

## Forbes Insights Study Identifies Areas of Corporate Misalignment

### Companies Face Barriers to Keeping Strategy and Operations in Sync

**New York, NY (Wednesday, October 7, 2009)** – While large enterprise companies (\$500M+) agree on the need to align strategy and operations to manage and sustain growth, many organizations still face significant barriers in achieving this, according to a new study released today by Forbes Insights. Strategic priorities are frequently out of sync with operational realities in a number of key areas, a split that has been intensified by the global recession and resulting economic volatility.

The new report, “Strategy and Operations in the Enterprise: Closing the Alignment Gap,” is based on a survey of more than 200 C-level and senior executives at global enterprises with annual revenues exceeding \$500 million. The number one barrier to aligning strategy and operations, cited by 46% of respondents, was changing market conditions that affect strategy and operational execution. That was followed by: pressure put on short-term costs vs. ROI from the current economy (29%); the unavailability of timely, accurate data (22%); operational employees not understanding strategic goals (21%); and risks and opportunities identified by operations not being incorporated into strategy (19%).

The study is available at [www.forbes.com/forbesinsights](http://www.forbes.com/forbesinsights).

“The difficult economy has underscored the need for enterprises to align their strategy and operations teams,” said Stuart Feil, editorial director of Forbes Insights. “While 83% of executives said the recession put them under additional pressure to focus on aligning strategy and execution, the shifts these companies have had to make to deal with the recession has actually been the cause of much misalignment.”

“Companies must become aware of the gaps that exist between their strategy and execution,” said John Schwarz, member of the Executive Board of SAP, which sponsored the study. “With greater visibility into operations, businesses can identify and close these gaps to increase efficiency, manage risks and become more competitive.”

Other highlights of the study include:

- About half (51%) of organizations said they already have an updated plan in place to guide strategy once the economy turns around.
- In terms of alignment barriers, economic pressures were felt most acutely by operations teams—36% of operations executives felt that added pressure on managing short-term costs was a major barrier, while only 20% of strategy executives cited that point.
- Companies’ strategic objectives often did not match their stated operational objectives. For example, staying competitive in a challenging market was the most crucial strategic priority chosen by 54% of respondents, but its operational counterpart—identifying and addressing shifts in the competitive landscape—was the fourth highest operational priority, named by just 23%.

- Talent management issues were a key area of misalignment. More than one in five executives (22%) said their company's recruiting and retention efforts did not reflect strategic goals, and 25% said the same about training and development programs.
- More than 40% of executives did not agree with the idea that their organizations are incorporating changes to their risk models into revised strategic plans.

This study is based on a survey (conducted by Forbes Insights in association with SAP) of 206 executives at global enterprises with annual revenues of more than \$500 million. Nearly three-quarters of respondents (74%) held C-level titles. Companies were headquartered in the Americas (36%), EMEA (32%), and APAC (32%).

To request a copy of the study, visit:

<http://www.forbes.com/forbesinsights/closingthealignmentgap/index.html>

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