BlackRock endorsed the addition of Wha-Jin Han, the former South Korean secretary of the environment, to the board of Samsung.8 More boardroom fights are likely.

Find the Skill Gaps on the Board

Most companies (92% of public corporations and 80% of private entities) do evaluate board expertise, with the GC and/or the corporate secretary or an external evaluator taking the lead. But 46% don’t take any follow-up action.9 That means nearly half of companies are missing an opportunity to improve board oversight in the most important areas for their organizations. To get started, legal leaders can employ information and tools commonly in use for regulatory disclosures. For example, many public companies publish director skills matrices in their proxy statements (see Figure 1). This simple form clarifies quickly where the board as a whole is weak. It can inform the GC’s thinking about avenues for improvement.

Figure 1. Director Skills Matrix (Illustrative)

<table>
<thead>
<tr>
<th>Skills and Experience</th>
<th>Director 1</th>
<th>Director 2</th>
<th>Director 3</th>
<th>Director 4</th>
<th>Director 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors Experience</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Industry Experience</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO/Business Head</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Human Capital Management/Compensation</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance/Capital Allocation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Financial Literacy/Accounting (Audit Committee)</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government/Public Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing/Sales</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Environmental Science/Policy/Regulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academia/Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Governance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology/Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Business Ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Real Estate</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability/ESG (Custom Category)</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Gartner
To go deeper, supplement the matrix with an analysis of directors’ biographies for a look at the nature of their expertise. The steps taken by the 54% of companies that do work to fill knowledge gaps include:

- Enhancing director education efforts
- Changing the makeup of the board

Invest in Director Education

More than half of organizations don’t mandate director education of any kind. Of those that do, more than half tap internal sources, and about the same percentage think this is the most effective training for an issue. It is important to carefully consider which education initiatives to offer; otherwise, the organization may waste resources. For instance, while just 8% of legal leaders view self-selected director training as the best strategy, 40% of companies reimburse directors for attending courses of their own choice. And only a small portion (2%) see online training as the best strategy, 44% of companies reimburse legal leaders involved in board governance whom we interviewed: Hire someone with experience or the ear of your stakeholders. Get ideas. Seek out those that have corporate experience, or other expertise.10

When it comes to our ESG example, only 17% of organizations require education for directors.11 When looking ahead, though, 37% of legal leaders told us they planned to provide more teaching on this topic (see Figure 2).

According to Veena Ramani, research director at the nonprofit research institute FCLTGlobal, the best way to build fluency on climate risk is to train the entire board, which is more effective than tasking a single director with staying up to speed on the issue. “At the end of the day, boards are collective decision-making entities, and one person — however knowledgeable, however articulate — does not make a ‘board’ decision,” Ramani told us.

At one major sportswear manufacturer, Ramani said, business unit heads did did the educating. They were required to report to the board on a rolling basis. The assignment: Explain how their business lines were working to reduce climate risk and contribute to corporate sustainability goals. Corporate governance experts recommend companies also bring in outside experts, which is the preferred training source for just 26% of the leaders involved in board governance whom we surveyed. One tip from the sustainability experts we interviewed: Hire someone with experience advising your industry. To do that, the GC should:

- Get recommendations from fellow legal leaders or an outside auditor.
- Partner with an NGO or environmental group to get ideas. Seek out those that have corporate experience or the ear of your stakeholders.

Jeffrey Hollender, CEO of American Sustainable Business Network, recommends that boards seek climate training from groups such as Environmental Defense Fund and the Natural Resources Defense Council (NRDC), which have experience working with business. If this is a new endeavor, Hollender said, corporate secretaries and directors may need to set aside any reluctance to engage with advocacy groups.

“The first thing they have to do is get over their fear of bringing an environmentalist into the boardroom,” said Hollender, also the co-founder and former CEO of the natural products company Seventh Generation. “They’re used to seeing environmentalists as foes that they need to fight rather than as partners and collaborators, and that attitude has to change.” Companies could start small by having three or four environmentalists read their ESG reports and provide feedback before publication. It’s a good way “to begin to build a relationship with these individuals and experience the value they can bring to the business,” Hollender said. These reviewers might even be worth considering for a future seat in the boardroom.

The same principle applies to other issues. If data privacy is relevant to a company’s values and stakeholders, for instance, the GC might consider enlisting a privacy proponent to check how you’re framing the importance of privacy in your ESG report or the sustainability section of your website.

With bigger budgets, larger companies conduct external director education seminars more frequently than midsize organizations do.1

A partial list of director seminar offerings about ESG can be found in Figure 3 (see next page).

Restructure the Board

After evaluating the board and determining that critical expertise was missing, just 25% of organizations added a new board director to fill the gap. If you decide that this route is the fastest or best way to bolster expertise, FCLTGlobal’s Ramani suggests moving beyond the traditional “former CEO” profile to seek candidates from academia and government. “Widening the aperture will also address the problem of lack of diversity,” Ramani noted. Recruiters can help. Some, for instance, have made climate experience a priority. In the U.K., a group of 12 international search firms signed a pledge this year to use climate knowledge as a prerequisite for recruiting nonexecutive directors. The firms said they would assess candidates for the boards of U.K. companies based on their grasp of global warming and climate-related risks — and a “clear willingness” to “engage actively” on the issue.

In the longer term, Jeremy Hanson, a partner at the recruiting firm Heidrick & Struggles, told us, “Our No. 1 recommendation is: Double your investment in succession planning at the board level.” He added, “Most companies do some formal succession planning at the CEO level, but not nearly enough at the board level.” When the GC presses for a heightened focus on succession, boards will gain the skills they need to manage shifting societal and stakeholder concerns, not to mention the seemingly endless barrage of external shocks.}

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1 2022 Gartner Corporate Governance and Board Management Benchmark Survey (n = 125). A skill an organization needs is one that was rated as important or very important. Survey respondents included legal and governance leaders from public, private and nonprofit organizations as well as government. While most public company respondents were listed on the NYSE and Nasdaq, some were listed on TSX, LSE or another exchange. Note: This survey was taken before the SEC’s March 2022 climate risk proposal came out.

2 Climate Risk — Technical Bulletin, Value Reporting Foundation; SASB Standards.

3 2022 Gartner Corporate Governance and Board Management Benchmark Survey (n = 64). This survey was conducted from December 2021 through the first half of February 2022 among more than 120 legal leaders from various industries and revenue bands. At 44% of public companies, the GC and/or corporate secretary conducts the board evaluation. At 38% of public companies, the board evaluation is done by an external evaluation.

---

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Guidance for Engaging on Climate Risk Governance and Voting on Directors, Ceres.

FCLT stands for “Focusing Capital on the Long Term.” To learn more, visit fcltglobal.org.

2022 Gartner Corporate Governance and Board Management Benchmark Survey (n = 68).

This benchmark gathered responses from December 2021 through February 2022. It received 125 responses from general counsel and other corporate governance leaders at both public and nonpublic organizations.

Leading Search Firms Sign Joint Declaration on Climate Capabilities in the Boardroom, Chapter Zero.

Figure 3. Partial List of Director Education Seminar Offerings

<table>
<thead>
<tr>
<th>Institution</th>
<th>Sample Curriculum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berkley Law and Ceres</td>
<td>Meeting sessions for “ESG: Navigating the Board’s Role” include:</td>
</tr>
<tr>
<td></td>
<td>• Corporate Purpose and Fiduciary Duties</td>
</tr>
<tr>
<td></td>
<td>• Board Governance — Committees and Expertise</td>
</tr>
<tr>
<td></td>
<td>• Engaging With Investors</td>
</tr>
<tr>
<td></td>
<td>• Transition Planning, Target Setting and Executive Compensation</td>
</tr>
<tr>
<td></td>
<td>• Climate Lobbying</td>
</tr>
<tr>
<td></td>
<td>• Disclosure</td>
</tr>
<tr>
<td>Competent Boards</td>
<td>Meeting sessions for “ESG Designation Program” include:</td>
</tr>
<tr>
<td></td>
<td>• Using Sustainable Development Goals as a Strategic Tool</td>
</tr>
<tr>
<td></td>
<td>• Impacts of Climate Change and Accountability for Boards</td>
</tr>
<tr>
<td></td>
<td>• ESG Oversight and Foresight</td>
</tr>
<tr>
<td></td>
<td>• Human Rights, Environmental Issues and Resiliency in the Supply Chain</td>
</tr>
<tr>
<td>Harvard Business School</td>
<td>Topics covered by “Making Corporate Boards More Effective” include:</td>
</tr>
<tr>
<td></td>
<td>• Shareholder Activism and Social Responsibility</td>
</tr>
<tr>
<td></td>
<td>• Sustainability in the Boardroom</td>
</tr>
<tr>
<td></td>
<td>• Board Oversight of Risk and Culture</td>
</tr>
<tr>
<td>London Business School</td>
<td>Topics covered by “Sustainability Leadership and Corporate Responsibility” include:</td>
</tr>
<tr>
<td></td>
<td>• Sustainability as a “Strategic Consideration”</td>
</tr>
<tr>
<td></td>
<td>• How to Build Sustainability Knowledge</td>
</tr>
<tr>
<td></td>
<td>• Understand the Four Pillars Needed to Embed a Culture of Sustainability Into Your Corporate DNA</td>
</tr>
<tr>
<td>National Association of Corporate Directors</td>
<td>Session includes:</td>
</tr>
<tr>
<td></td>
<td>• Chairpersons’ Perspective: Shaping the Board’s Strategic Direction on Climate</td>
</tr>
<tr>
<td>NYU Stern</td>
<td>Topics for “Corporate Sustainability” include:</td>
</tr>
<tr>
<td></td>
<td>• Sustainability for Business</td>
</tr>
<tr>
<td></td>
<td>• Unsustainable Corporate Practices</td>
</tr>
<tr>
<td></td>
<td>• Environmental and Social Trends</td>
</tr>
<tr>
<td></td>
<td>• Sustainability Reporting and Certification Standards</td>
</tr>
<tr>
<td></td>
<td>• Materiality and Stakeholder Mapping</td>
</tr>
<tr>
<td>Wharton Aresty Institute of Executive Education at the University of Pennsylvania</td>
<td>Topics for “Corporate Governance: Essentials for a New Business Era” include:</td>
</tr>
<tr>
<td></td>
<td>• Enterprise Challenges and Risks, Including Climate Change, Job Displacement, Global Trade, Disease Epidemics and Social Responsibility</td>
</tr>
<tr>
<td></td>
<td>• Bringing Environmental and Social Issues Into the Boardroom</td>
</tr>
<tr>
<td></td>
<td>• Designing Political and Social Strategies</td>
</tr>
</tbody>
</table>

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The Skills of Tomorrow: How Critical Roles Are Evolving

by Laura Reul

with contributors Alison Smith, Alexander Bant, Christine Lee, Dana Stiffler, Laura Wilson, Sari Wilde, and William Candrick

Even the most sophisticated predictive analytics will not be able to anticipate your organization’s future skills needs — too much is changing too fast. A better way to stay ahead: position the enterprise to flex as new job requirements arise.

To do that, business leaders should develop sensing mechanisms, including an external market perspective. It’s hard, though, to keep up: With the total number of skills required for a single job increasing by 5.4% annually, and 33% of the skills that were present in an average job posting in 2019 not being needed by 2024.1

Enter the “skills life cycle,” which leverages nearly eight million job listings to visualize how the most competitive roles in critical functions in the S&P 100 are evolving over time — which skills are increasingly sought, and which are declining in listings.2

**Interpreting The Skill Life Cycles**
The vertical axis displays how often a skill appears in job postings for a certain role. The horizontal axis assigns skills to one of five categories: new, emerging, growing, core and declining.2 Skills must meet certain criteria to qualify for inclusion; an empty bucket indicates that no skills met the threshold.2 Review the table below for directional guidance for taking action (see Figure 1).

<table>
<thead>
<tr>
<th>Definition</th>
<th>Suggested Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>Nothing for now. Market leaders might be exploring these skills for this role but that could quickly change (either with a jump or falloff in interest).</td>
</tr>
<tr>
<td>Emerging</td>
<td>Take note and set a plan to train or recruit talent with these skills in the near future. Availability of these skills is likely low, driving up competition and costs. Market leaders are more likely able to afford them and thus spur demand.</td>
</tr>
<tr>
<td>Growing</td>
<td>Adjust hiring and development strategy to incorporate these skills. Organizations not focusing on these skills for the role are at risk of falling behind.</td>
</tr>
<tr>
<td>Core</td>
<td>Continue training and hiring. Organizations not recruiting these skills for a given role are already behind and should consider adjusting their talent strategy.</td>
</tr>
<tr>
<td>Declining</td>
<td>Begin to consider deprioritizing investment — these skills are still important to the role, but primed to lose relevance in the near future. Identify talent segments at risk of becoming redundant and determine options for retraining them.</td>
</tr>
</tbody>
</table>

**Figure 1. The Skill Life Cycles**

Source: Gartner
**Leadership**

**Senior Leadership Roles (8+ Years of Experience)**
Skills Life Cycle — S&P 100 Employers

**Cybersecurity**

**CISO**
Skills Life Cycle — All Employers

**Security Engineer**
Skills Life Cycle — All Employers

**Microsoft Azure**

Description: "Microsoft Azure" as a skill should be understood within the context of its application in the security engineer occupation.

**Skill Growth:** 2.3x (2017-2021)

**Hiring Difficulty:**
Less | | | | Very

**Most Common Titles With This Skill**
- DevOps Engineer
- Cloud Security Engineer
- Software Engineer
- Systems Engineer
- Network Engineer
- Data Engineer
- Site Reliability Engineer
- Security Engineer
- Infrastructure Engineer
- Information Security Engineer

**Top Five Skill Adjacencies**
- Azure Active Directory
- AWS
- Azure Cloud
- Azure DevOps
- Cloud Platform
**Finance**

**Management Analysts**
Skills Life Cycle — S&P 100 Employers

**Description:** "Visualization" as a skill should be understood within the context of its application in the management analyst occupation.

**Skill Growth:** 2.1x (2017-2021)

**Hiring Difficulty:**
- Less
- Very

**Most Common Titles With This Skill**
- Data Analyst
- Business Analyst
- Data Scientist
- Statistical Analyst
- Business Intelligence Analyst
- Analytic Consultant

- Associate Consultant Analytics
- Sales
- Operations Analyst
- Data Reporting Analyst
- Analyst

**Top Five Skill Adjacencies**
- Data Sets
- Visualization
- Power BI
- Tableau
- Visualization Software

**Source:** Gartner June 2021 TalentNeuron

Note: Skill placement is a function of prevalence and growth rate over a four-year period. An empty category indicates that no skills met the classification threshold for the category.

---

**IT**

**Computer Systems Engineers/Architects**
Skills Life Cycle — FAANG+

**Description:** "Cloud platforms" refers to the software infrastructure for a cloud computing service. Cloud platforms or "clouds" can be public private or hybrid. Sample job description language: Experience helping global customers architect SAP integration scenarios with cloud platforms.

**Skill Growth:** 4.6x (2016-2020)

**Hiring Difficulty:**
- Less
- Very

**Most Common Titles With This Skill**
- Cloud Architect
- Solutions Architect
- Data Architect
- Cloud Engineer
- Enterprise Architect
- Azure Architect

- Cloud Solutions Architect
- Senior Manage
- Secop Engineering
- Cloud Salesforce
- Technical Architect
- Architect

**Source:** Gartner July 2020 TalentNeuron

Note: Skill placement is a function of prevalence and growth rate over a four-year period. An empty category indicates that no skills met the classification threshold for the category.
Human Resources Specialists
Skills Life Cycle — S&P 100 Employers

Skill Prevalence
- Data-Driven
- Technology Management
- Requirements Analysis
- Open Source Technology
- Security Standards
- Test Plans
- Stakeholder Meetings

Skills Life Stage
- New
- Emerging
- Growing
- Core
- Declining

Source: Gartner June 2021 TalentNeuron
Note: Skill placement is a function of prevalence and growth rate over a four-year period. An empty category indicates that no skills met the classification threshold for the category.

Human Resources Managers
Skills Life Cycle — S&P 100 Employers

Skill Prevalence
- Data-Driven
- Innovation
- Workforce Planning
- Programming
- Empathy
- Data Insights
- Analytics
- Standards of Practice
- Learning Analytics

Skills Life Stage
- New
- Emerging
- Growing
- Core
- Declining

Source: Gartner June 2021 TalentNeuron
Note: Skill placement is a function of prevalence and growth rate over a four-year period. An empty category indicates that no skills met the classification threshold for the category.

Supply Chain
Procurement Professionals, Except for Wholesale, Retail and Farm Products
Skills Life Cycle — S&P 100 Employers

Skill Prevalence
- Problem Solving
- Analysis
- Communication
- Vendor Management
- Proposal Evaluation

Skills Life Stage
- New
- Emerging
- Growing
- Core
- Declining

Source: Gartner September 2021 TalentNeuron
Note: Skill placement is a function of prevalence and growth rate over a four-year period. An empty category indicates that no skills met the classification threshold for the category.

Supply Chain > Deep Dive > Market Analysis

Description: "Market Analysis" as a skill should be understood within the context of its application in the Purchasing Agents occupation.

Skill Growth: 4.3x (2017-2021)

Hiring Difficulty: Less to Very

Most Common Titles With This Skill
- Procurement Professional
- Buyer
- Procurement Specialist
- Procurement Analyst
- Sourcing Specialist
- Sourcing Associate
- Strategic
- Purchasing Agent
- Sourcing Specialist
- Commodity Specialist

Top Five Skill Adjacencies

Source: Gartner June 2021 TalentNeuron
Build a Better Strategic Plan for Your Function

76% of corporate strategy leaders report that significant pivots in strategic plans are happening more frequently.

For functional leaders to keep pace, they need to be agile and adaptive and consider multiple scenarios to create robust and resilient strategic plans for their function.

Use our one-page strategic planning template to clearly communicate your function’s priorities and create a clear roadmap to meet your strategic business goals.

Download the strategic planning template for your function.

gartner.com/en/insights/strategic-planning
Smash 3 Cybersecurity Myths to Improve Employees’ Behavior
by Phillip Shattan

Employees flouting cybersecurity rules is an intractable problem in the workplace — and it’s an issue that’s not going away. The reason: People make the wrong assumptions about how they should behave, which makes lax habits much harder to shift. In a digital business, functional leaders must get this right and bust the most pervasive myths.

Half of employees regularly engage in unsecure behaviors online, such as sharing their password with a co-worker who shouldn’t have access or clicking on a link from an unknown source and exposing the organization to a malware attack. Eighty-two percent of incidents in the workplace are caused by human behavior, according to the U.S. telecommunications company Verizon.¹

What these stark numbers reveal is that it doesn’t matter how much money your organization spends on cybersecurity if employees don’t prioritize it. And functional leaders who try to enforce more secure behavior by shining the spotlight on security awareness, or through good “tone at the top” conduct, are likely doing little to improve the situation.

Employees feel weighed down by their organizations’ cybersecurity expectations and often ignore them for the sake of immediacy. • Increased speed or convenience is the top reason employees behave unsecurely. • One out of every three used unapproved USBs to get work done more quickly, knowing full well the risk to the company network.

Employees aren’t held accountable. • On average, nearly one-fifth (18.5%) of employees said the main reason they violated the rules was because they wouldn’t face any consequences for doing so.² • Shockingly, 70% believe there will be no consequences to bypassing their enterprises’ cybersecurity guidance. Without accountability, your workforce will never prioritize security.

It’s OK to sometimes violate certain policies, but employees don’t know when. • Certain behaviors present more risks than others, but people don’t know which rules are more important, especially if some seem arbitrary or irrelevant. • Nearly one-third of employees believe security policies are hard to understand, inflexible and not appropriate for their roles. • Alarmingly, that number jumps to almost half for business technologists (who engage in activities previously restricted to IT, such as app development). They have even more difficulty knowing which cybersecurity rules to prioritize.

Root Causes of Unsecure Cyber Behavior at the Workplace

Unfortunately, employees’ cybersecurity practices are often reinforced by assumptions that make them harder to correct (see Figure 1).

How to Fix Flawed Assumptions

Changing this sad state of affairs requires a reset in how CISOs and their colleagues throughout the enterprise think about cybersecurity rules (see Figure 2). And it starts with three steps, each of which flows from correcting a flawed assumption:

• Reduce the burden employees experience from the number of cybersecurity policies they have to navigate.
• Increase accountability throughout the business, including getting functional leaders to do the right thing.
• Teach employees how to take acceptable risks. Sometimes it is justifiable to violate certain, though not all, security policies.

More security awareness leads to more secure behavior. A “good tone at the top” automatically leads to more secure behavior. Violating policies is always a bad thing.

Corrective Action

Reduce cognitive overload. Back up well-meaning words with accountability. Teach employees how to take acceptable risks.

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Figure 1. Underlying Assumptions and Root Causes

<table>
<thead>
<tr>
<th>Underlying Assumptions</th>
<th>Root Causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees feel weighed down by their organizations’ cybersecurity expectations and often ignore them for the sake of immediacy.</td>
<td>• Increased speed or convenience is the top reason employees behave unsecurely.</td>
</tr>
<tr>
<td></td>
<td>• One out of every three used unapproved USBs to get work done more quickly, knowing full well the risk to the company network.</td>
</tr>
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</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Figure 2. Corrections for Three Myths to Drive More Secure Behavior

Corrective Action

Reduce cognitive overload. Back up well-meaning words with accountability. Teach employees how to take acceptable risks.
Myth 1: Employees act unsecurely because they aren’t aware of the risks certain behaviors cause. Functional leaders should therefore promote security awareness throughout the business.

The Truth: Most employees who violate security policies know not only what it is they are breaching but also that their behavior is troublesome. They just think the risk is worth it.

For example, 72% of employees who transfer sensitive corporate information between personal and work accounts know that it hike’s risk, but they do it anyway for the following top three reasons:

1. It is convenient (cited by 25% of employees).
2. Business needs outweigh the risk (cited by 24% of employees).
3. They don’t believe they will face any consequences for doing so (cited by 14% of employees).

All the security awareness in the world won’t change this behavior.

What to Do About It: Instead of raising security awareness, tackle the added cognitive overload that security imposes on your workforce. The CISO can only do so much to reduce this business friction on its own; strong support from functional leaders is critical. They must work with the CISO to identify and lessen this burden.

To make it easier for employees to follow the rules, do at least some of the following:
• Use policy violations and exception requests to identify burdensome rules.
• Regularly revisit controls to see if they still apply. For example, if your organization recently moved to the cloud from servers located on-premises, your policies should be updated to reflect that change.
• When updating policies and controls, coordinate among security and the affected business units so they work together, rather than having the CISO updating them without input from functional leaders. Meaningful collaboration efforts can include working groups, security champions, communities of practice, feedback sessions and proofs of concept.

 Myth 2: Tone at the top guarantees security behavior.

The Truth: While it may be tempting to think you are doing enough to support security by voicing support, saying the right thing is the bare minimum, and it is insufficient on its own.

Two thirds of employees say they have been praised by senior leadership for acting securely, yet over half of them admitted to violating security policies multiple times in the previous 12 months. They do this, on average, for the following top two reasons: 1. Increased speed or convenience (cited by 18% of employees).
2. Business needs outweighing the risk (cited by 29% of employees).

Even when executive messages are good, most employees still see security as a barrier or afterthought.

What to Do About It: Back up your well-meaning words with accountability.

Over half of employees believe it is the cybersecurity team’s job to keep the enterprise safe. A sense of fairness and a set of clear expectations from leadership help employees understand it is, in fact, their responsibility, too.

Here’s how you can develop good cybersecurity behavior throughout the organization:
• Work with security to make sure it can enforce real penalties for poor behavior. When asked what consequences would be most likely to make them change their behavior, employees chose escalating things and sanctions.
• Treat cybersecurity the same as other business metrics, such as project budgets and deadlines; otherwise, even employees who know it matters won’t prioritize it. If they see top performers rewarded for acting unsecurely, why should they care?
• Make managers accountable for security (and reduce friction) by giving them the ability to approve certain security exceptions. For example, employees who want to visit certain websites that are blocked can get signoff from their bosses.

Myth 3: Unsecure employee behavior is always a bad thing.

The Truth: While there are certain lax habits employees should never do, it is sometimes OK to engage in appropriate risk.

It’s clearly a problem that nearly half of employees regularly open email links and attachments from unknown sources on a work device, but roughly a quarter of them did it by accident. And the top three reasons why employees won’t self-report a policy violation are:
• Fear of looking foolish in front of their colleagues (cited by 37% of employees)
• Fear of reprisal or disciplinary action (cited by 33% of employees)
• Belief that the impact of the action is insignificant (cited by 20% of employees)

Eighty-five percent of employees who regularly shared their passwords with a co-worker did so deliberately — even though the colleague did not have formal permission to use it. They understood the risk, and believed it was an appropriate one.

Some employees may not fully understand the trade-off they’re making, but over one-third claim to regularly consider the organization’s position when taking actions that could introduce cybersecurity risk. In these cases, “unsecure behavior” isn’t a bad thing; it’s a sign of mature risk decision making.

What to Do About It: Instead of providing rote guidance, functional leaders should make sure employees — especially those who fulfill multiple roles — have appropriate tips.

Help employees understand your organization’s risk appetite and provide tailored resources so they can make informed decisions:
• Run risk workshops, provide lists of common risks and compensating controls, and use APIs to automatically highlight risks. Offer employees several options so they can develop the ability to recognize when it’s OK to bend certain rules, and which rules need to be prioritized.
• Encourage employees to report real incidents — whether it’s a result of their own lax behavior or a breach they have witnessed — and make it clear they will not be shamed or punished for speaking up. This not only alerts security but also helps your workforce learn which behaviors create more risk.
• For newer roles, such as business technologists, don’t assume existing guidance is sufficient. Business technologists are not professional coders, and — more so than IT or regular end users — they need lots of clarity. Create jargon-free resources so nonexperts can use them.
• Review your cybersecurity policies to make sure they make sense. If they do, people will think twice before breaking them (and then, ideally, only for a good reason). But if you have a bunch of (seemingly) arbitrary policies, employees will violate them — even the important ones — without a second thought.
• Treat security exception requests as opportunities to improve policies. While some things that are frequently on the wishlist (such as access to Netflix) may be inappropriate, many exception requests reveal legitimate and constructive feedback on existing policies. If an employee wants access to a specific tool — and no viable alternative is currently available — work on procuring one, or consider whether the tool should be restricted in the first place.

Unsecure employee behavior is the No. 1 cause of breaches. But reframing the way you partner with the workforce will convert your people from a liability into the first line of defense — without your organization having to invest in a single new security tool.

1. “On average,” in this case, refers to taking the responses from multiple questions and calculating the average from that, rather than the average response to a single question.

What’s Frustrating (and What Works) for 5 Enterprise Activities Where Functions Pull Together

by Steve Shapiro

Teams from at least three functions — and at times, seven or more — must work together when organizations tackle five enterprise wide challenges that have gained importance since the decade began (see Figure 1):

- Resilience
- Customer experience (CX)
- Environmental, social, governance issues (ESG)
- Information governance
- Innovation partnerships

When do these partnerships falter with too many cooks in the kitchen? And what does it take for cross-functional activity to reach a happier outcome: more than the sum of its parts? Hundreds of responses from surveys of executives working on these activities provide a glimpse into the state of play — who’s involved, what’s not going so well and, in conclusion, what might separate the good results from the bad.

Figure 1. Selection of Activities Where a Majority of Respondents Report Three or More Functions Participate

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Resilience Initiatives (n = 66)</td>
</tr>
<tr>
<td>Customer Experience Initiatives (n = 480)</td>
</tr>
<tr>
<td>Operational Resilience Initiatives (n = 66)</td>
</tr>
<tr>
<td>Assessing Information Risks (n = 32)</td>
</tr>
<tr>
<td>Managing Third Party Risks (n = 44)</td>
</tr>
<tr>
<td>Conducting an ESG Materiality Assessment (n = 167)</td>
</tr>
<tr>
<td>Responding to Data Breach Incidents (n = 32)</td>
</tr>
<tr>
<td>Customer Partnerships (n = 94)</td>
</tr>
<tr>
<td>Managing Joint Ventures (n = 88)</td>
</tr>
</tbody>
</table>

n varies

Source: 2021 Gartner Organizational Resilience Survey; 2021 Gartner Customer Experience Baseline Study; 2021 Gartner ESG Panel Benchmarking Survey; 2021 Gartner Legal and Compliance Information Governance Survey; 2021 Gartner ERM’s Role in Risk Management Webinar Poll

Figure 2. Top Disciplines Involved in Organizational Resilience

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information/Cyber Security</td>
</tr>
<tr>
<td>IT Infrastructure and Operations</td>
</tr>
<tr>
<td>Human Resources Management</td>
</tr>
<tr>
<td>Business Continuity Management</td>
</tr>
<tr>
<td>Financial Control</td>
</tr>
<tr>
<td>Strategic Planning</td>
</tr>
<tr>
<td>Enterprise/Operational Risk Management</td>
</tr>
<tr>
<td>Crisis/Emergency Management</td>
</tr>
<tr>
<td>Health and Safety</td>
</tr>
<tr>
<td>Corporate Communications</td>
</tr>
<tr>
<td>Disaster Recovery</td>
</tr>
</tbody>
</table>

n = 66; all respondents involved in organizational resilience decision making, excluding ‘don’t know’

Q. Which of the following management disciplines are participating in organizational resilience initiatives at your organization? (Select three)

Source: Gartner 2021 Organizational Resilience Survey

Figure 3. Top Challenges for Organizational Resilience

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narrow Focus Of Our Organizational Resilience Efforts</td>
</tr>
<tr>
<td>Inability to Measure Benefits/Return on Investment on Resilience Initiatives</td>
</tr>
<tr>
<td>Inability to Manage Our Outsourced Partners</td>
</tr>
<tr>
<td>Focus Only on Efficiency and Optimization</td>
</tr>
<tr>
<td>Diverse Organizations With Very Different Activities</td>
</tr>
<tr>
<td>Absence of Vision at the Executive Level for Organizational Resilience/Insufficient Funding</td>
</tr>
<tr>
<td>Geographic Spread of the Firm</td>
</tr>
<tr>
<td>Inability to Manage Our Outsourced Partners</td>
</tr>
<tr>
<td>No Pressure From Our Senior Executives/Regulators</td>
</tr>
</tbody>
</table>

n = 67; all respondents involved in organizational resilience decision making, excluding ‘don’t know’

Q. What challenges do you experience in implementing an effective organizational resilience plan? (Select three)

Source: Gartner 2021 Organizational Resilience Survey
Customer Experience

Average number of participants: 5.5

- About one third of executives that play a role in setting or executing CX strategy (33%) say that seven or more functions should be involved.¹
- Nearly nine out of 10 (89%) executives say that at least three functions should be involved.

Who’s involved the most:
- Customer Service
- Sales
- Customer Experience Department

Marketing

IT

Product (see Figure 4)²

Status Report:
1. Thirty-eight percent of respondents said collaborating on a cross-functional team was one of the top three activities they spent their time on – the most selected response.
2. But opinions differ on who should be involved – for example, 68% of HR executives think HR should be involved, but only 30% of executives overall say the same.

ESG

Average number of participants: 4.2 (conducting a materiality assessment)

- Nearly seven in ten executives who were recently involved in ESG initiatives (68%) report that three or more functions are involved in creating a materiality assessment — a review of which specific issues are most important to the business.³

Who’s involved the most:
- Compliance
- Strategy

HR

Risk

Legal (see Figure 5)³

Status Report:
When we asked participants in ESG activities for their top four challenges, they cited:
1. Time and resource constraints (59%)
2. Lack of standardized definitions (43%)
3. Too many frameworks (43%)
4. Limited cross-functional collaboration among stakeholders (34%)

Figure 4. Functions That Should Be Involved in Customer Experience Initiatives
Percentage of Respondents

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service</td>
<td>68%</td>
</tr>
<tr>
<td>Sales</td>
<td>63%</td>
</tr>
<tr>
<td>Customer Experience Dept.</td>
<td>59%</td>
</tr>
<tr>
<td>Marketing</td>
<td>58%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>57%</td>
</tr>
<tr>
<td>Product</td>
<td>46%</td>
</tr>
<tr>
<td>Quality</td>
<td>42%</td>
</tr>
<tr>
<td>Market Research</td>
<td>38%</td>
</tr>
<tr>
<td>Finance</td>
<td>38%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>30%</td>
</tr>
<tr>
<td>Engineering</td>
<td>24%</td>
</tr>
<tr>
<td>Legal and Compliance</td>
<td>22%</td>
</tr>
<tr>
<td>Facilities</td>
<td>14%</td>
</tr>
</tbody>
</table>

n = 483

Q. Which of the functions should ideally be working together to achieve organizational level success on CX initiatives?
Source: Gartner 2021 Customer Experience Baseline Survey

Figure 5. Functions Involved in Conducting a Materiality Assessment
Percentage of Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>45%</td>
</tr>
<tr>
<td>Corporate Strategy/Planning</td>
<td>39%</td>
</tr>
<tr>
<td>Human Resources/Education Training</td>
<td>38%</td>
</tr>
<tr>
<td>Enterprise Risk Management</td>
<td>38%</td>
</tr>
<tr>
<td>Legal</td>
<td>38%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>38%</td>
</tr>
<tr>
<td>ESG</td>
<td>38%</td>
</tr>
<tr>
<td>Communications</td>
<td>26%</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>22%</td>
</tr>
<tr>
<td>Finance/Accounting</td>
<td>19%</td>
</tr>
<tr>
<td>Supply Chain/Distribution and Logistics</td>
<td>16%</td>
</tr>
<tr>
<td>DE&amp;I</td>
<td>16%</td>
</tr>
<tr>
<td>Operations (Service and Product Delivery)</td>
<td>15%</td>
</tr>
<tr>
<td>Marketing/Market Research</td>
<td>14%</td>
</tr>
<tr>
<td>Purchasing/Procurement</td>
<td>11%</td>
</tr>
<tr>
<td>Information Technology/Information Security</td>
<td>10%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6%</td>
</tr>
<tr>
<td>Privacy</td>
<td>4%</td>
</tr>
<tr>
<td>ESG Materially Assessment Conducted by Third Party</td>
<td>5%</td>
</tr>
<tr>
<td>I Don’t Know</td>
<td>5%</td>
</tr>
<tr>
<td>We do not perform an ESG materiality assessment</td>
<td>3%</td>
</tr>
</tbody>
</table>

n = 175

Q. What corporate function(s) is/are involved in performing an ESG materiality assessment(s) at your organization? Select all that apply.
Source: 2021 Gartner ESG Panel Benchmarking Survey
Information Governance

- Average number of participants:
  - 4.0 (assessing information risks);
  - 2.9 (responding to potential incidents)
- Two information governance activities stand out — only one or two functions are needed to handle the rest. In a survey of legal, compliance and privacy leaders:
  - 75% of respondents say three or more functions assess and mitigate risks
  - 63% of respondents say three or more functions respond to potential incidents

Who’s involved the most:
- Information security
- Compliance
- IT
- Legal
- Privacy

Innovation Partnerships

- Average number of participants:
  - 3.3 (managing joint ventures)
- Majorities of research and development (R&D) leaders report three or more functions are involved in overseeing joint ventures, customer partnerships, industry consortia and government partnerships (see Figure 8).

Who’s involved the most:
- R&D
- Strategy
- Procurement

Status Report:
1. R&D teams have always had to work with multiple stakeholders, but two-thirds say that the number has increased in the past two years.
2. Between 32% and 43% report they share responsibility for core R&D activities (see Figure 10).
3. The good news is that overall, 71% of R&D leaders think their teams collaborate well.
### Figure 9. Functions Involved in Overseeing Different External Innovation Partnerships

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
<th>Joint Ventures (n = 88)</th>
<th>Customer (n = 94)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td>59%</td>
<td>51%</td>
</tr>
<tr>
<td>Head of Strategy</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>CEO</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>Sales/Marketing</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Figure 10. R&D’s Responsibility for the Following Activities

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
<th>R&amp;D’s Responsibility for the Following Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Product Development (n = 202)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>59%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>32%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Basic Research (n = 203)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>57%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>32%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>Innovation Management (n = 202)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>48%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>34%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>Applied Research (n = 201)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>47%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>44%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Product Design (n = 202)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>47%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>38%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Software Development/Design (n = 197)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>44%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>35%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Sustaining Engineering (Tech/Product Support) (n = 202)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>38%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>39%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Engineering (n = 202)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>38%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>42%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Product Management (n = 203)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>37%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>38%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Market Insights (n = 202)</td>
</tr>
<tr>
<td>Primary Responsibility of R&amp;D</td>
<td>30%</td>
</tr>
<tr>
<td>Shared Responsibility of R&amp;D and Others</td>
<td>43%</td>
</tr>
<tr>
<td>Primary Responsibility of Others Within Our Company</td>
<td>27%</td>
</tr>
</tbody>
</table>

**Note:** Percentages may not total 100 due to rounding.

Q: Who has primary responsibility for overseeing the following types of partnerships at your organization?
Source: Gartner 2021 State of R&D Function Survey

Q: For the following activities, please indicate whether each is within the purview of R&D or other functions within your company.
Source: Gartner 2021 State of R&D Function Survey

n varies, all respondents, excluding ‘not applicable’
**Role Dedicated to the Mission Appears to Help**

- For ESG and CX initiatives, a central role — such as a chief sustainability officer — or team — such as a CX department — may improve effectiveness.
- For example, 70% of respondents to our ESG survey said that their organization has a dedicated ESG role.
- Those whose companies set up such a role see an average of 4.7 functions involved in a materiality assessment compared with 3.2 average participants where this type of position doesn’t exist.

- Those with an ESG role are also more likely to report successful outcomes (see Figure 11).
- Similarly, organizations with a central CX role and team report better results than those with no team or CX leader.
- Forty-two percent of self-identified lagging CX companies lack a CX leader compared to just 7% of leading organizations.
- On the opposite end, 31% of leading organizations have a highly-collaborative and strategic CX team compared to just 11% of those in a trailing organization (see Figure 12).

**Percentage of Respondents Agreeing With Each Statement**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Without ESG Roles</th>
<th>With ESG Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am aware of my organization's ESG goals.</td>
<td>26%</td>
<td>40%</td>
</tr>
<tr>
<td>My organization has clearly defined ESG goals.</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>My organization has entered a new era of corporate purpose (beyond exclusive focus on financial returns).</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>My organization has processes to track its progress against its ESG goals.</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>My organization's ESG goals are built into its corporate process (i.e., supply chain criteria).</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>My organization is effective at managing ESG risks to the specified level of tolerance.</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Our ESG program is seen as leading in the industry.</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>Key ESG information is yet to be integrated into existing reporting systems.</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>We lack formal policies across the organization to ensure reliable ESG data collection and validation.</td>
<td>17%</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Figure 11. Perceptions of ESG Progress by Presence of ESG Roles in Organization**

**Figure 12. How the Organization’s Customer Experience Initiative is Led and Governed — Split by Performance**

<table>
<thead>
<tr>
<th>Performance</th>
<th>No CX Leader and No CX Team/Function</th>
<th>A CX Leader With No Team + a Cross-Functional Steering Committee</th>
<th>A CX Leader With a Team + a Cross-Functional Steering Committee</th>
<th>A CX Leader With a Team With Established CX Advocates in All Departments. A Cross-Functional Steering Committee Exists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best-in-Class CX (n = 97)</td>
<td>7%</td>
<td>17%</td>
<td>21%</td>
<td>31%</td>
</tr>
<tr>
<td>Mainstream CX (n = 281)</td>
<td>11%</td>
<td>15%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Trailing CX (n = 93)</td>
<td>42%</td>
<td>44%</td>
<td>24%</td>
<td>21%</td>
</tr>
</tbody>
</table>

**Note:** 1% Differences are statistically significant from other segments.

**Q. Which of the following best describes how your organization’s customer experience (CX) initiative is led and governed today?**

- The CX team act as a center of excellence with CX leader involved in corporate strategic planning. A Cross-Functional Steering Committee exists.

**Source:** Gartner 2021 Customer Experience Baseline Study

---

1. Gartner 2021 Organizational Resilience Survey. This survey was conducted online from March through April 2021 with 67 completes, 35 were from Gartner’s IT & Business Leaders Research Circle members and 32 were from an external sample.
2. Gartner 2021 Customer Experience Baseline Study. The study was intended to capture perceived understanding of CX practices and roles in their organization. The survey was conducted online from November to December 2021 among 483 respondents from the U.S. Western Europe and Asia/Pacific. Companies were screened to be midsize, large or global enterprises. Respondents were required to have active participation in setting the strategy or execution of strategy for enterprise wide CX strategy.
3. Gartner 2021 ESG Panel Benchmarking Survey. This survey had 175 executives across different functions, industries, and regions. The participants in the survey were selected using a set of criteria based on seniority and level of engagement in their organization’s ESG efforts. All participants in the study were involved in an ESG initiative at their organization in the last 18 months.
4. Gartner 2021 Legal and Compliance Information Governance Survey. This survey had 59 respondents composed of compliance, legal and privacy leaders across a variety of industries, business types (B2C, B2B, ESG and public-sector organizations) and enterprise sizes to better understand the current state of governance. The survey was conducted from October to November 2021.
5. Gartner 2021 State of the R&D Function Survey. This study was conducted to provide benchmarking data and analysis to R&D Leaders’ most pressing questions. The research was conducted online April through May 2021 among 203 respondents. With the exception of government and non-profit industries, organizations were required to have annual enterprise wide revenue of $500 million or more in 2020 to qualify for the survey. Respondents were required to hold a manager/senior manager level role or higher in the following departments: Research and development, product development, or engineering/product design.
6. The research reflects average participation across all types of external partnerships.
Have you heard about the hot hand, anchoring, overconfidence, groupthink, recency or the halo effect? These are just six of the dozens of mental shortcuts that create human reasoning errors everywhere, including, of course, in business activities. Different cognitive biases may crop up depending on whether you’re conducting an audit, investing in crypto currency or deciding on a performance management system.

Let’s head to the whiteboard and sketch out how to identify the most important obstacles to objectivity at each phase of a specific process or project. Can we help decision makers fight fallacies and minimize the problems they cause?

What is a Cognitive Bias?

Scientists estimate the human mind takes in 11 million pieces of information per second … but the brain is consciously aware of just ~40-50 pieces of information per second.

“A cognitive bias is a subconscious error in thinking that leads you to misinterpret information from the world around you and affects the rationality and accuracy of decisions and judgments.”
— Simply Psychology

What Kind of Business Problems Can Biases Cause?

“Board [of Directors] culture — such as dominant leadership, groupthink, and confirmation bias — increases the chance of accounting scandals.”

“The more overoptimistic the managers are, the lower the enterprise’s internal investment level, and the more they tend to use M&A rather than internal cultivation to realize business transformation … overoptimism is negative with improvement of the firm’s performance.”

Salespeople often make a snap judgment as to who is the most qualified sales prospect for them to spend their time and effort on.

Manager reviews often reflect a recency bias, meaning they focus heavily on your most recent performance, not your performance from six to 12 months ago.

Only 0.0057% of executives’ posts on social media from 5 June to 4 July, 2022 mention cognitive biases.

We analyzed 3.7 million instances of social media posts by executives and only found 211 mentioning cognitive biases.
Which Biases Might Appear During a Specific Workflow?

Awareness is the first step to overcoming bias. Objectivity is crucial for internal audit.

Definitions for biases on these charts are included in the list on the following pages.

- Anchoring
- Groupthink
- Recency
- Salience
- Halo Effect
- Reporting
- Ambiguity
- Overconfidence
- Confirmation
- Availability
- Hawthorne Effect
- Survivorship
- Dunning–Kruger Effect
- Status Quo
- Declinism
- Conjunction
- Confirmation
- Blind Spot

Digital assets, such as crypto currency and non-fungible tokens (NFT), are a new terrain, in very early days, so accounting for bias is critical.

“I'd like new employees and early career professionals to speak-up and challenge the department leadership more often.”
Gabriele Roznovsky, Chief Audit Executive, Celanese

“Divide your work into three or four discrete phases. Select recognized cognitive biases that are most likely to disrupt judgment during each phase.”

Gabriele Roznovsky, Chief Audit Executive, Celanese

“When a draft finding is debatable, we begin by asking, “How did we come to this conclusion?”" Carl Paratore, Chief Audit Executive, Point32Health

“We need to build teams with mixed backgrounds so the teams can avoid reinforcing each other’s biases.”
Cedric Lempereur, Group Head of Internal Audit, Worldline.com

Bias Compass for Internal Auditors

Bias Compass for Organizational Use of Digital Business Assets

Plan

- Planning
- Strategy and Vision
- Governance, Risk and Compliance
- Implementing
- Overconfidence
- Stereotyping

Fieldwork

- Reporting
- Reporting
- Reporting
- Reporting

Perform

- Analysis
- Analysis
- Analysis
- Analysis

Over Time

- Performance
- Over Time
- Implementation
- Performance

“DIY: How Can We Make Compasses for Our Own Business Areas?”

Gartner Business Quarterly 66 Third Quarter 2022 67
Where Are Some of Our Blindspots?

Action Bias: The tendency to favor action over inaction.

Anchoring Bias: Favoring the first information found when making decisions.

Attrition Bias: Unequal loss of participants from a study that biases outcomes.

Barnum Effect: When individuals believe that personality descriptions apply specifically to them, despite the fact that the description is actually filled with information that applies to everyone.

Bystander Effect: A theory that states that an individual’s likelihood of helping decreases when passive bystanders are present in an emergency situation.

Central Tendency Bias: Scoring everything around the midpoint of a rating scale without using the extremes.

Choice-Supportive Bias: The tendency to justify decisions and choices with positive attributes rather than negative ones.

Compliance Bias: Failure to account for the tendency of people that are compliant in one thing (e.g. with a recommendation) to be more compliant in other things as well.

Confirmation Bias: Searching for information to support one’s preconceived belief.

Curse of Knowledge: When people fail to properly understand the perspective of those who do not have as much information.

Dunning-Kruger Effect: Overestimating one’s own knowledge relative to objective criteria.

Endowment Effect: Valuing owned items more highly than if they were not yours.

False Consensus Effect: The tendency to assume one’s beliefs, opinions and behaviors are more widely shared than is actually the case.

Gambler’s Fallacy: The tendency to think that future probabilities are altered by past events, when in reality they are unchanged.

Groupthink: Setting aside beliefs to adopt the opinion of others.

Halo Effect: Assuming that a person, organization, or approach that is successful in one area will be just as successful in another area.

Hindsight Bias: The tendency to look back at an unpredictable event and think it was predictable.

Hot Hand: Believing that positive performance will continue.

Hot Stuff Bias: When a topic is fashionable, it raises the likelihood that individuals will attribute phenomena to that topic or wish to write about that topic.

Information Bias: Systematic differences in the collection, recall, recording or handling of information used in a study.

In-Group Bias: The tendency for people to give preferential treatment to others who belong to the same group that they do.

Language Bias: Refers to a bias that occurs when findings or observations are reported in a particular language.

Motivated Reasoning: Avoiding cognitive dissonance by selecting judgments that comport with desired facts, rather than actual facts.

Narcissism: The tendency to underestimate both the possibility of a disaster and its possible effects.

Ostrich Effect: The decision to ignore dangerous or negative information by “burying” one’s head in the sand, like an ostrich.

Overconfidence: Taking greater risks because a person or group is too sure of their abilities.

Positive Results Bias: The tendency to prematurely accept positive results rather than to complete requisite testing.

Recency Bias: Weighing the latest information more heavily than older data.

Rush-to-Solve Bias: Occurs when decision-makers form a judgment without fully considering all available data.

Selection Bias: Occurs when individuals or groups in a study differ systematically from the population of interest.

Social Desirability Bias: A tendency to answer questionnaires or surveys according to what is socially acceptable.
How Do We Fix This?

**Governance:** Update policies to remove any biases, blind-spots, and advantages of one group over another.

**People:** Include cognitive bias training and bias awareness as a soft skill as part of professional judgment and critical thinking training.

**Process:** Embed cognitive bias double-checks and decision hygiene techniques into methodologies and operating procedures.

**Technology:** Use decision support technology for the most important decision. This will remove subjectivity and break the decision into smaller, more manageable components.

Let’s make a de-biasing checklist.

- Improve DEI in teams and projects to minimize groupthink and other false consensus biases.
- Consider biases in the processes, policies, and frameworks that govern your activities. A cognitive bias audit or anti-bias review of policy is important hygiene.
- Schedule a bias reduction workshop before the start of an important project. Include an inventory of assumptions and double-check them for signs of bias.
- Slow down, take a step back, and break decisions into components.
- Make a commitment to embed cognitive-bias awareness in your business. Strengthening objectivity must be a business goal for yourself, direct reports, and other staff.

Can Technology Remove Bias from Decisions?

**Decision support software systems can improve objectivity.**

For example: HR decisions such as giving salary raises to employees

SuperDecisions software reduces subjectivity by modeling a complex, multi-factor decision.

1. **What Is Cognitive Bias?** SimplyPsychology
2. Case Study: Luckin Coffee Accounting Fraud, Seven Pillars Institute
5. Here’s what can happen when companies get rid of performance reviews, Forbes
6. Social Media Analysis Methodology: Gartner conducts social listening analysis leveraging third-party data tools to complement or supplement the other fact bases presented in this document. Due to its qualitative and organic nature, the results should not be used separately from the rest of this research. No conclusions should be drawn from this data alone. Social Media data in reference is from January 1, 2020 to June 20, 2022 in all geographies (except China) and recognized languages.
7. Method for Selecting Cognitive Biases: While the academic literature regularly refers to over 100 cognitive biases, we pared the list to those most relevant to business processes based on conversations with executives and a review of secondary sources, including:
   - How Cognitive Bias is Impacting Our Workplace Without Us Even Realizing It, Weekly10
   - **American Psychological Association**
   - What is a Cognitive Bias, Verywell Mind
   - What is a Cognitive Bias? 7 Examples & Resources, Positive Psychology
   - How to Write Effective Anti-Bias Policies, Society for Nonprofits
   - Thomas Saaty: AHP Ratings Example - Giving Salary Raises to Employees, Creative Decisions Foundation

*Photo courtesy of Creative Decisions Foundation*
Smarter Spending & Planning

**Insist on Transparency When IT Vendors Blame Inflation as They Hike Prices**

The surge in global inflation presents some valid reasons for many IT vendors raising prices (or preparing to). Still, business leaders must get these suppliers to explain why their prices are going up so fast:

1. **Pre-plan changes to operating expenses to prepare for the unexpected.** CFOs should consider three tactics:
   - Review vendors’ latest financial reports. More business leaders are pushing back on companies that continue to grow revenue. You should also evaluate previous product enhancements: If you are paying for support or maintenance subscriptions but not seeing much value, why should you accept higher costs? And look at any updates or upgrades you have implemented, as well as how many support tickets were opened and resolved over the past year. Are these things worth the price tag?
   - Assess the need to replace IT systems, software, and hardware. With systems and software costs rising, consider if an upgrade is worth the extra cost.
   - Get cost reallocation sign-off and get buy-in for changes and reduce disruptions.

2. **Seek evidence of what actions they have taken to reduce costs once high inflation subsides.** To do this, get cost reallocation sign-off and get buy-in for changes and reduce disruptions. Use existing upside and downside scenarios to shortlist response steps. Stay in touch with business unit leaders and ask them to provide temporary and permanent cost-cutting options, and a wish list of items to fund. Regular communication is important to make sure these inputs remain up to date.

3. **Identify and protect costs that help the business stand out from competitors and align with your strategy.** This way, you avoid counterproductive cuts while supporting growth and returns on investment goals. Create a leadership discussion around points of differentiation and identify budget-line items that support your competitive advantage.

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**Adapt to In-Year Volatility With Flexible Budget Adjustments**

The rapid pace of digital business demands a more flexible budgeting process, especially during periods of macroeconomic volatility. CFOs should consider three tactics:

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   - Identify and protect costs that help the business stand out from competitors and align with your strategy. This way, you avoid counterproductive cuts while supporting growth and returns on investment goals. Create a leadership discussion around points of differentiation and identify budget-line items that support your competitive advantage.

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Talent & Culture

**To Prevent DEI Pushback, Embed the Right Employee Behaviors**

Forty-two percent of the 3,516 employees we surveyed in 2021 resented their employers’ diversity, equity and inclusion (DEI) work and another 42% viewed it as divisive. Yet workers rarely share such thoughts because they fear social disapproval.

HR leaders must proactively bring to light resistance that might take the form of ignoring, disrupting, invalidating or disconnecting from DEI initiatives. A decision framework helps employees assess which course of action to take when faced with exclusionary behavior.

Staff at Imperial College London in the U.K. receive a toolkit with four options, prompting them to support their underrepresented co-workers. When behavior is non-inclusive, employees can:

1. **Distract — indirectly intervene with interruptions or a change of subject**
2. **Delay — wait for the situation to pass and take action at a later stage**
3. **Direct Action — directly intervene with the perpetrator**
4. **Delegate — inform a manager or senior staff about a situation that made them or others uncomfortable**

With the right guidance, staff can learn how to take reasonable actions that help an organization advance its DEI efforts. And employees move from being passive observers to active bystanders empowered to support colleagues who face prejudice.

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**Armed With Clues from HR, ERM Can Drive Action on Pandemic-Era Talent Risk**

In February, risk and assurance professionals told us pandemic-era talent was an emerging threat that wasn’t getting enough attention from management. Indeed, only 31% of HR executives are satisfied with the value their companies give employees in light of new expectations for flexibility on the job — but they also offer important intel: the biggest barriers are organization-wide fear that productivity will drop and a more general lack of executive support.

Armed with these clues, the enterprise risk management team can spur action with two types of conversations:

1. **Inform the dubious — Explain that when employers give employees more control over where, when and how much they work, the percentage of high performers can increase by 19 percentage points. Doing nothing also carries a price; attrition can hurt an organization’s output.**
2. **Challenge the overconfident — Use probing questions to lead an executive away from false faith in the effectiveness of existing retention strategies. Define some high-level “must-avoid outcomes” — such as delaying a major product launch — that would prevent an organization from meeting its goals. Share issues that are relevant to the executive and show how attrition or employee dissatisfaction could contribute to those outcomes. This leads to a natural question: “Are we doing enough?”**

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— Melanie Alexander
— Paul Keller
— Trisha Rai and Emily Strother
— Ben Fisher
Minimize Privacy Risks and Mimic the Real World With Synthetic Data

Most enterprises, faced with increased data privacy rules, are hesitant about sharing sensitive, privileged, restricted user information with employees outside of compliance and central IT functions — but this nervousness can curb innovation.

Artificially generated synthetic data offers a way out of this bind because it does not obtain data from direct real-world observations, and so reduces data privacy and compliance risks. Synthetic data mimics the statistical characteristics of real datasets to “mirror” them without using any sensitive or attributable identifying information. Businesses can develop or purchase datasets to reflect the corporate operating environment and let employees safely scan, test and validate ideas — and potentially “unlock” otherwise inaccessible signals and indicators.

In addition to minimizing privacy risks, synthetic data has three clear benefits. It can:

1. Simulate uncertain events because — unlike real-world data which does not contain all permutations of things that could possibly happen — synthetic data can test multiple future scenarios.
2. Deploy fast, which helps business leaders speed up (or avoid) internal processes, lengthy contractual efforts, legal blockers or hosting challenges.
3. Reduce an organization’s time, costs, and exposure associated with creating, buying, collecting and labeling third-party data.

— Archit Puri

If You Can’t Take the Heat, Put a Robot Chef in the Kitchen

While smart robots are common in factories and warehouses, these AI-powered machines have increasingly been appearing in other work environments since the start of the COVID-19 pandemic. Some of them are showing up to cook, delivering surprising (and occasionally delicious) results:

1. A government agency collaborated with Dexai Robotics on a meal assembler to assist with labor shortages in its dining facilities. The robot line chef, preprogrammed to carry out a task that would otherwise be executed by a human worker, does not require a specialized facility or equipment. It offers five types of salad, with plans to expand its remit to four dozen meals. The goals: improve kitchen staff satisfaction, speed up processing, reduce errors and increase customer satisfaction.
2. A smart robot that deep-fries chicken sounds too good to be true. But Kyocho F&B and Neuromeka worked together to train a robotic arm that employees can physically guide through the motions of cooking. This collaborative robot, dubbed a cobot, learns a task that would otherwise be executed by a human worker, does not require a specialized facility or equipment. It offers five types of elbow problems, can easily toss and fry food — and produce delectable meals for discerning diners who demand high standards. It handles heat and fumes, and, free of elbow problems, can easily toss and fry food — and produce delectable meals for discerning diners who demand high standards. The cobot’s expertly flavored sauces once beat a professional chef and a franchise owner in a competition for the best-tasting chicken.

An executive sponsor can help. If a leader or high-ranking committee expects regular updates on your progress, you can use that to motivate your colleagues.

Which requirements will legal, privacy and compliance leaders concentrate on? When we asked them, these were the top three answers. And each one requires a joint effort:

1. Data retention and deletion rules: Collaboration time will depend on the volume of data. Need to create a records inventory? This will take at least three months.
2. Privacy impact assessments: A PIA for an individual business project could take two to four weeks.
3. “Do not sell or share my personal data” mandates: Preparation can take six months.

Technology Buyers Can Reduce Purchase Regret and Boost Time to Value

Enterprise technology customers have more buying power than ever before and are getting value, but 56% highly regret their purchase. They take seven to 10 months longer to arrive at a purchasing decision and experience more issues in the early stages of deployment. High-regret teams face three notable difficulties when compared to no-regret buying teams. They are nearly three times more likely to experience delays because of having to revisit steps in the buying process, 10 times more likely to disagree on objectives for the purchase, and over 40 times more likely to have occasional decision-makers overrule the buying team.

Enterprises can learn from no-regret buyers with these three actions:

1. Align the entire buying team to a common goal — involve more diverse groups who unite around a shared objective.
2. Conduct significant activities, such as vendor risk assessments and security reviews, early in the process.
3. To capture value and lessen challenges, get providers to share content and offer “no-charge” activities so you have clarity over how to implement and deploy successfully in your environment.

Doing this will accelerate time to value for your tech purchases.

— Hank Barnes

Data & Technology

New U.S. State Privacy Laws Are Coming — Get Ready Now

Getting ready for new privacy laws taking effect in 2023 in California, Colorado, Connecticut, Utah and Virginia will require a lot of teamwork. Legal, compliance and privacy must collaborate with others, including IT, marketing and sales. But organizations tend to underestimate how long cross-functional work will take — so don’t delay. Regulators are signaling a willingness to move against companies that aren’t adhering to the new requirements. The California Attorney General’s office has sent enforcement notices to firms that neglected to include a “do not sell my personal information” website link. And additional U.S. states are eyeballing privacy laws of their own.

Since other departments have pressing priorities, legal leaders tell us they find it challenging to get colleagues on board with privacy prep. Legal, compliance and privacy must collaborate with others, including IT, marketing and sales.

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— Laura Cohn

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