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S&P Global

Market Intelligence **Black & White**

Get Ahead of Change by
Empowering Employees
with New Operational Cultures
and Tooling Strategies

COMMISSIONED BY



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About this paper

A Black & White paper is a study based on primary research survey data that assesses the market dynamics of a key enterprise technology segment through the lens of the “on the ground” experience and opinions of real practitioners — what they are doing, and why they are doing it.

ABOUT THE AUTHOR



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As Principal Research Analyst, Chris Marsh sets the vision for and manages the Workforce Productivity and Collaboration practice at 451 Research, a part of S&P Global Market Intelligence. The WPC practice focuses on a broad range of enterprise software including technologies supporting workforce planning, project and work management, collaboration, content and innovation management, learning and skilling and content creation. The team also covers the full spectrum of HR technologies from candidate marketing and recruitment through core HR processes and out to new types of employee engagement tool.

Key Highlights

- Organizations that support a culture of feeling connected to work continue to excel.
- Driven by the past year's increase in remote work, businesses are focusing on technology that supports productivity through connectedness and collaboration.
- Budgets are growing, yet decision-making processes and purchasing cycles are shrinking in 2021.

People Are Coming to the Fore in Technology Decisions

This is a dynamic time for the workforce: The mass shift to remote work is having a massive impact on organizations and the workforce. 451 Research's Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey October 2020 found that 64% of businesses have already implemented permanent and expanded remote work policies. Compared to the amount of remote work that businesses were supporting a year ago, that number is staggering.

This comes at a time when a majority (53% of respondents to our September 2020 survey) of businesses are citing improvement of the workforce experience as a transformation priority. This has gathered pace over the past few years as business leaders realize that the pervasive day-to-day friction most employees experience represents a real obstacle to executing their strategic initiatives. Organizations can't afford to wave off the workforce experience any longer – either by doing nothing or resorting to the latest niche app to solve a specific problem. Thus, many companies are now placing a strategic focus on providing employees with a purposeful, seamless, and empowering daily workplace experience. This shift, which has accelerated due to the fallout from 2020, includes targeting the operational cultures that support these engaged behaviors; this focus on the operational culture will become a greater driver of technology choices moving forward.

However, not all businesses are starting from the same position, and some are at risk of being left behind. Those that are more confident, digitally mature, and proactively invest in operational, cultural, and technological approaches to engage and empower their employees tend to have workforces that are more productive, engaged, and innovative. Those that are struggling to marry technology and culture together in this way risk being left behind.

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Empowering Employees Is a First-Order Business Goal

Employees Need Information to Flow Differently Across Their Work

The fallout from the past year has ushered in a different business and workplace environment – 451 Research’s October Coronavirus Flash Survey found that well over half of businesses (69%) believe that a majority (75%) of their employees can now work effectively in remote and distributed environments, so many more businesses will be supporting a hybrid model going forward.

For many businesses, the shift to remote work has lifted the veil on how poorly employees are served by many of their legacy workflows and processes. It has also exposed that the way workflows and processes have historically been designed is a product of the functional limitations of the applications rather than how employees actually work. The change in circumstances this past year has rendered many workflows and workplace practices much less effective. Voice and video conferencing and messaging tools won’t solve that problem.

“The communication channels have changed due to the social distancing. More tools and systems need to be incorporated so as to ensure better flow of communication.”

– DIRECTOR,
1,500-4,999 employees,
IT, Software and Services,
UK, September 2020

“[Our greatest need is] more efficient management of information flow and accessibility so it is easier to work with from anywhere.”

– MANAGER, RESEARCH & DEVELOPMENT,
1,500-,4999 employees,
Manufacturing Equipment and Services,
US, May 2020

“New ways of working remotely have impacted the current business model. We are facing challenges in aligning the new processes.”

– MANAGER, PROJECT MANAGEMENT,
1,500-4,999 employees,
Government/Public Administration,
UK, September 2020

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“The virus has created a new reality in my workplace. Information flow has been extremely important, and we see just how poor we are at it. Hopefully we get better.”

- NON-MANAGERIAL, HUMAN RESOURCES,
1,500-4,999 employees,
Transportation Sector,
US, May 2020

Much of this challenge is a matter of workflow design, and it manifests itself to many businesses by obstructing team building, making it difficult to keep employees focused and aligned, and making it difficult to prevent burnout.

Figure 1: Businesses’ most significant concerns about supporting remote and distributed workers

Source: 451 Research and Smartsheet custom survey, September 2020

Q: What are your most significant concerns when it comes to having to support more remote and distributed workers?

Base: Technology leaders (n=1,000)

		LOWEST	HIGHEST
Team building is more challenging	48%	Germany 39%	US 52%
Keeping employees focused and aligned	48%	Germany 37%	US 54%
Work-life balance difficulties and the risk of burnout	46%	UK 41%	US 50%
Lower productivity for those working remotely	42%	UK 36%	ANZ 49%
Employees leaving for opportunities elsewhere	38%	UK/ANZ 31%	US 45%
Not having the technologies to effectively support remote work	35%	UK/US 32%	Germany 41%
Lower morale across your teams	32%	Germany 25%	US 35%

Some businesses will be in a better position than others when it comes to adjusting to this shift. Some countries are also better prepared than others, according to our data.

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Figure 2: Differences in how prepared businesses are to respond to disruption by geography

Source: 451 Research and Smartsheet custom survey, September 2020

Q: To what extent do you feel your business department is prepared to dynamically adjust and respond as needed to any disruptions and changed priorities it may face over the next year?

Base: Technology leaders, replies of "Very prepared" (n=1,000)

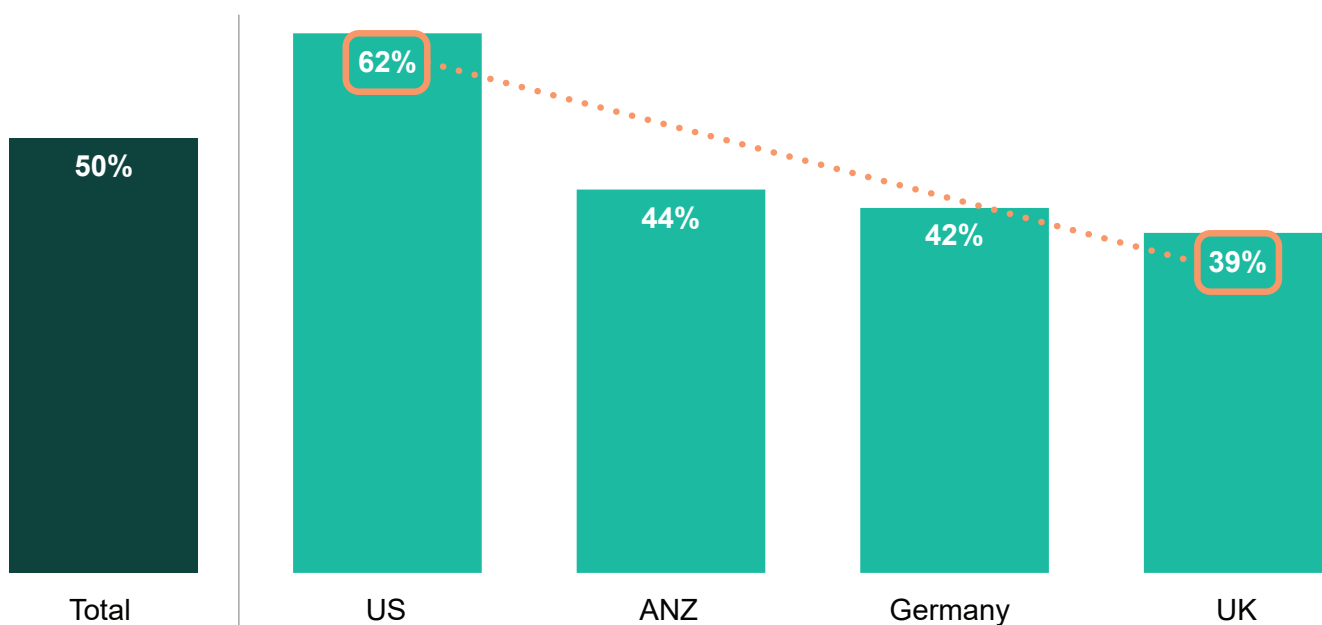


Figure 3: Businesses' perception of key challenges varies by geography

Source: 451 Research and Smartsheet custom survey, September 2020

Q: To what extent does each of the following need to change in order for your business department to be able to adjust effectively to any disruptions or changed priorities it may face over the next two years?

Base: Technology leaders (n=1,000)

% "NEEDS VERY SIGNIFICANT CHANGE"	TOTAL	USA	ANZ	GERMANY	UK
Strategic vision and guidance for company leadership	42	46	40	55	26
Departmental goals and priorities	30	32	32	28	24
Departmental business processes and workflows	36	41	33	34	31
Departmental budgets	37	41	36	43	27
Collaboration between peers	35	39	33	34	33

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Employees Need to be Trusted to Own Outcomes and Delivery

A second realization businesses reported this year is that supporting remote work and improving the information flow across teams is a question of culture as well as technology. More businesses are seeing the necessity of investing in the kind of operational culture that empowers their employees with flexible ways to design their work and align their teams and workflows around their goals. This is not only important for employees to be productive day-to-day, but it also allows work execution to be more meaningfully aligned with strategic objectives. Moreover, by equipping employees with the means to deliver against their outcomes, it necessarily infuses more ownership and agility around business operations.

This isn't the reality in most cases, however. Technology choices are still typically made with a much narrower and more functional lens focused on solving specific problems rather than underpinning a particular notion of culture. In 2020, only a third of businesses said they believe their employees were really engaged in their work, only 28% looked back over the year and felt they benefited from a strong team culture, and only 26% said their teams were successfully aligned with one another. Focus, transparency, alignment, accountability, and energy have been in short supply, but these are the things that will support employees to drive business success.

“Each team member needs to know how their own role affects others within the company. This accountability and transparency will create more engaged employees.”

– EVP,
5,000-9,999 employees,
IT, Government/Public Administration,
Germany, September 2020

“[There are] a lot of manual procedures; the use of technology is not enough to facilitate a cooperative working environment.”

– EVP,
1,500-4,999 employees,
IT, Retail Products & Services,
Australia, September 2020

“The efficiency of the department can be increased if the goals get aligned with the strategic vision of the organization along with proper guidance from superiors.”

– VP,
1,500-4,999 employees,
IT, Manufacturing Equipment and Services,
UK, September 2020

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“The [main improvement would be] non-standard cooperation between departments, a different sense of responsibility, and process consciousness affecting the operations of the department.”

- DIRECTOR,
1,500-4,999 employees,
Digital Strategy, Construction and Environmental Services,
Australia, September 2020

“Team alignment and goal setting should be a priority and part of the company culture.”

- SENIOR MANAGER,
1,500-4,999 employees,
IT, Telecommunications,
Germany, September 2020

“Overall cooperation with interfaces between the departments, communication within the department and the employees needs to be worked upon.”

- MANAGER,
5,000-9,999 employees,
IT, Healthcare,
Germany, September 2020

As Concerns Abate, Technology Strategies Focus on People and Culture

Organizations are reassessing their technology strategies in order to foster an operational culture where employees can flourish in the new environment and improve the flow of information across their teams. Our Voice of the Enterprise: Technology Ecosystems 2020 survey found that 71% of technology decision-makers are rethinking their longer-term strategic decisions around workforce technologies, and 27% said that strategy has been significantly influenced by the events of the past 12 months.

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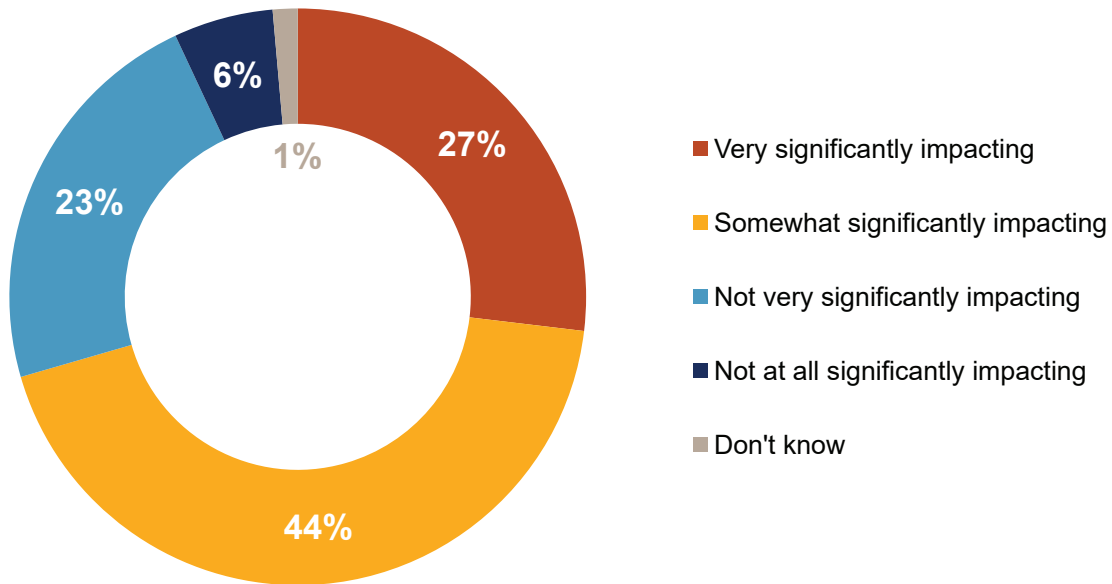
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Figure 4: Last year's disruptions have caused technology decision-makers to rethink their strategies

Source: 451 Research's Voice of the Enterprise: Workforce Productivity and Collaboration, Technology Ecosystems H2 2020
Q: To what degree is the coronavirus outbreak impacting your organization's longer-term thinking around the mix of technologies you provide your employees?
Base: All respondents (n=502)



“Everyone in the department works independently with their own goals, datasets, and technology applications. We need a unified aim.”

– SENIOR MANAGER,
1,500-4,999 employees,
IT, Semiconductors,
Australia, September 2020

“We need better tools and technology to operate with other departments in order to improve efficiency, save time, effort, and money.”

– SENIOR MANAGER,
5,000-9,999 employees,
Finance, Government/Public Administration,
UK, September 2020

Our custom survey from May 2020 showed significant increases in planned spending across a range of productivity and collaboration tools, and the September survey showed even higher planned spending (see Figure 7). Team collaboration tools, digital workspaces, content sharing, and project and work management tools were cited by the greatest number of businesses for increased spending.

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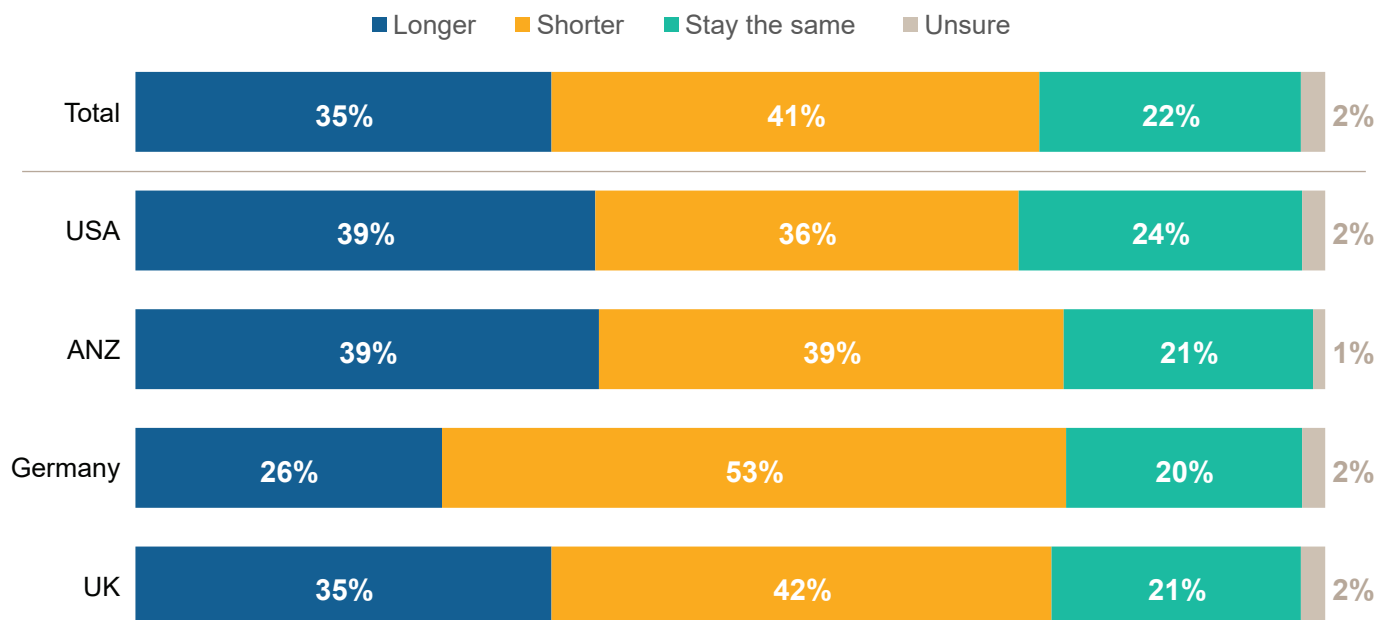
Businesses are also making decisions more quickly. The proportion of businesses saying they were taking longer to make purchasing decisions almost halved between May and September last year.

Figure 5: Purchase cycles are shortening into 2021

Source: 451 Research and Smartsheet custom survey, September 2020

Q: Thinking about your next 12 months, do you expect the amount of time you take to make purchasing decisions around workforce technologies to change or stay the same?

Base: Technology leaders (n=1,000)



The most recent survey also shows a general reduction in technology-related concerns about supporting employees. The proportion of IT decision-makers concerned about an increased risk of security threats dropped from almost a half in May to just over a third in September. There is less concern about having to adopt new priorities, and businesses are not quite as concerned about processes such as onboarding, training, and scaling new tools as they were in the summer. Although some of those practical concerns have abated somewhat, cultural concerns persist: slightly more businesses are concerned about how to handle the wider change management challenges regarding new technology decisions.

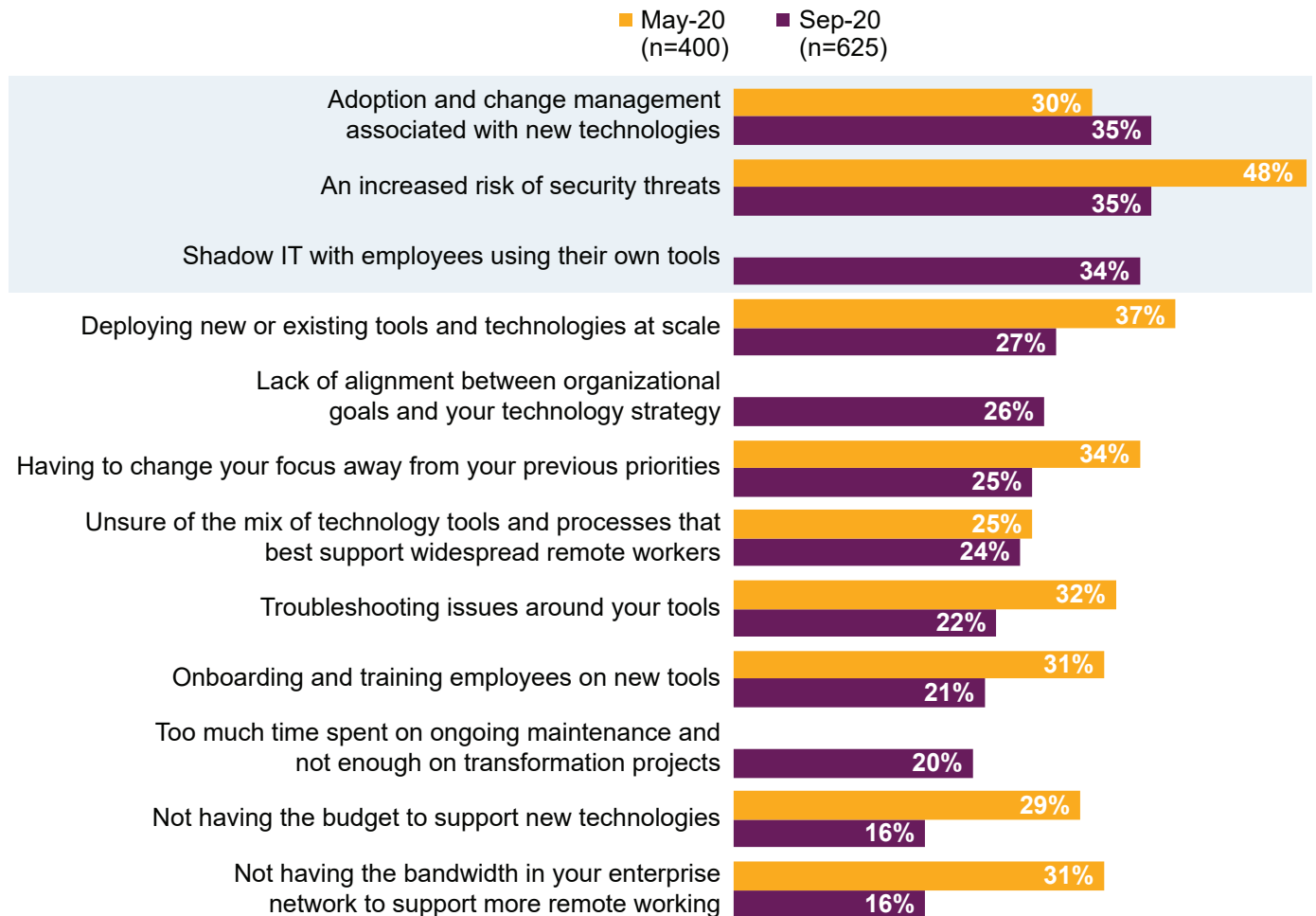
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Figure 6: Top technology-related concerns about supporting a productive workforce

Source: 451 Research and Smartsheet custom survey, May and September 2020

Q: What are your top technology-related concerns when it comes to supporting your workforce being productive going forward?

Base: Technology Decision-Makers in North America (US/Canada)



Now that some of their initial concerns have abated, businesses need to base more of their technology decisions on achieving a strong operational culture – the combination of work styles, behaviors, practices, and technologies that determine how employees plan, perform, and enjoy their work. In the past, it’s been the other way around: technology decisions were primarily based on satisfying functional needs such as storing content, broadcasting communications, and document authoring, which tended to create silos, making it difficult for employees to operationalize their workflows.

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As businesses explore and introduce new ways of working, they are focusing on providing employees with higher-order capabilities that can be compounded to add new value.

- First, teams need to have the ability to structure, automate, collaborate, and report on their own work without having to ask technical specialists to help them.
- Second, they need to be able to add critical context to their work, such as goals, decisions, and actions, in face-to-face interactions, conference calls, messaging platforms, and authoring tools. Much of this context has languished, unstructured and unautomated, and, therefore, of limited value.
- Finally, it's important to leverage all of that compound value to keep teams focused and aligned as they work cross-functionally and within various internal and external collaborations.

These needs have become much more important, but because budgetary pressures and concerns remain about the change management involved in introducing many new technologies, decision-makers are looking more closely at their strategic ecosystem of tools to find the best ways to meet those requirements. Tools that can integrate well with one another will be key. The goal here is to shift away from what has been an ever-expanding set of siloed applications and toward those that can be central hubs to bring various applications together in support of this more effective operational culture.

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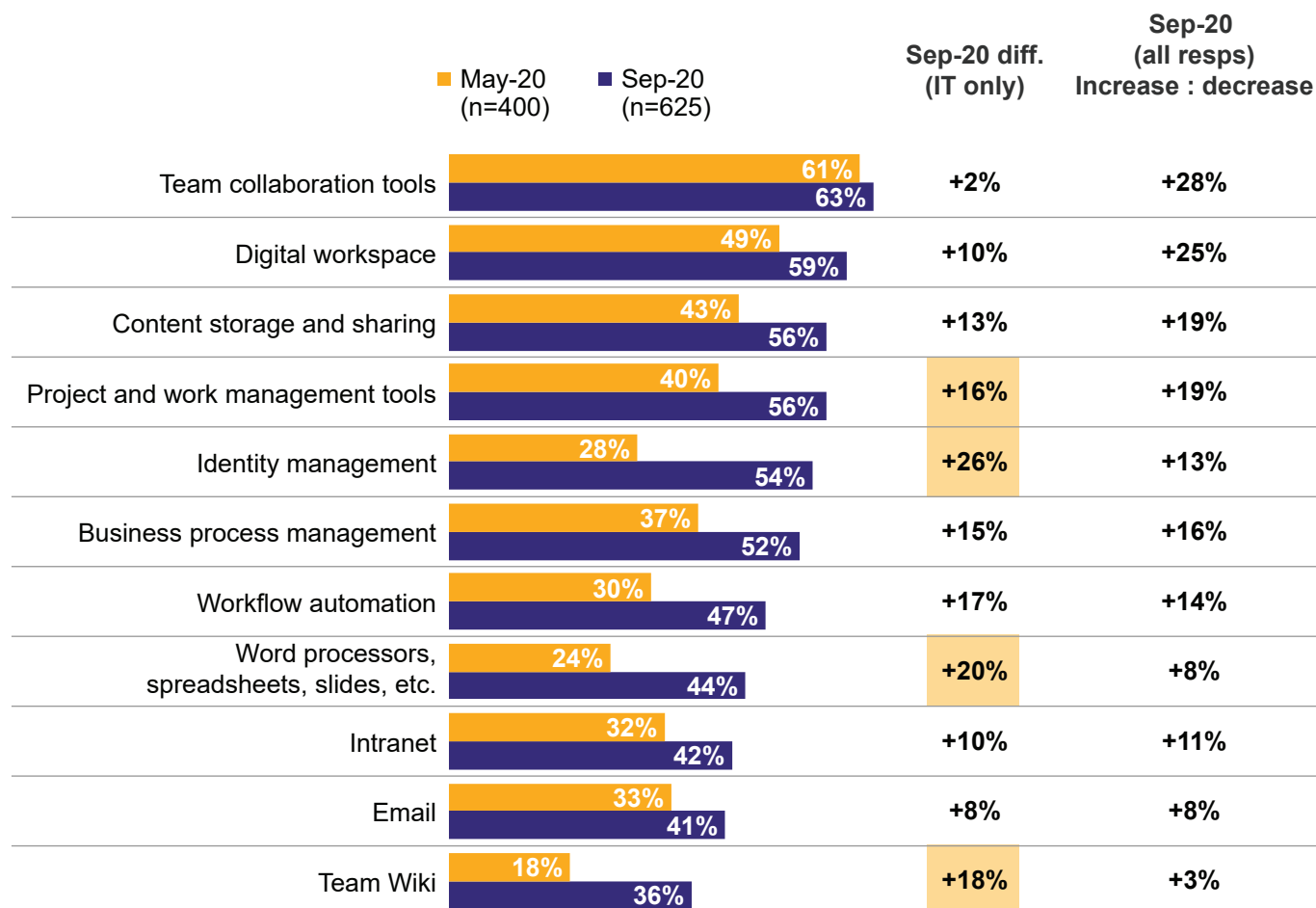
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Figure 7: Change in spending on various tools over the next six months, May and September

Source: 451 Research and Smartsheet custom surveys, May and September 2020

Q: How will the amount you spend on the following technology products change over the next six months?

Base: Technology Decision-Makers



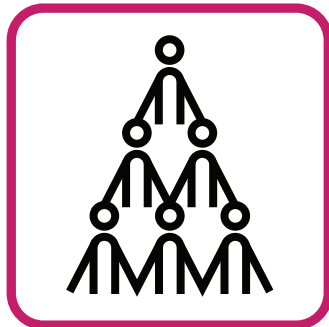
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Leadership Stepping Up

This is no small shift, and it marks a fundamental change in how businesses need to evaluate the utility of their workforce tools. Our September 2020 survey found that the greatest needs businesses have as they look forward are different from those that drove their biggest successes over the past year. Technologists indicated they will be placing more focus on team building, team alignment, and operational agility, all considered more important going forward into 2021 than were deemed successes in 2020.

Figure 8: Team building, alignment, and operational agility are all important needs going forward

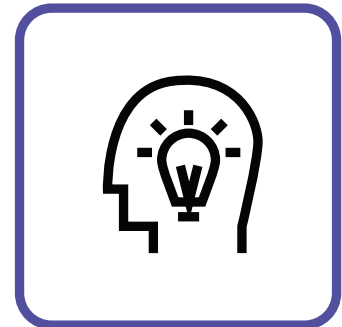
Source: 451 Research



Team Building



Team Alignment



Operational Agility

This isn't just the remit of technology decision-makers. Business leaders need to play their part in helping surface these operating needs by promoting and investing in a culture where employees are empowered to innovate within their teams at the workforce edge – equipped with the tools that allow them to design how work executes toward the business outcomes they have responsibility for. That's going to be a challenge for some leaders. Our September survey found that 42% of technology decision-makers believe that very significant change is needed in their company leadership's vision and guidance; an additional 38% said it needs to change somewhat. Nearly a third (30%) believe their own department's priorities and goals need to change significantly, and 48% said they need to change somewhat.

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The Impact of Being Culture-Driven Versus Culture-Delayed

Not every business is in the same position. Our September survey data showed several distinct cohorts regarding how resilient businesses feel amid the disruptions they might face and their capacity to take on new projects and initiatives to continue moving forward. Notably, those that are more confident and digitally mature tend to be more efficient and, therefore, have more capacity to invest in being culture-driven, focused on supporting new, more seamless work styles across teams that the new business environment they are transitioning to requires. Characteristics of this cohort include:

- Businesses in this cohort are the most confident, digitally mature and data-driven.
- They are the most likely to prioritize improvement of the workforce experience as a transformation goal.
- They view their most important technology focus as empowering employees with the tools that will allow them to take ownership over their own workflows and processes, work, and project designs.
- They are more inclined to increase spending on project and work management tools over the coming year.
- They have the most mature view on how to empower their employees in a way that optimizes their operational effectiveness.

“There should be changes to create a healthier learning environment wherein we can help each other grow.”

- EVP,
1,500-4,999 employees,
Business Operations, Business & Professional Services,
US, September 2020

“Even though our department’s budget is doing well, we want to streamline the budget, remove unnecessary spending, and shift that spending to be more effective.”

- SVP,
5,000-9,999 employees,
IT, Defense and Aerospace,
US, September 2020

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“I think that the lower-level employees should also be allowed and encouraged to take part in certain decision-making processes.”

- DIRECTOR,
5,000-9,999 employees,
IT, Healthcare,
US, September 2020

“The company needs to work towards employing digitally enhanced processes.”

- DIRECTOR,
1,500-4,999 employees,
IT, Manufacturing Equipment & Services,
Germany, September 2020

“We need virtual collaboration so that we can get enough ideas and solutions from everyone.”

- MANAGER,
5,000-9,999 employees,
Data Science/Data Analytics, Government/Public Administration,
UK, September 2020

“We should set clear priorities for everyone working in the organization so that they can align their efforts in a meaningful direction.”

- MANAGER,
5,000-9,999 employees,
Business Operations, Chemical,
UK, September 2020

“There is a clear lack of integration between important functions of our business overall that needs to be addressed.”

- MANAGER,
1,500-4,999 employees,
Data science/Data Analytics, Construction & Environmental Services,
UK, September 2020

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Conclusions

2020 was an unprecedented year full of unforeseen challenges, but one potentially positive outcome is that it brought to light long-standing workforce dysfunctions. It catapulted into the mainstream the philosophy that questions of culture and of technology need to be considered in tandem when assessing the workforce's productivity, and it has become a priority for many businesses to have a workforce that is engaged, focused, and aligned, and that can move quickly in an environment of constant change. Last year's challenges particularly highlighted that creating an operational culture is dependent on having employees who are energetic and empowered to bring new ideas and solutions to help their organizations adjust.

Historically, technology has focused more on satisfying specific functional goals than supporting teams and allowing them to effectively work with one another. But workforce tools and technologies should be unlocking that trapped value – providing employees a means to create the business processes, workflows, work, and project designs that will underpin this operational culture into teams at the workforce's edge. There is a clear divide between those businesses that are struggling and those that are prospering. Struggling businesses tend to have tools that are overseen only by specialized technical teams, or they have a fragmented array of niche and siloed tools without any technology to pull them together. As more businesses realize this, they will reimagine their workforce dynamics and find ways to empower their teams with new operational cultures and tooling strategies.

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