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From last week's quotes, it is clear that globalization, technology advances, new sources of competition, ... are forefront in the minds of all company leaders. How are CEOs responding to these new pressures?

In this week's Food for Thought, I am highlighting a recent study done by IBM of 765 CEOs and thought leaders from 21 industries around the world. This study reinforces that innovation by the workforce of a company is a fundamental key for success. One key linchpin at the core of that differentiation driven by innovation is a cultural transformation to Team-Based Continuous Process Improvement.

I have included the study preface in this email. But, I'm sure you want to learn more - so the link to the complete study can be found at the end.

Global CEO Study 2006 Preface

By Samuel J. Palmisano

Chairman, President and Chief Executive Officer, IBM

Two years ago, our first Global CEO Study found that leaders in every industry and in every part of the world were emerging from a period of retrenchment and cost cutting and moving toward a vision of sustained growth. The study indicated a growing recognition that new innovation was the preferred path to achieving organic growth and brand value.

This year's study, then, undertakes a deeper and more focused examination of the challenge of unlocking new innovation, and the opportunities it presents to the enterprises that do it most effectively.

The results – gathered through 765 in-depth interviews with CEOs around the world – provide valuable insight. We probed CEO's view of innovation, which is evolving beyond the traditional focus on pure invention and new product development. We learned how globalization and other market forces are impacting innovation. We explored how cultures and management structures must change in order to sustain this kind of innovation.

I find the results fascinating. Fully 65 percent of chief executives and other leaders say they will have to make fundamental changes in their businesses over the next two years. New products and services remain a priority, but they're placing increasing emphasis on differentiating themselves through innovation in the basics of their business models. They believe that external collaboration across their business ecosystems will yield a multitude of innovative ideas. Further, our analysis indicates that companies with superior financial performance are pursuing this kind of collaboration.

At IBM, we have always believed that meaningful innovation – ideas and action that matter to individuals and societies – occurs at the intersection of invention and insight. That's the essence of one of the core IBM values our own employees shaped: "Innovation that matters – to our company and to the world."

It's our belief that this study advances that mission. And it's our hope that by creating new insight into the challenges and aspirations of today's business leaders, we can help leaders everywhere shape the role of innovation within their own strategic agendas.

The complete study results can be found at: [The Global CEO Study 2006](#)