



Joining the dots: decision making for a new era

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About the report

This report is based on a survey commissioned by CIMA and the AICPA, and conducted by Longitude Research, of **300 C-level** executives at large organisations from **16 countries** around the world.

The survey was supplemented by in-depth interviews for deeper insight.

The research investigates the **effectiveness of C-level decision-making** practices in large organisations across the globe and suggests that senior leaders are struggling to make the right decisions in many cases.

- Patrick Conway, Chief Knowledge Officer, US Army Training and Doctrine Command
- Kenneth Goldman, CFO, Yahoo
- Simon Henry, FCMA, CGMA, CFO, Royal Dutch Shell
- Andre Oerlemans, CFO, Weight Watchers Benelux
- Claire Suddens-Spiers, Head of South East Asia, Rothschild
- Alexander Visser, CFO, Philips Africa
- Mark Weinberger, Global Chairman and CEO, EY

The new business as usual

Every day, senior business leaders across the world make decisions that shape the future successes — or failures — of their organisations.

The conditions in which businesses are operating are **volatile and uncertain**. 'Business as usual' no longer exists and the rules of the game are being transformed.

The solutions to many of the decision-making challenges we have identified can be achieved through more **integrated thinking** — cutting through silos to **connect the relevant people and information** from across the organisation.

In today's '**VUCA**' world — characterised by **volatility, uncertainty, complexity and ambiguity** — strategic decision making is increasingly critical. It is also becoming harder and harder to get right

Joining the dots:
Decision making for a
new era

Research findings

In an era of disruptive change when even the most established business models come under threat, organisations need to make good strategic decisions quickly — and then deliver on their choices.

As our key findings demonstrate, many companies are struggling to:

- Overcome bureaucracy and **achieve agile decision making**
- Build greater levels of **trust and improve collaboration**
- Take a long-term view and define **the right metrics**
- Turn huge volumes of data into **strategic insight**
- Build the **decision-making skills** of senior leaders.

Research findings

BUREAUCRACY AND THE NEED FOR AGILE DECISION-MAKING

The single biggest barrier to more effective decision making cited by our respondents (**29%**) is that **organisational silos and bureaucracy** are creating coordination problems.

Further, **72%** of companies have had at least **one strategic initiative fail in the last three years** because of delays in decision making, while

42% say they **have lost competitive advantage** because they have been slower to make decisions than more agile competitors.

Research findings

GREATER TRUST AND COLLABORATION REQUIRED

- Trust and collaboration must be improved to enable integrated thinking. Top-level leaders recognise the need for more employee input in decision-making but are struggling to make this happen.
- Overall, 70% admit there is moderate or significant room for improving active collaboration between leaders and employees 65% say the same about trust.
- 43% feel that levels of trust with other C-suite leaders could be improved.

Research findings

BALANCING SHORT, MEDIUM AND LONG TERM OBJECTIVES

- Our analysis reveals that only **39% are confident that their bonus structures** are helping them strike the right balance in short-, medium- and long-term value generation. Just 23% believe they are highly effective at fully assessing the needs of external stakeholders.
- **34%** of respondents report that they find it challenging to **select the right combination of metrics to measure business performance** over different time frames.

Despite pressure on large companies to rethink their priorities in the post-financial crisis environment, important considerations — such as incentive structures and engagement of external stakeholders — remain relatively low on the agenda.

Research findings

TRANSLATING DATA INTO INSIGHT

- An overwhelming **80% of respondents admit that their organisation used flawed information** to make a strategic decision at least once in the last three years.
- One third (32%) of respondents say big data has made things worse, not better, for decision making, while a modest
- 36% say their organisation is not coping with information overload.

Information overload and difficulties working with big data are hindering effective decision making for many

Opportunity to gain competitive advantage

Research findings

BUILDING THE DECISION-MAKING SKILLS OF SENIOR LEADERS

- 28% acknowledging the need for new skills to meet the demands they face today.
- They recognise a need for improvement and greater support in four key areas in order to work effectively: **interpreting new data sources**; **learning from past outcomes**; **enabling challenges to traditional thinking**; and **ensuring deeper collaboration** between themselves and with employees..

Senior leaders require new skills to make effective decisions in today's fast-paced and uncertain business environment.

Business leaders put limitations in their own skill-sets among the top two biggest problems when it comes to making more effective decisions

Research findings

INTEGRATED THINKERS MAKE BETTER DECISIONS IN UNCERTAIN TIMES

- A significant minority of organisations are transforming their ability to make the right decisions and achieve great outcomes, even in times of disruption and uncertainty.

We call these organisations 'Integrated Thinkers' and they are characterised by strong implementation of the Global Management Accounting Principles® that provide a foundation for effective decision-making and the creation of value in organisations.

THE CGMA PERSPECTIVE: WHY MANAGEMENT ACCOUNTING IS INTEGRATED THINKING

- A good place to start is to adopt the CGMA Global Management Accounting Principles as the best framework for integrated thinking and decision-making.
- **Management accounting is at the heart of high-quality decision-making** because it brings to the fore the most relevant information and analysis to create and preserve value. It recognises the importance of accounting for the business and not just the balance sheet.
- The four principles of **Influence, Relevance, Analysis, and Trust** are designed to help organisations to make better decisions, respond appropriately to the risks and opportunities they are presented with, and protect the value they create.
- www.cgma.org/resources/reports/joining-the-dots

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CGMA Africa Inaugural Conference

- Theme: Leading the way in VUCA world
- What can business across Africa do to meet and address these challenges
- How do we unpack and make relevant GMAPs
- Participate in and dialogue with prominent speakers and business leaders in forging ahead, defining new and exciting approaches to strategy and the future of business within the highly volatile, uncertain, and complex environment that is Africa today
- www.cimaglobal.com/CAIC2017

Sandton Convention
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Thank you