

# BEACON

NORTH HIGHLAND / 2018

an industry guide to thinking  
forward for the year ahead

# Optimism Abounds Yet Industry Leaders Struggle with Preparedness to Achieve Key Priorities in 2018

## Executive Summary

**NORTH HIGHLAND INSIGHTS:** Survey data that helps guide business decisions.



To explore business leader mindset, North Highland surveyed more than 600 senior level employees in energy, financial services, healthcare, retail, and media, entertainment, and telecom at companies with 2016 revenues in excess of \$1 billion and operations across the globe. This report draws on input from leaders across industries from October 2017.

It is said that “a goal without a plan is just a wish.” This idea rings poignantly true in our 2018 Beacon industry survey of 600 leaders. Across these industries, leaders report optimism, high energy, and strong revenue potential for the near future. And yet, they plainly state they feel unprepared to navigate their top business priorities.

### HIGHLIGHTS AND INSIGHTS

**Cyber security** was the No. 1 priority by far for all respondents, with 58 percent citing it is “very high.” Cyber security also saw the highest change in importance, with 46 percent stating it is much more important for the coming year.

### KEY INSIGHT

Cyber security, adapting to changing customer needs, and digital capabilities are the top three priorities across all sectors, and have all increased in importance since last year. Customer centricity and transformation round out the top five strategic priorities. All but cyber security ranked high as a “definite competitive advantage.”

The reported exuberance over current and forecasted performance, plus a clear ability to discern goals, is tempered by the fact that the top priorities ranked only moderately in terms of attainability (between 37 percent and 45 percent “very attainable”). Further, each ranked relatively low in terms of preparedness to address these goals (between 31 and 39 percent “very prepared” to address). **This suggests business leaders have their work cut out for them, if they are to capitalize on business momentum.**

Despite being recognized as the top business priority, the fact that less than a third of respondents see cyber security as a competitive advantage speaks to the recognition that security has become a “table stakes” initiative—a must-do irrespective of cost or business advantage. That only 39 percent see cyber security as attainable and 34 percent feel “very prepared” to address it is a clear indicator that businesses are struggling to address even their most critical business objectives.

**Adapting to changing customer needs, customer centricity, and transforming to be more efficient** were also ranked in the top five priorities. All three are cited by respondents as important, attainable, and a “definite” competitive advantage. However, on average less than 35 percent feel very prepared to address them.

The survey results reveal the ongoing organizational tension between understanding what must be done and knowing how to do it. If businesses want to reduce these pressures, employers must become adept at fostering business and workforce resilience. That means creating a foundation that helps employees build agility and capacity through periods of change.

**Digital capabilities** were also seen as increasing in importance and more than half of respondents (52 percent) cited it a “definite” competitive advantage. Companies feel only moderately prepared to address digitization (34 percent citing they are very prepared). In parallel, AI grows more important (41 percent) and is cited as a “definite” competitive advantage (59 percent), yet it is not ranked highly as an overall strategic priority.

This result is another indicator that organizations can be good at articulating direction and desired outcomes, but not as adept at building a roadmap to attain those goals. Technology-driven capabilities require that underlying, enabling technologies be in place, and that the organization is ready to take advantage of new technologies to achieve business goals. A holistic

### TOP STRATEGIC PRIORITIES



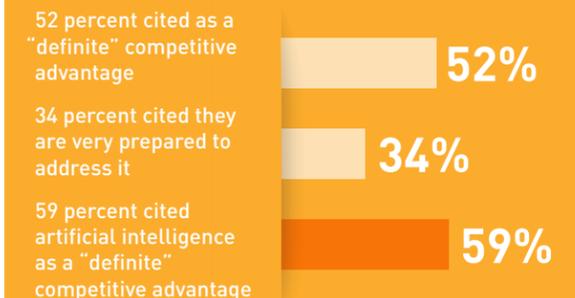
### CYBER SECURITY



### ADAPTING TO CHANGING CUSTOMER NEEDS, CUSTOMER CENTRICITY, AND TRANSFORMING TO BE MORE EFFICIENT



### DIGITAL CAPABILITIES



strategy in which centers of tech innovation communicate and collaborate across business functions effectively engenders a more cohesive and effective realization of strategic initiatives.

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In today's dynamic marketplace, no matter the industry, simply having and stating a business goal is not enough. Firms must develop clear and thoughtful roadmaps for achieving those goals, along with flexible, rapid-action organizational models that continually assess and react to shifts. Operational decisions to execute against strategy must be made within days, not weeks or months. Innovations must hit the market faster than ever before. The good news is that businesses know where they need to go. Now they must focus squarely on how to get there.

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