

The CEO Role in Best-Run Midsize Companies: Strategically Leveraging Intelligent Technologies

The Opportunity for Midsize Firms to Become Intelligent Enterprises



Companies of all sizes continue to adapt to the digital economy, looking for new and more efficient ways to drive revenue, empower employees, and respond to customer needs. **CEOs, presidents, and business owners in midsize companies (who we will refer to as CEOs for brevity) face special challenges:** they often lack the resources of larger firms but don't have the flexibility/agility of smaller ones.



The disruptive business changes of today impact the entire organization: changing customer engagement preferences, innovative remote working, options, and new ways key information is captured and used. **Only the CEO can provide the strategic guidance to support effective investment, staff encouragement, and process reinvention.** CEOs in best-run companies empower focus on higher-value tasks, improved decision making, and exploration of new business models to achieve financial goals.



IDC conducted a survey of 1,957 midsize firms (with 100-1,000 employees) worldwide to identify key factors associated with business success and measure progress towards becoming a best-run, digitally-engaged company. Four groups emerged based on performance: **Laggards, Survivors, Strivers, and Best Run** (for more details refer to the overview report: *Becoming a Best-Run Midsize Company*).



Best-Run Companies Look Beyond Revenue and Profits

While CEOs in all segments cite increasing revenue as a top business priority, those in best-run and striver companies more frequently name three key priority areas:



Improving customer experience



Improving business agility and responsiveness



Introducing new business models

Building for the future while **keeping customer needs in mind** is a key part of being a best-run company.

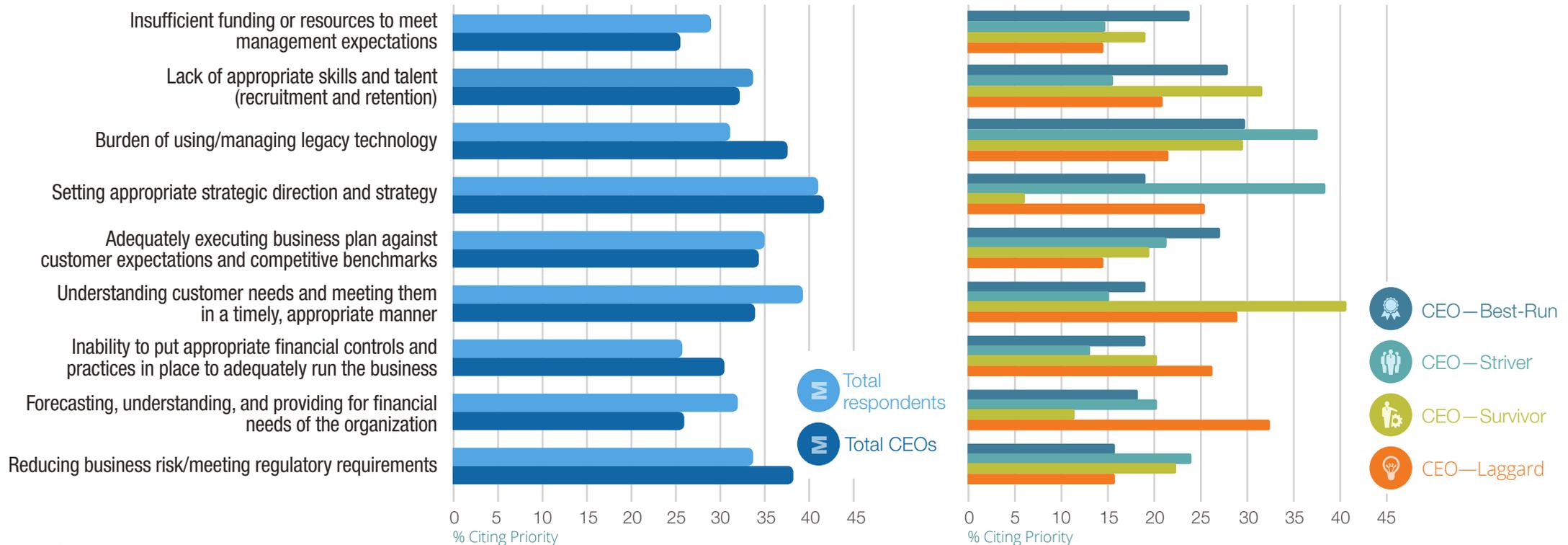
Midsize Company CEO Top Priorities by Segment



Legacy Technology Seen as a Major Pain Point

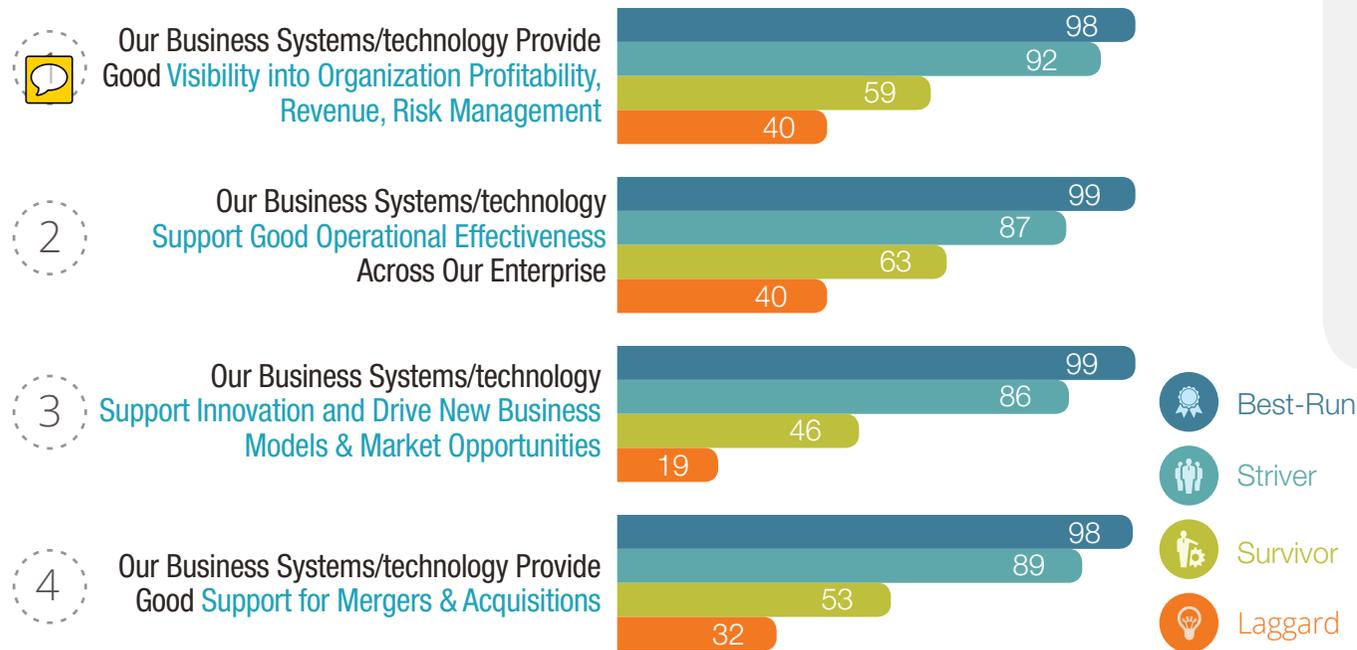
CEOs are more likely than others in the company to cite a wide range of pain points affecting business performance. Among the most significant is the burden of legacy technology impeding progress, which about 40% of CEOs in midsize firms cited. (Strivers named this more frequently, and laggards less.) To correct this, CEOs and top management need to support the budget and staffing required to improve performance — and CEO involvement in setting technology spending priorities is critical.

Midsize Firm CEOs Across Segments More Likely to View Technology as Major Weak Link in Their Progress



CEOs of Best-Run Companies See Current Technology as Meeting Their Needs

Although legacy technology and processes are often considered inhibitors to future progress, CEOs in best-run companies believe their current business systems and technology do provide “good” or “very good” support for four key business activities:



The apparent disconnect between the view of legacy technology as a limitation and technology as an effective resource to support business transformation deserves a closer look. CEOs in best-run companies have been effective in leveraging technology to help drive strong business performance — but the question is whether current technology can support future needs. Two related factors will be essential for success in the digital economy:

- A healthy of complacency
- An understanding that progress requires new thinking using new resources.

IDC expects that the most successful midsize companies will demand even more from the technology in which they invest.

Creating Best-Run Performance Requires Strategic Direction and Hands-On Engagement

CEOs in the most successful, best-run companies balance near- and long-term performance in a variety of ways. Setting strategic direction is at the heart of any CEO's support for top business performance, but in midsize firms, participation at the tactical level is also important. CEOs in midsize firms also point to the accomplishments of their own direct reports and the optimization of resources as important contributors to performance.

How CEOs Support Best-Run Business Performance



% Citing Support Category

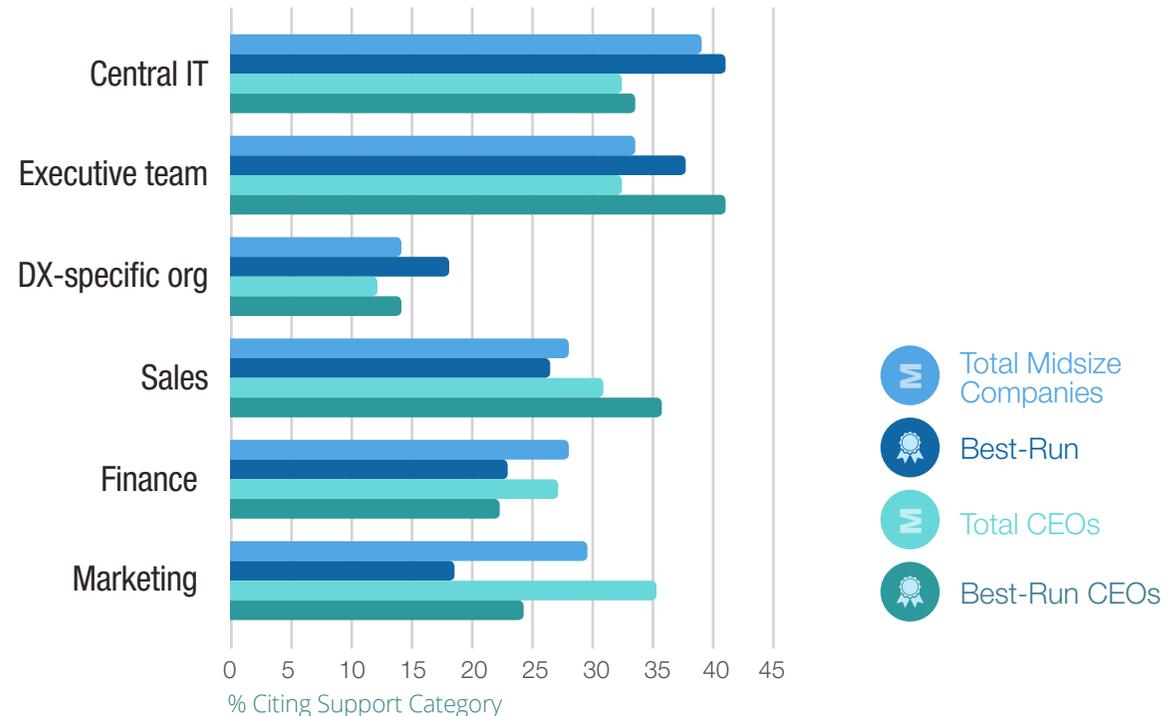


Best-Run Companies Centralize Sponsorship of Digital Transformation Initiatives

At best-run companies, executives and other centrally located leaders are more frequently cited as sponsors of digital transformation initiatives. Laggards are more likely to drive digital transformation efforts from individual functional areas such as marketing and finance.

CEOs at best-run firms recognize their role in helping drive digital transformation from the top, often supported by functional areas (especially sales).

Who Drives Digital Transformation?
Best-Run Companies Have More Executive Team Engagement



Recognizing the Key Role of Data in Decision-Making

In keeping with the importance of sharing key performance indicators (KPIs), data is essential for effective decision-making — and effective data collection and analysis drive the success of best-run companies. CEOs understand this and typically recognize the role of data in helping drive operational efficiency. Best-run midsize firms, however, **use data for more than just efficiency improvement**: They use it to **improve customer engagement and drive product innovation**, too.

Midsize Firm CEOs Cite Key Role Played by Data

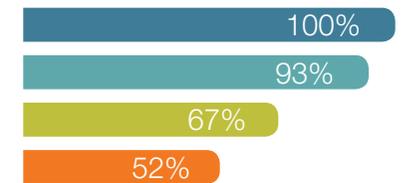


Accessing the right data to provide business-critical insight

100% of CEOs in best-run firms surveyed indicated a “good” or “very good” ability to get the right data to provide insight across the business. Using real-time information to guide critical decisions is a hallmark of best-run companies.

- Best-Run
- Striver
- Survivor
- Laggard

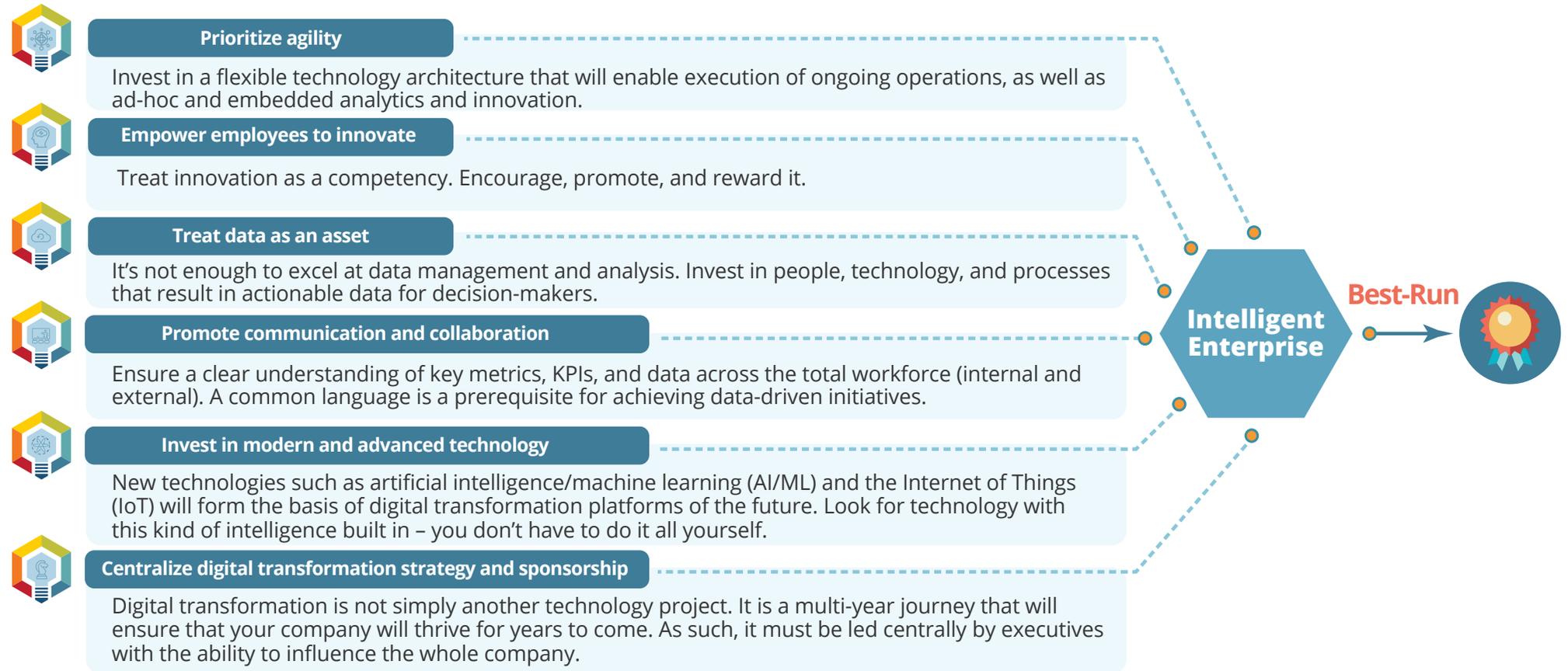
CEOs: Our Technology and Applications Infrastructure Provide Insight Across Our Business



Share of Midsize Firm CEOs Citing Good or Very Good Ability

Join the Ranks of Best-Run Companies by Investing in Enterprise Intelligence

Becoming a best-run company requires investment in developing higher-level enterprise intelligence and associated people, technologies, and practices.



Methodology

Findings for this InfoBrief are based upon a September 2018 IDC study of business and IT leaders in midsize companies around the world.

For this study, IDC surveyed 1,957 executives with decision-making or recommending authority for IT solutions and services. Respondents were located in 13 countries across North America, Europe, and Asia/Pacific and spanned a broad mix of industries.

For each respondent IDC collected business key performance indicators (KPIs) including revenue growth, profitability, customer satisfaction, and employee productivity. IDC analyzed the correlations between these business success metrics and respondents' IT policies and behaviors to determine best practices for IT digital transformation, which provided the basis for determining the four intelligent enterprise maturity categories.



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