

**ECONOMIST  
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# **Staying relevant: The Future-Ready Business Benchmark**

Key findings white paper

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# About the research

**The Future-Ready Business Benchmark** is a research programme conducted by Economist Impact and supported by Cognizant. This study examines the state of businesses today in light of tomorrow's needs. It assesses the progress that firms have made orienting towards the future competitive landscape, as well as their preparedness for success and the broader operating environments that influence their actions. It does so using a survey of 2,000 business leaders from ten countries and eight industries, along with secondary data from a range of credible sources. More details on the study are available in the Methodology document for this programme and introductory section.

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# Executive summary

- **Context matters, but future-readiness is up to the firm.** For multinational firms operating in advanced economies, enterprise-level decisions matter more than demographics or external enabling environments. The advantages accrued to firm size, for example, seem to have diminished. Still, while it is broadly true that firm-level dynamics are driving the variation in future-readiness, country environments do have meaningful influence over important outcomes, such as the ability to successfully implement advanced technologies, and firm size matters for factors like technology adoption and ESG.
- **A lack of action against stated priorities is inhibiting future-readiness.** Most of the good news from the benchmark centres around tangible measures of current future-readiness. However, a lack of structural change, or preparedness, is particularly worrying for the long term. This gap is particularly notable when it comes to ESG, where processes and measurement systems are falling short.
- **Why the lack of action? Business leaders are struggling to prioritise and are out of touch.** Recognising that future-readiness requires holistic improvement is a good start, but nothing can be a priority when everything is a priority. Executives are drowning in the scope of what it takes to be future-ready. An inability to gather and utilise insights from data also suggests that executives don't have a clear picture of their future-readiness, and are even missing the signs of their own disconnect.
- **Better measurement and a strong focus on talent can lead the way.** Across the board, more data and increased attention on talent are needed. Lacking a data-driven approach to talent, ESG and firm fundamentals alike puts companies at a disadvantage, making weaknesses harder to diagnose. Alongside improving data collection, however, companies must implement organisation-wide change, including better data governance. Moreover, firms that perform strongly in talent tend to excel in other areas, making it a good starting point for building for the future.

# Sponsor Foreword

## Ready for the future means 'ready for anything'

The last two years have forced a rethink of what it means to be “future-fit.” Amid unprecedented and unpredictable change, bedrock truths have been replaced by shale that is continuously shifting under our feet, and in ways that are difficult to anticipate.

We see this in the demographic trends that have led to a global talent shortage; in a pandemic whose impacts continue to disrupt world trade; and in a cascade of environmental disasters that portend more of the same.

For the foreseeable future, at least, enterprises will need to be perpetually prepared for events that are impossible (or nearly so) to predict. To do that, they need a new definition of “future-fit” in which they can read the early warning signs, predict what’s ahead, and act in time to emerge with relevancy.

In short, they need to put the foundation in place to be ready for anything the future may bring.

## What it means to be future-ready

To better understand what a future-ready foundation looks like and how close businesses are to building it, we commissioned Economist Impact to conduct a survey of 2,000 senior business leaders across 10 countries and eight industries. The study assessed and compared businesses using a range of metrics that characterise what it means to be a modern business, including vision, talent strategy, technological readiness, environmental sustainability and social responsibility.

We also commissioned Economist Impact to build a unique benchmarking tool that allows business leaders to understand how their enterprise compares with their peers across industries, countries and company sizes, allowing them to identify and prioritise their investments, backed by data.

From this research, we've identified three interrelated focus points that are essential for any business to feel confident about achieving a future-ready state:

- Get full value from rapid technology acceleration and data-intensive ways of working
- Prepare the workforce for new types of work brought on by a digital mindset
- Take real, sustained action to become resilient in the face of the urgent environmental, social and governance (ESG) challenges ahead

### Responding to a volatile world

In the end, the rapid uptake of digital technology needs to be coupled with workforce readiness and sustained action on ESG issues. This is what defines the modern business, one that is future-ready.

It will take the right interplay of technology-enabled capabilities and people-driven skills to enable businesses to build the intuitive business model needed to respond to a newly volatile world. And while technology continues to enjoy significant focus, the fundamental transformation will begin when the more challenging but rewarding realm of bringing people into the equation is addressed.

Becoming future-ready is not an end state but a constantly evolving effort to respond to customers, markets, societies, global events and the planet's needs. We hope and believe that leaders will find this report, our companion report and the benchmark tool a key launch point for building a foundation of perpetual preparedness—whatever the future may hold.

**Euan Davis, Head of Cognizant Research**





# Introduction and about the benchmark

Running a company is a constant battle not just for success, but also for survival. Most firms don't even make it long enough to grow to scale: for instance, the median survival age for a new company is estimated to be only three to four years.<sup>1</sup> In the US, the average lifespan of an S&P 500 company has dropped from over 30 years in the late 1970s to about just 20 years now.<sup>2</sup> Successful firms, constantly reinventing themselves and adapting to the marketplace, can very well last for hundreds of years.<sup>3</sup>

In today's world, to become future-ready and build lasting success, businesses must now navigate an array of new and growing concerns. Smartly applied technology has always conferred advantage, but ongoing, rapid advances are forcing companies to adapt faster than ever. Competition is fierce for top-tier talent that can apply these new technologies with finesse and build effective strategy around them. As the tectonics of societal priorities and regulatory landscapes shift, and as global climate threats become increasingly unavoidable, firms must expand their purview beyond the bottom line to consider their relationships with the environment, society and their stakeholders at large.

These shifts demand a flexible, future-oriented mindset. In the long run, firms meeting these new demands will succeed as others fall behind.

## Theory of change

Business leaders and policymakers today lack access to current, systematic, actionable, cross-industry and -country information on dimensions of critical importance to future-readiness. This study, developed by Economist Impact and supported by Cognizant, examines the state of businesses today in light of tomorrow's needs. It assesses not only the progress that firms have made in orienting towards the future competitive landscape, but also their preparedness for success and the broader national environments that influence their actions. It does so using primary data from business leaders, along with secondary data from a range of sources.

We hope that the Future-Ready Business Benchmark will lead to more efficient knowledge-sharing, organisational willingness to make positive, proactive change, and efficient resource allocation—contributing to a more productive, sustainable and responsible future.

In practical terms, this benchmark empowers business leaders to better identify best practices, gain inspiration and anticipate and overcome likely challenges.

## Structure

The Future-Ready Business Benchmark assesses the future-readiness of multinational corporations in ten advanced economies<sup>i</sup> countries and eight industries.<sup>ii</sup>

It consists of four structural levels. The lowest are indicators measuring specific aspects of future-readiness. At the highest level are three pillars, relating to the External environment (Pillar 1<sup>iii</sup>), Business preparedness (Pillar 2) and Business performance (Pillar 3) (see Figure A). The benchmark also contains four cross-cutting themes—firm fundamentals (such as the attitudes, mindset and approaches towards product, process and services needed to drive future-readiness), technology and innovative ability, talent, and ESG. These are scored at the category level within each pillar. All scores are normalised (0-100 scale), with a score of 100 representing the attainable frontier of best practices.

Pillar 3 attempts to establish the frontier of future-readiness and capture firms' current performance, which can be construed as outputs of their preparedness efforts in Pillar 2. In other words, Pillar 3 is a lagging indicator to Pillar 2's leading indicator. Both represent aspects of future-readiness, both how things are going now (Pillar 3) and the attitudes and tools to sustain performance and improve upon it (Pillar 2). The benchmark does not, however, cover the outcomes of future-readiness in the form of long-term performance.

<sup>i</sup> Australia, Canada, France, Germany, Netherlands, Norway, Singapore, Sweden, United Kingdom and United States.

<sup>ii</sup> Banking & capital markets, Entertainment & media, Healthcare, Insurance, Life sciences, Manufacturing, Retail & consumer goods, and Utilities.

<sup>iii</sup> Pillar 1: External environment applies only to country-level benchmarking.

Figure 1: The pillars of the Future-Ready Business Benchmark

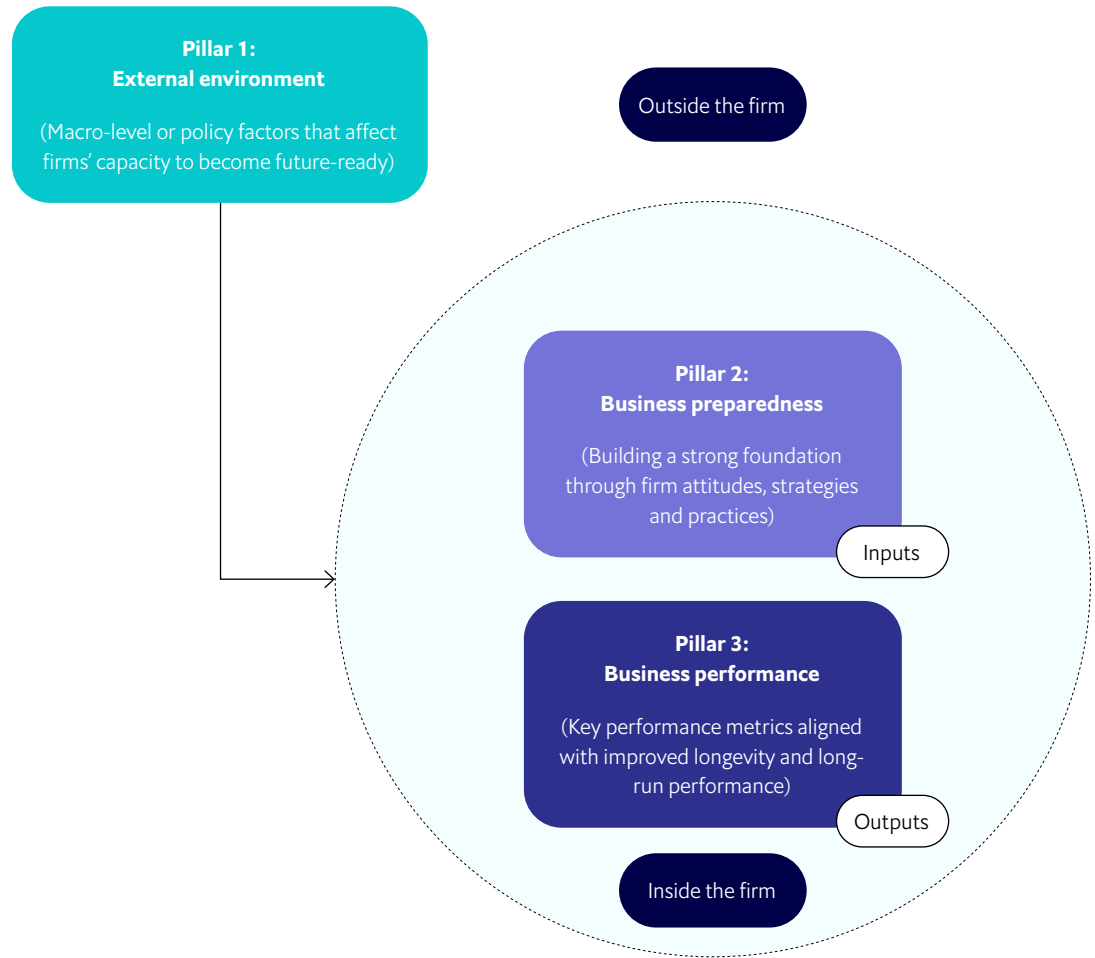


Figure 1: The pillars of the Future-Ready Business Benchmark

\*The external environment pillar is included in the calculation of country scores, but not industry scores.

# Section 1:

## Context matters, but future-readiness is up to the firm

### **Firm-level decisions matter most for future-readiness**

Future-readiness is primarily, and unsurprisingly, firm-driven. Irrespective of country or industry, firms have the power to implement changes that drive long-term success. Factors such as firm size, country environment and industry can influence future-ready outcomes in some instances, as discussed below. However, for the most part, sizable differences in performance are found at the firm level. While these are masked by the benchmark's aggregation of scores at the industry and country levels, the gap between the highest and lowest firm-level scores for both *Business preparedness* and *Business performance* is over 75 (out of 100) points.

### **Country context can exert influence on firms. It is most meaningful when it comes to ESG, tech adoption and talent**

Operating context matters: in the most general sense, macroeconomic conditions, government action and institutions impact firms' decisions around investments in future-readiness.<sup>4</sup> Fiscal incentives or subsidies, for example, can encourage firms to invest early in future-readiness and better manage the resulting costs. The benchmark measures the future-readiness of firms operating in ten high-income, highly industrialised countries. While there are several areas in which all or some of the benchmark's economies can improve, such as in supporting digital and ICT ecosystems, it is unsurprising that such operating environments are broadly stable and conducive to future-readiness.

For this reason, the differences in benchmark results across countries are typically small. There are, however, a few exceptions.

ESG policies and outcomes varies the most with a range of 28.1 index points—a measure that is by far the largest category-level range across the benchmark. All countries, including Norway, the top performer in this category, are held back by a lack of ambition in their environmental targets.

Another of these areas is tech adoption. In general, tech investments are yielding dividends across the board, for instance in business fundamentals and value propositions. Even so, despite widespread adoption and broadly successful implementation, firms could be squeezing even more value from their individual tech investments. Across 14 emerging and frontier technologies, current and planned adoption rates range from 53% to 89%. While the typical firm benefits from such investments overall, each adopted technology delivers significant strategic value only 48% of the time on average.

### Sponsor perspective: tech

Across the board, businesses are enthusiastically embracing technology adoption. But the move to digital is accelerating beyond the now standard shopping list of cloud, Internet of Things (IoT) and advanced analytics, all of which the vast majority of Economist Impact study respondents (80% or more) said they've adopted or planned to adopt.

In addition to these foundational building blocks, over 60% named advanced technologies such as artificial intelligence/machine learning (AI/ML) and 5G as technologies they'd adopted or planned to adopt. And over half of respondents plan or have already adopted emerging technologies like blockchain and virtual/augmented reality.

A value challenge looms, however, with almost half of respondents still not achieving significant value from their technology investments. Businesses need to find the right metrics, both quantitative and qualitative, to measure the outcomes of digital initiatives. Full value will only be achieved when people are enabled to use these new sophisticated tools to reach new levels of productivity, creativity and resilience.

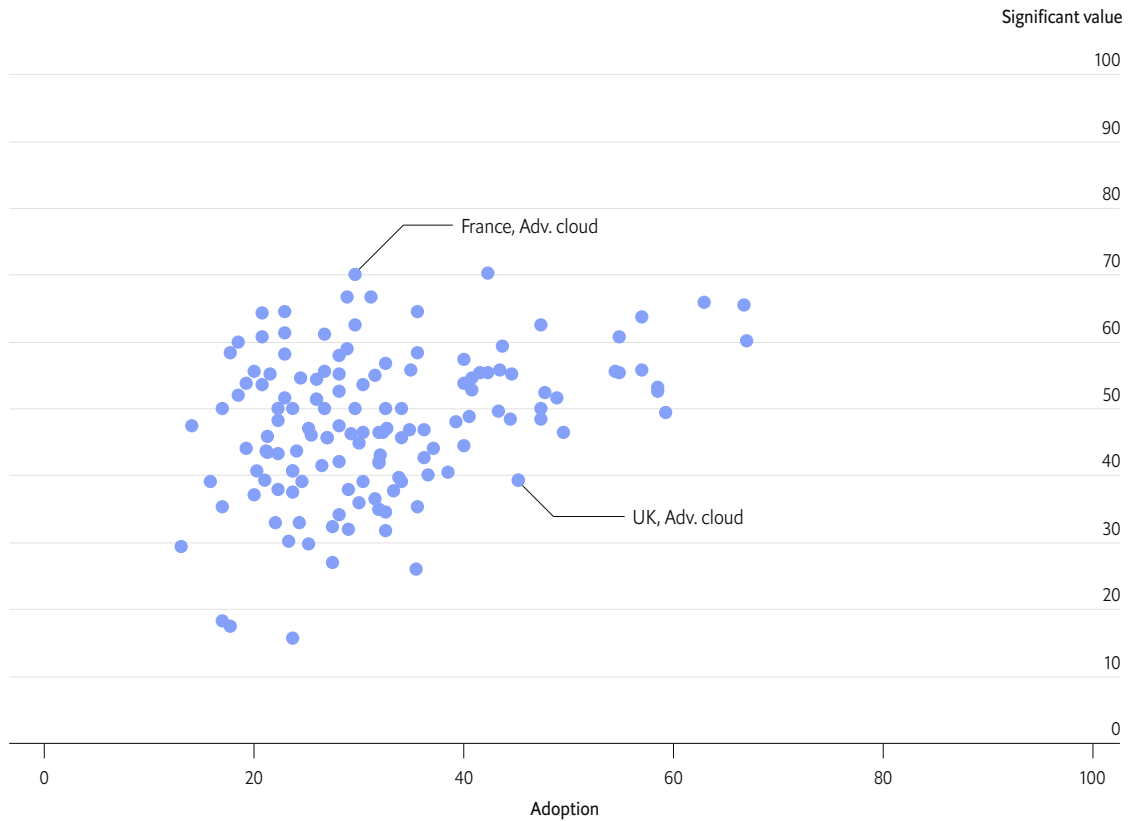


Country context appears particularly relevant to which technologies firms are adopting and how much value is being derived from these. This could be tied to differing attitudes and operational approaches. One example: more firms in the UK have adopted advanced cloud than French enterprises, but firms in France are 1.8 times more likely to be deriving significant value from it. French firms are likely to hire external specialists to support a learning-by-doing approach, leading to higher productivity, with incumbent UK firms instead prone to limit the scale of their cloud adoption, using it to reorganise employment in a way that does not support productivity gains.<sup>5</sup> The French national cloud strategy also prioritises sovereignty and data protection, and these priorities may feature in firms' evaluation of value.

Firm choices around everything from adoption to data governance must be tied to strategic goals, with objectives based on the potential for value-add. These choices must consider local context while making an explicit effort not to be overly constrained by the thinking of local peers.

**Figure 2: Operating environments influence tech adoption**

Relationship between technology adoption and strategic value (% respondents per country/technology)



Source: Economist Impact (2022). Executive survey.

Finally, country environments can also meaningfully influence talent pools. Germany is a notable example: firms here have recently been reporting a lack of high-skilled labour.<sup>6</sup> Indeed, it is the lowest scoring country by far in the talent category of Business performance. These challenges are attributed to the dynamics of the post-pandemic economy and worker sentiments. Yet the country’s overall human capital infrastructure is well developed and accessible, as demonstrated by Germany’s top score in the External environment human capital category. Country-level dynamics can be slow moving, so it is possible that Germany’s top-ranking performance on human capital may not yet reflect the most recent developments. Even so, it seems equally likely that these issues are being driven in large part by poor talent strategies, as German firms are only halfway to the talent preparedness frontier.

## Larger firms have slight advantages in technology adoption—if not value—and ESG performance

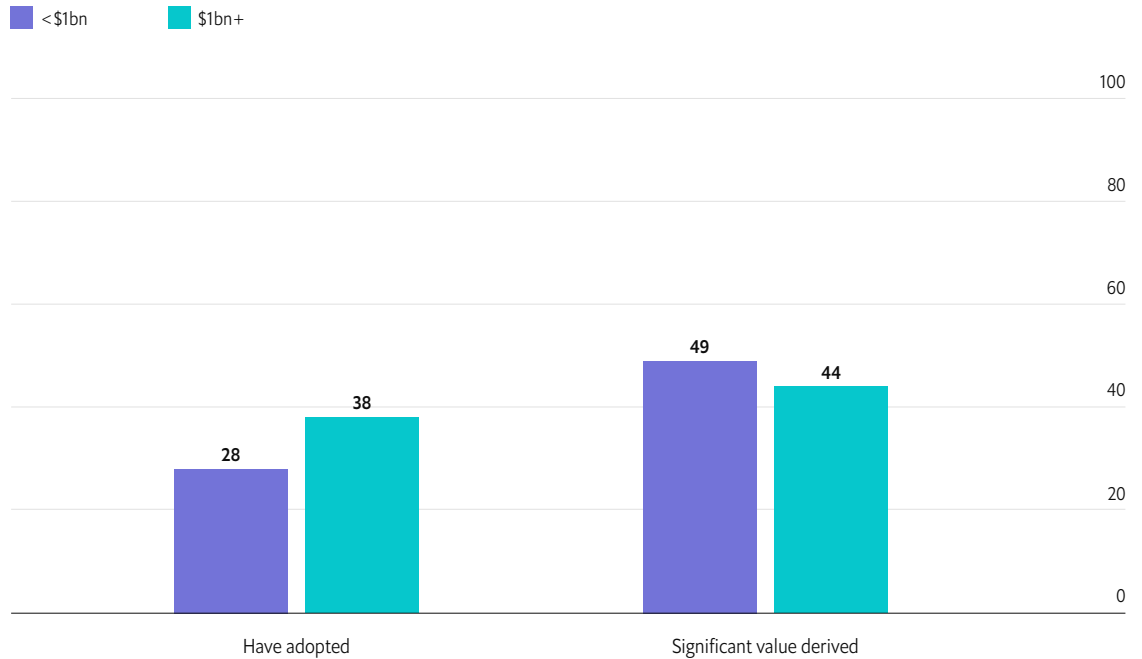
Contrary to expectations, firm size (as measured by annual revenue) only confers small advantages in future-readiness. Most would assume that larger firms, with more resources and experience, would be closer to the frontier. Digitalisation has, however, shifted the landscape, with smaller firms at less of a disadvantage than previously.<sup>7</sup> For example, size doesn't seem to confer advantage in accessing talent with technology skills: in fact, all firms report facing some challenges around accessing skilled talent to implement and utilise advanced technologies. Part of the change may be due to technology itself; as innovations become more widespread, training is more accessible, vendor support is improved and there is better ease of use.<sup>8</sup>

The same dynamics may be supporting smaller enterprises in obtaining strategic value from their technology investments: technology adoption is higher among larger firms, but their smaller counterparts appear to be making smarter choices. Across a set of 14 technologies, adoption rates increase in line with firm revenue, and the same pattern appears in a less dramatic fashion for planned adoption. At the same time, the largest firms (US\$1bn+ annual revenue) are the least likely to gain significant value from adopting technologies.

Large firms seem to be adopting a wider array of technologies at the expense of effectiveness. Size is likely driving inefficiencies, as is a need to have everything all at once. As noted above, new technologies continue to develop and improve as they are increasingly adopted. Riskier technologies can have larger payoffs, but take longer to get right.<sup>9</sup> Enterprises below the US\$1bn threshold appear to be best managing these trade-offs. Adopting now may not always prove to be the best long-term move, which large enterprises in particular need to keep in mind. This starts with developing a clear strategic roadmap for new technologies, identifying use-cases, establishing tangible connections to organisational objectives and ensuring operational processes will facilitate true value creation.

**Figure 3: More technology without additional value**

Firm size, technology adoption and significant value derived from adopted technologies (% respondents, average of 14 technologies)



Source: Economist Impact (2022). Executive survey.

The picture isn't entirely rosy for smaller firms either, particularly when it comes to ESG. They generally have more limited resources and face less scrutiny, making it challenging to prioritise sustainability investments (both human and financial) over other necessities. Less than a quarter of the smallest firms in the sample (US\$100m-250m in revenue) have dedicated staff and resources for environmental sustainability.

Still, a failure to make progress on ESG commitments will affect all firms in the long run, regardless of firm size. There is robust and long-term evidence that ESG investing—which, despite being the strategy of the moment, is seeing growing pushback—pays off.<sup>10</sup> In one 2015 review of over 2,000 studies, 90% show a neutral or positive relationship between ESG activity and corporate financial performance.<sup>11</sup> Evidence from Flemish firms, for instance, finds that environmental innovation pays off for both large and small firms.<sup>12</sup> The study showed that small firms benefited particularly regarding consumer demand for environmental sustainability, while larger firms see positives when meeting regulatory and industry guidelines.

Note: for more information on the differences in benchmark results by industry, see this project's eight industry profiles.



## Section 2:

# A lack of action against stated priorities is inhibiting future-readiness

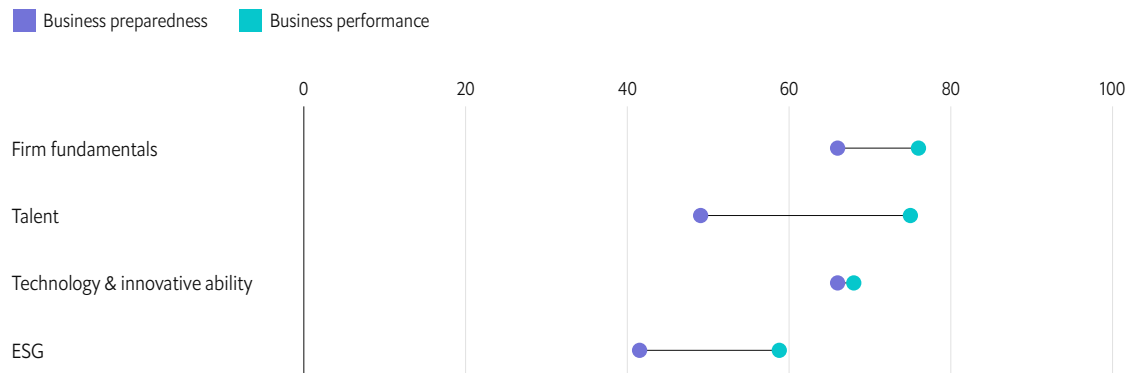
### **Current levels of performance cannot be sustained, let alone improved, without greater investments in preparedness**

Even if firms of all sizes—from all countries and industries included in the study—have the potential for future-readiness, the typical company has much room to grow when it comes to building enduring enterprises. Across the benchmark, countries and industries are on average scoring around 60 out of 100 for future-readiness. Even among the top 20% of firm-level performers, the average score is just above 74 out of 100.

These scores, albeit not dire, still signify notable shortcomings. Firms are focused on quick wins instead of investing in long-term preparedness. Tellingly, countries and industries have higher scores on measures of current performance (*Pillar 3: Business performance*) than on measures of preparedness (*Pillar 2: Business preparedness*). While comparably higher scores on performance today may leave firms feeling comfortable, benchmark results make it clear that firms' preparedness for tomorrow is a significant area of concern. Companies serious about becoming future-ready must take the time to get foundations right. Firms have not made the necessary investments in preparedness, putting the progress they've made so far towards future-readiness in jeopardy. They must recognise that attention cannot substitute for operationalisation. Implementing strong preparedness foundations and practices is crucial to maintaining current levels of performance over the long term and is therefore intrinsically valuable, not just as an enabler of progress.

**Figure 4: The performance-preparedness gap**

Country- and industry-averaged indicator scores (0-100)



Note: Figures display country- and industry- averaged indicator scores from across the Benchmark's Pillar 2 and Pillar 3 indicators by thematic area.

Source: Economist Impact (2022). Future-Ready Business Benchmark.

Strong foundations are key, and the weakest areas of preparedness tend to be firms' ability to collect and leverage data on important future-ready outcomes, whether in the context of product and process improvements, talent development or ESG monitoring. Data-driven insights are critical to future-readiness: allowing firms to see the bigger picture, understand which measures are effective and make evidence-based decisions accordingly (more on this in Sections 3 and 4).

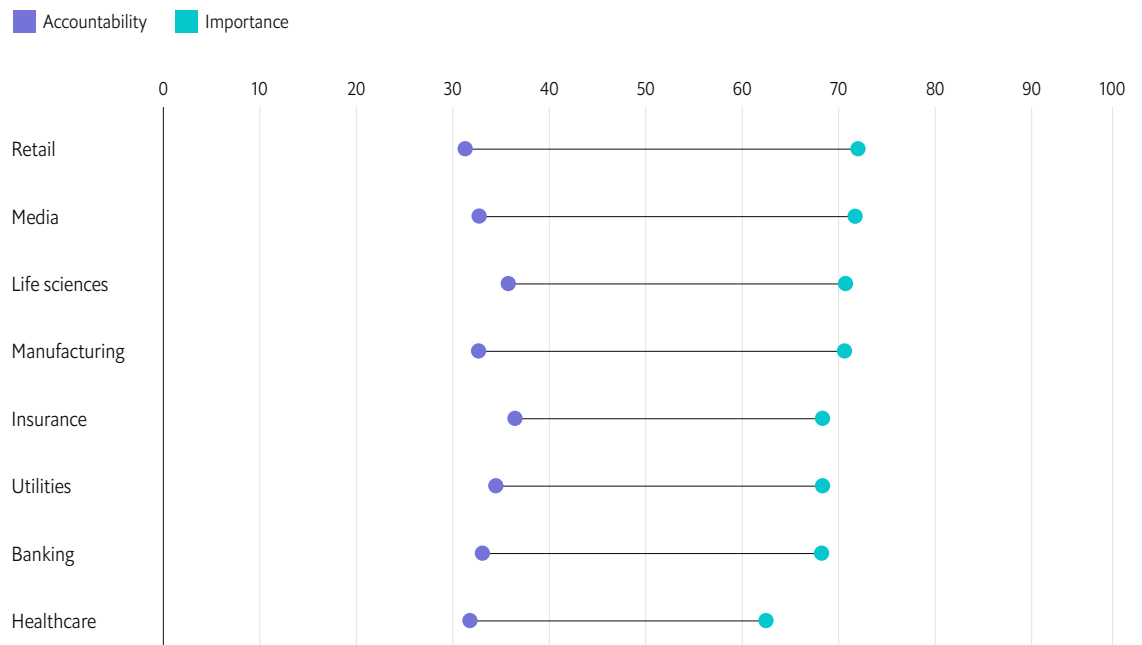
The near-negligible difference with respect to Technology and innovative ability, where preparedness measures consider aspects such as practices supporting innovation and technological oversight, stands in contrast to an especially pronounced trend in talent and ESG. The availability of quantifiable and near-universally relevant best practices around, for example, talent development and ESG accountability is an advantage for firms looking for guidance. Additionally, technology is universally recognised as a precursor to longevity. On the contrary, talent is often seen as replaceable (if critical) and ESG as optional. Still, the need to make long-term investments in future-ready foundations through strategies, data and commitments holds true across the board.

### Attention is no substitute for operationalisation

A singular focus on quick improvements over ingrained change can have significant, cross-cutting implications for firms. This gap is particularly notable in ESG—where accountability mechanisms don’t meet stated importance—and in talent.

**Figure 5: Lip service on on the “S” of ESG**

Accountability for social responsibility and diversity and inclusion versus importance (Normalised scores, 0-100)



Note: Accountability is the average of Diversity & Inclusion accountability (2.4.4.a) and Accountability for social responsibility (2.4.4.b).

Source: Economist Impact (2022). Future-Ready Business Benchmark.

One emblematic area is diversity, equity and inclusion, where firms, feeling pressure to demonstrate rapid progress, are implementing “scaffolds” rather than structural reforms.<sup>13</sup> Although our benchmark results show that firms are making good headway on current racial and ethnic staff diversity, few have implemented talent recruitment practices that will maintain this progress. For example, only about a third of firms have transparent and standardised evaluation processes. This poor level of implementation holds true across a range of best practices. Emphasising diversity in a single round of hiring without establishing formalised and inclusive talent strategies, as many firms are doing, overlooks the opportunity to drive long-term success.

### Sponsor perspective: ESG

ESG is another area in which Economist Impact research uncovers troubling gaps—and, thus, opportunities for businesses to excel.

Even while 90% of study respondents recognize environmental sustainability and diversity & inclusion as important aspects of being a modern business, there's a massive disconnect between recognition and action. When it comes to implementing an array of specific environmental targets, no more than 54% report doing so, and the percentage drops to 44% when it comes to measuring social impact. Further, few organisations report having dedicated staff and resources devoted to environmental or social sustainability.

For an area swiftly becoming a critical battleground, in which stakeholders expect leaders to drive tangible impact, the actual investment seems somewhat unambitious. It's increasingly clear that environmentally and socially responsible business is “good” business, in the form of resilience to any shift or shock that comes along. The good news is, business leaders have more tools, technologies and approaches than ever before to make a difference.



Those that fail to close this ESG gap risk regulatory exposure as standards rise; losing relevance as customers look to more dynamic, innovative and sustainable firms; and financial loss as investors move on.<sup>14</sup>

This operationalisation gap is also present, for example, in cybersecurity, which ranks as a top strategic digital priority for firms across most countries and industries. However, when asked whether they evaluate cyber threats on a regular basis and update preventative measures accordingly (a relatively low benchmark for healthy cyber-security practices), less than half of firms (49%) strongly agreed.

# Section 3:

## Why the lack of action? Business leaders are struggling to prioritise and are out of touch

### **Business leaders face an array of important, often competing, obligations and are struggling to prioritise**

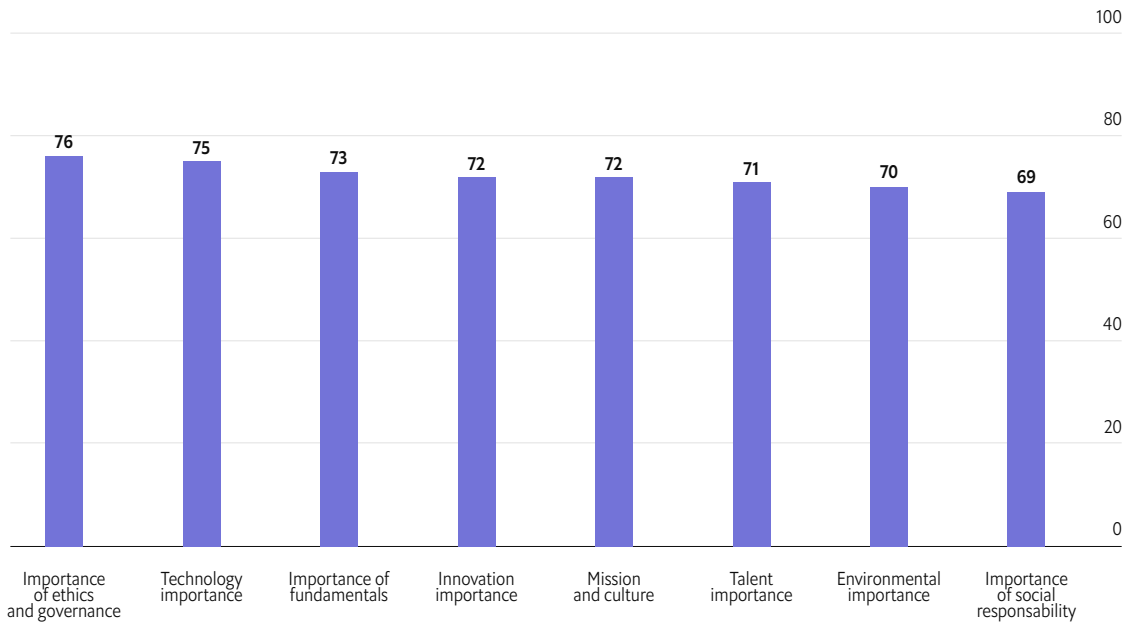
What is leading to this lack of structural change and operationalisation? An inclusive understanding of what it means to be a modern business brings with it the monumental task of prioritisation.

Business leaders have a broad understanding of what firms must do to build future-readiness. As the scope of expectations for corporations evolves beyond just providing high-quality products and services in line with a broader range of environmental, social and privacy expectations, executives are reorienting in turn.<sup>15</sup> Benchmark results indicate that executives across countries and industries are cognisant that being a modern business requires much more than just digital transformation. Instead, a concerted, firm-wide effort spanning fundamentals, technology and innovation, talent and ESG is necessary.

*Pillar 2: Business preparedness* measures the importance executives place on various aspects of being future-ready through a number of indicators. These indicators cover a wide range of factors, with most leaders assigning a relatively high degree of importance to each, demonstrating that executives view the modern business holistically.

**Figure 6: Where to start when everything is important?**

Average industry score on indicators related to importance (normalised scores, 0-100)



Source: Economist Impact (2022). Future-Ready Business Benchmark.

At the same time, if everything is important, establishing a clear starting point can be extremely difficult. Indeed, “conflicting priorities” is the most common challenge to modernisation efforts listed by firms in our survey. To complicate matters further, these domains are interdependent, with movement in one area impacting performance in another, and each firm contending with its own operating constraints.

Nine in ten executives say they’re willing to sacrifice short-term gain for long-term advantage, but results elsewhere indicate this doesn’t happen in practice. This is, perhaps, understandable. Given the volatile global environment that businesses must currently navigate, reactive policy can feel like an agile and defensive option. Yet, leaders must recognise that they cannot do everything in the short term.

Self-assessment can help firms identify their greatest weak spots in future-readiness. Some of these can be improved in the short term, whereas major ones will require well-planned, longer-term strategies. Although every enterprise will have a unique set of priorities requisite for building future-readiness, Section 4 below outlines areas of recommended prioritisation for most firms—making better use of data and improving talent management practices—based on benchmark results.

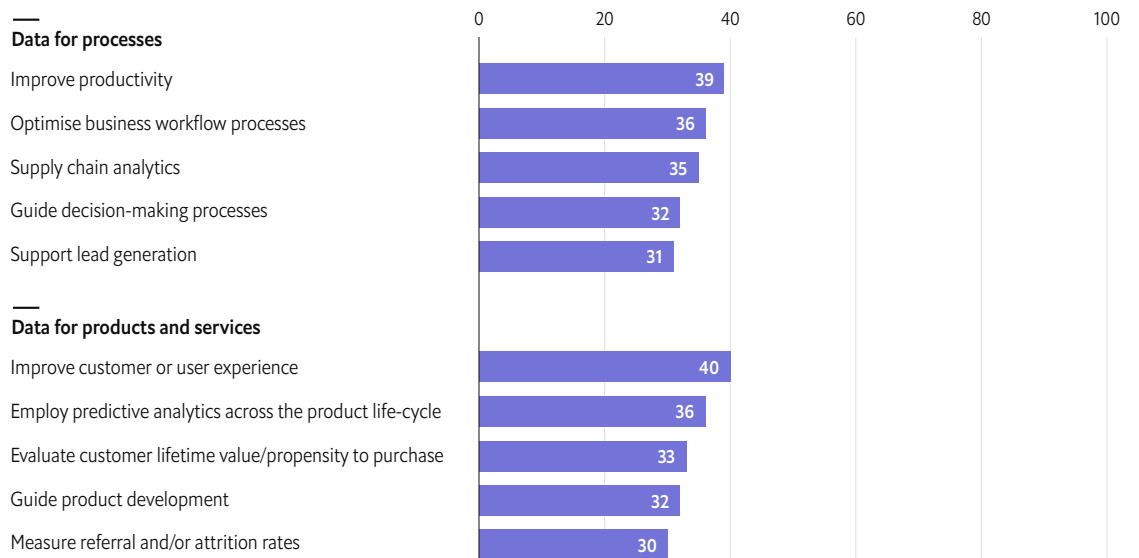
### Executives are out of touch and failing to leverage data to make better decisions

Data are routinely compared with oil, sunlight and water.<sup>16</sup> Each of these definitions point to a differing view of how data should be conceptualised and managed, but all emphasise its ubiquity and value. While leaders broadly understand the areas of importance for a future-ready business, few are collecting the data that would enable them to track their progress or make informed decisions about the best course of action for their business. Executives from all countries and industries report high levels of importance across firm fundamentals, talent, technology and ESG, but low levels of measurement or even commitment to progress.

For instance, the average firm is struggling to leverage data to optimise processes and offer improved products and services. Out of ten total purposes for using data that comprise two of the benchmark’s indicators, the average firm only leverages data for four of them. Being able to collect and leverage data in these areas puts firms at a significant business advantage, but most firms do not yet have these capabilities.<sup>17</sup>

**Figure 8: Information overload**

Respondents that report leveraging data for the following uses, grouped by indicator (%)



Source: Economist Impact (2022). Executive survey.

This gap in data capacity is also present when it comes to tracking key indicators related to talent. For example, firms need employees with the right skill sets, and to invest in training or recruitment when their employees' current skills do not fully match organisational needs. But only 40% of firms are actively tracking employee skills gaps, and only 37% of firms leverage data to align training and skill development with organisational needs. A data-driven approach is crucial here across every step of the process.

Similarly, only 37% of firms base advancement pathways on measurable key performance indicators, and even less (33%) leverage data to measure and improve employee performance. When advancement is based on measurable indicators, the process is less subjective and more transparent to employees. Objectivity and transparency in performance measurement and promotion processes will not only increase trust and employee engagement, but also improve workplace culture. Overall, firms that do not use data to inform talent management strategies will be at a disadvantage and have difficulty diagnosing weaknesses.<sup>18</sup>

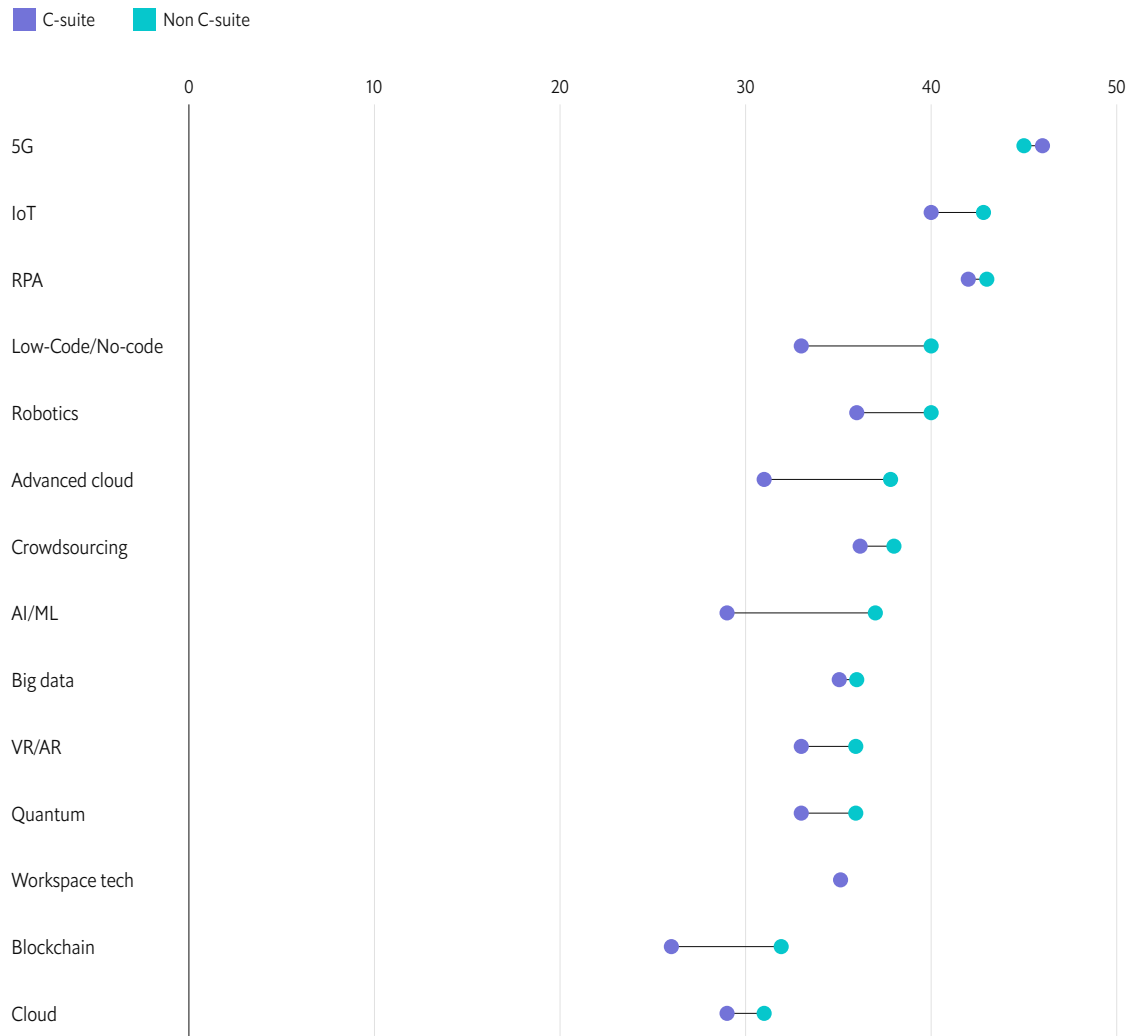
Without data-driven insights, executives will have an incomplete picture of how their firm is doing and tend towards overoptimism.<sup>19</sup> For instance, 93% of business leaders feel that their company offers a better benefits package than their competitors. This cannot be the case, and signals that many executives are inaccurately estimating their firm's position relative to competitors—whether due to underestimating their peers or overestimating how lower-ranked employees are faring. In either case, firms are at risk of overlooking critical labour market signals.

The disconnect is also apparent in adoption plans for advanced technologies between the executives and senior management. CxOs have less ambitious adoption plans for various emerging technologies than senior management. There are myriad possible explanations for this disconnect, which may centre around the potential value of these technologies, financial constraints or competing demands across departments. Regardless of the root cause, weak communication between CxOs and senior management is certainly at play. A lack of effective communication and co-ordination was regarded as a top five challenge to modernisation efforts by 27% of respondents in our executive survey.



**Figure 7: Diverging adoption plans**

Planned technology adoption rates of C-suite vs non C-suite respondents (%)



Note: Survey respondents' seniority was balanced, by industry, such that 50% of respondents were C-Suite and 50% were Director+ (Director, VP, SVP, EVP, MD; incl. department/business unit heads)

Source: Economist Impact (2022). Executive survey.

# Section 4:

## Better measurement and a strong focus on talent can lead the way

### Better use of data will require organisation-wide change

Gathering and leveraging data is a business-critical aspect of becoming future-ready: understanding the status quo is crucial for creating evidence-based strategies and tracking progress (or lack thereof) against these strategies.

One study estimates a 3-7% increase in firm productivity as a result of big data analytics capabilities, with gains primarily coming in highly competitive or IT-intensive industries.<sup>20</sup> However, as outlined above, many firms aren't even meeting a basic "small data" threshold when it comes to leveraging critical operational and customer information that would allow them to understand the lay of the land and improve performance. Better customer experience and increased profitability are the top two outcomes that firms hope to achieve in our global executive survey—and data are critical for both.

Clearing the apparent knowledge gaps and developing data-driven organisations will require concerted, organisation-wide change. Even with the right workforce and infrastructure in place to leverage data, a lack of clear data-centric strategies and buy-in often hamper the ability to make use of data.

Benchmark results show that all firms ought to increase the extent to which digital strategies prioritise data-driven operations, embrace a digital first approach and focus on data collection and integrity. External research points to challenges around establishing a data culture, meaning employees are not used to making effective use of data as a matter of course.<sup>21</sup> Data integration issues are also commonly reported, spanning poorly labelled data, difficulties organising unstructured data, poor data quality controls, too few resources available to address data quality issues and disorganised data lacking metadata.<sup>22</sup>

Scores on measures of data-related preparedness tend to act as the bare-minimum requirement for firms' performance on all other aspects of future-readiness. In other words, while future-readiness requires much more than data, getting smarter on data almost inevitably leads to improved performance elsewhere.

### As more data are leveraged, data governance must be improved in tandem

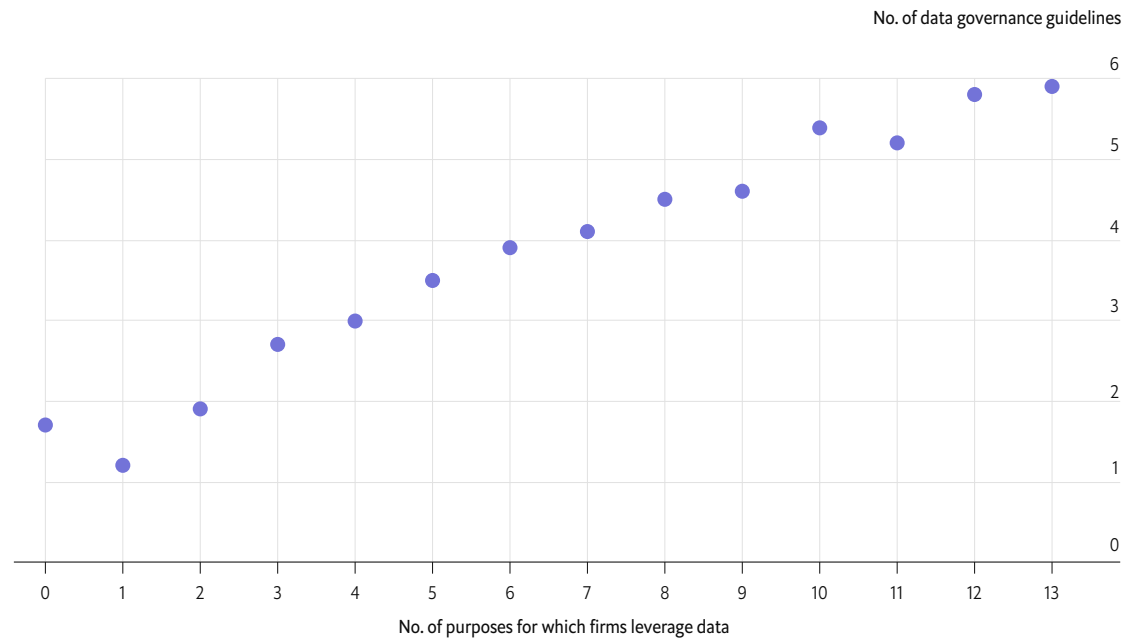
All firms in the sample report leveraging at least some data. But improving future-readiness will take more than just extra data, it also requires improving management practices. Data governance ensures accuracy and secure storage, as well as processes for accessing and deleting data. This, in turn, allows decisions to be made with reliable data, operations to be more efficient, and firms to be better placed to remain compliant with any relevant data regulations.<sup>23</sup>

But the benchmark reveals severe shortcomings in this area. Out of six basic data governance guidelines, the average firm has only implemented three. For example, only about half of survey respondents report having guidelines for data collection, storage and use or ongoing risk mitigation around data. With firms not meeting such basic thresholds, they risk making poorly informed decisions based on inaccurate data.

As more data are used, good data governance practices become even more necessary. In this sense, one point of optimism has emerged: data utilisation often drives better data governance. As firms begin to leverage data for an increasing number of purposes, they are likely to have implemented more data governance practices. Even so, while firms recognise that increased data collection necessitates more robust data governance, almost none have a sufficient set of guidelines in place.

**Figure 9: Leveraging data leads to governance**

The relationship between data utilisation and governance (average count)



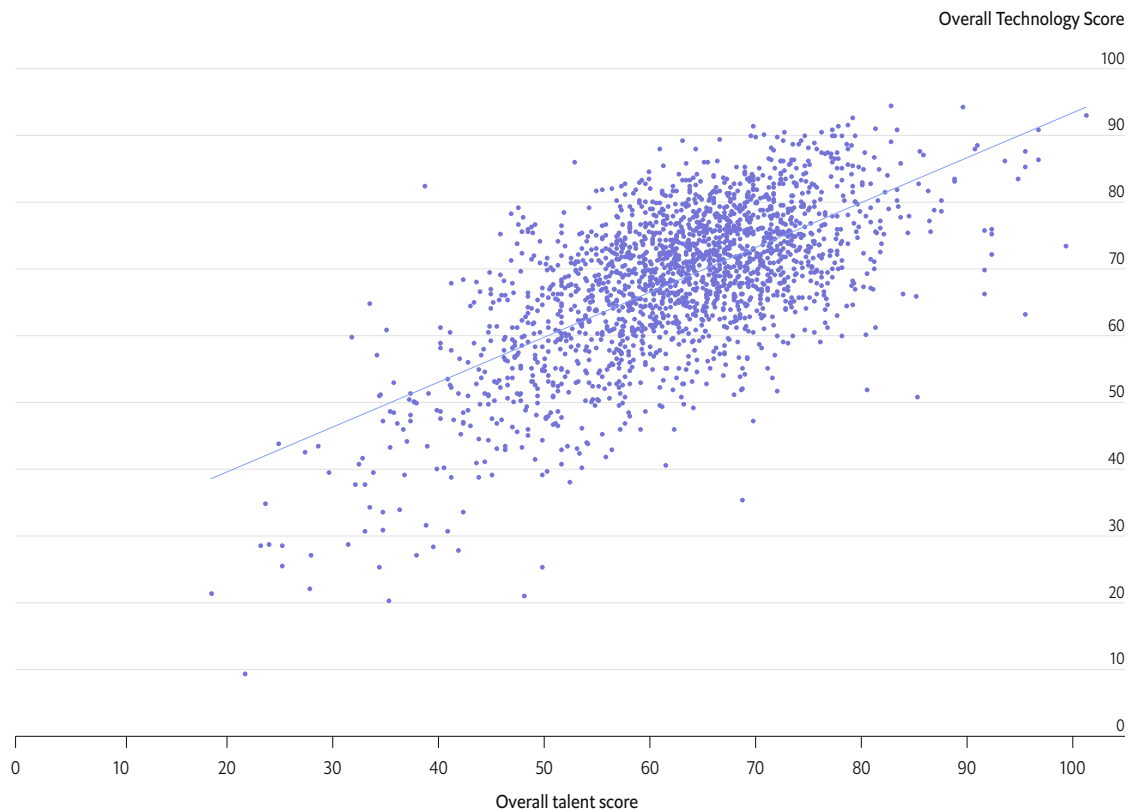
Source: Economist Impact (2022). Executive survey.

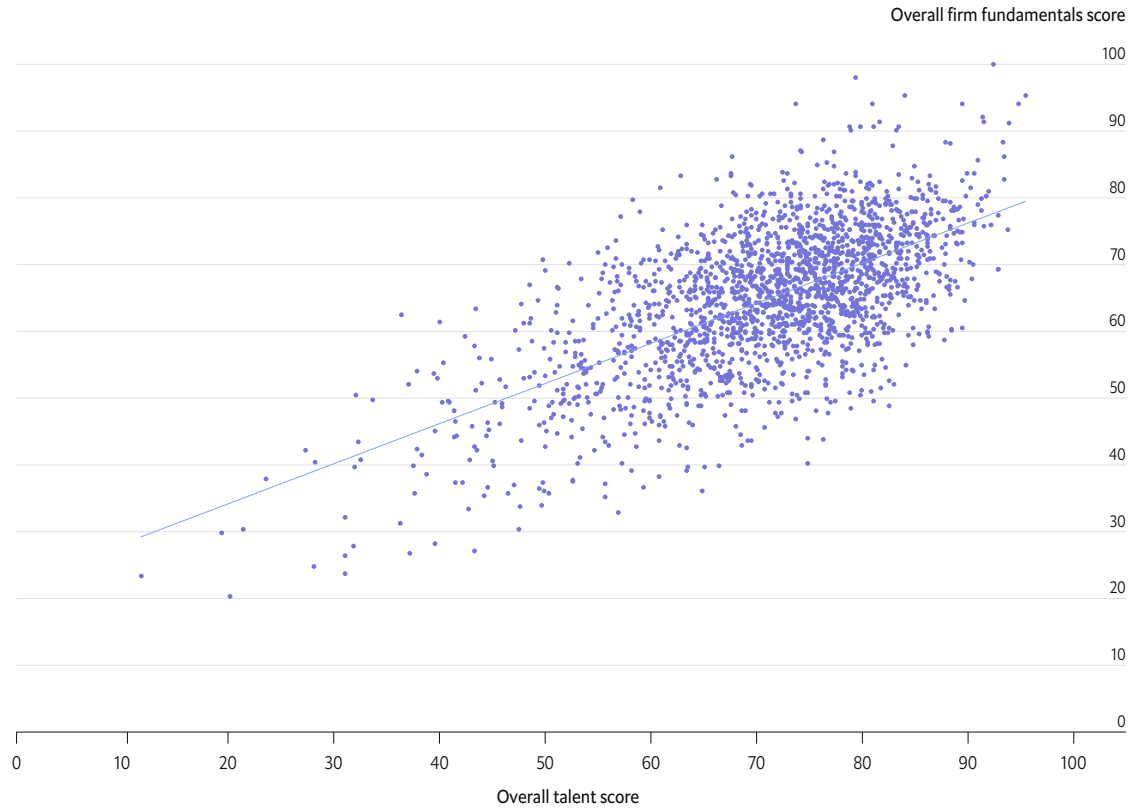
### Talent ties it all together

Another area of necessary prioritisation that emerges from the benchmark results is talent. Countries and industries are best prepared and making the most progress when they emphasise firm-wide, integrated and people-centric strategies for the future. Firms that perform strongly in talent tend to also excel in technology and the fundamentals of process and product. In addition, strong performance across the benchmark is linked to strong talent recruitment and retention, as well as cross-organisational collaboration. These are among the areas of biggest difference between the 20% of firms leading on overall firm-level scores and the 20% of firms at the bottom. It’s no secret that a business is only as good as its people, and scores on the benchmark illustrate the extent to which talent dynamics ripple through the entirety of a firm’s functions.

**Figure 10: Talent is a rising tide that lifts all boats**

Firm-level benchmark scores by thematic area (average scores, 0-100)





Note: Figures display average indicator scores combining the Benchmark’s Pillar 2 and Pillar 3 indicators by thematic area. Scores are displayed at the firm level.

Source: Economist Impact (2022). Future-Ready Business Benchmark.

The mechanisms are clear and, unsurprisingly, a great deal of research supports the conclusion that talent is essential for firm performance.<sup>24</sup> Employees that are motivated and satisfied with their jobs will be more productive, creative and effective. Firms that hire employees with relevant skills, or have internal strategies in place for employee training and development, will be more successful.<sup>25</sup> Employees are ultimately the implementers of future-readiness initiatives, and so having skilled, motivated and engaged talent is a prerequisite for operational success. Yet, while most executives report talent and skills readiness as at least “somewhat” important, only about half say talent and skills readiness are “very” important. Many firms are still undervaluing talent, missing out on the benefits and spillover effects associated with further prioritising it.

### Sponsor perspective: talent

After a decade of technology acceleration, many businesses have yet to adequately address what it will take to unlock the full potential of that technology: an engaged and digital-first workforce.

Consider, for example, that only half (54%) of respondents in the Economist Impact study strongly agree that they have the talent necessary to implement and utilise advanced technologies. And yet, neither boosting talent retention nor upskilling existing staff seem high on the agenda, with only half of respondents ranking skills readiness (51%) and employee engagement (50%) as very important to their success.

One way businesses can close this gap would be to anticipate and act through stronger data insights into their current workforce needs. This could include measuring employee satisfaction and aligning skill development and training with corporate needs—something that, currently, just one-third of respondents do.

By addressing this gap, businesses can position themselves to outgun competitors, many of which have yet to focus on key workforce strategies.



Of course, nothing is a silver bullet. While talent is closely linked to strong performances in technology and firm fundamentals, it has a somewhat weaker relationship with ESG performance. Sustainability is fast becoming a universal basic expectation, one that requires a rethink of business models and value propositions. ESG initiatives necessitate special, dedicated attention due to the sheer scale of the problem, and progress is less mutually reinforcing with other thematic areas. Moreover, firms are not yet hiring to support their ESG functions, meaning a strong talent pipeline won't be able to supercharge ESG efforts until firms actually commit to this area. Only 37% of firms report dedicated staff and resources for environmental sustainability, with just 32% having the same for social impact. Still, if a firm is looking for a place to start, focusing on attracting, developing and retaining top talent will set them up for success across other aspects of future-readiness.

# Conclusion

Benchmark findings suggest that there is some cause for optimism. Whether in the context of firm fundamentals, talent, technology or ESG, countries and industries are performing moderately well towards the frontier of best-practices. At the same time, there are common areas of weakness, many of which can be addressed by learning from peers and relatively low-effort changes that are accessible regardless of firm location, industry or size.

Of particular importance is reframing the conversation to prioritise long-term investments that create future-ready foundations. Current performance is often top of mind for investors and regulators, and it is understandable that it would be the same for firms. The reality, however, is excessively relying on immediate measures threatens sustained performance and rules out the possibility for proactive improvement. Good foundations account for change as a given, and firms need only look to the destabilising impact of the covid-19 pandemic for proof of how quickly the status quo can shift. Firms looking for a good place to start might consider a more holistic approach to talent and improved data measurement. Business leaders should also aim to create and operationalise forward-looking and resilient strategies in the face of turbulent labour markets, ratcheting ESG standards and technological advancements.

# Appendix: Overall benchmark results

**Figure A: Summary Benchmark scores**

Benchmark scores by country and industry (0-100)

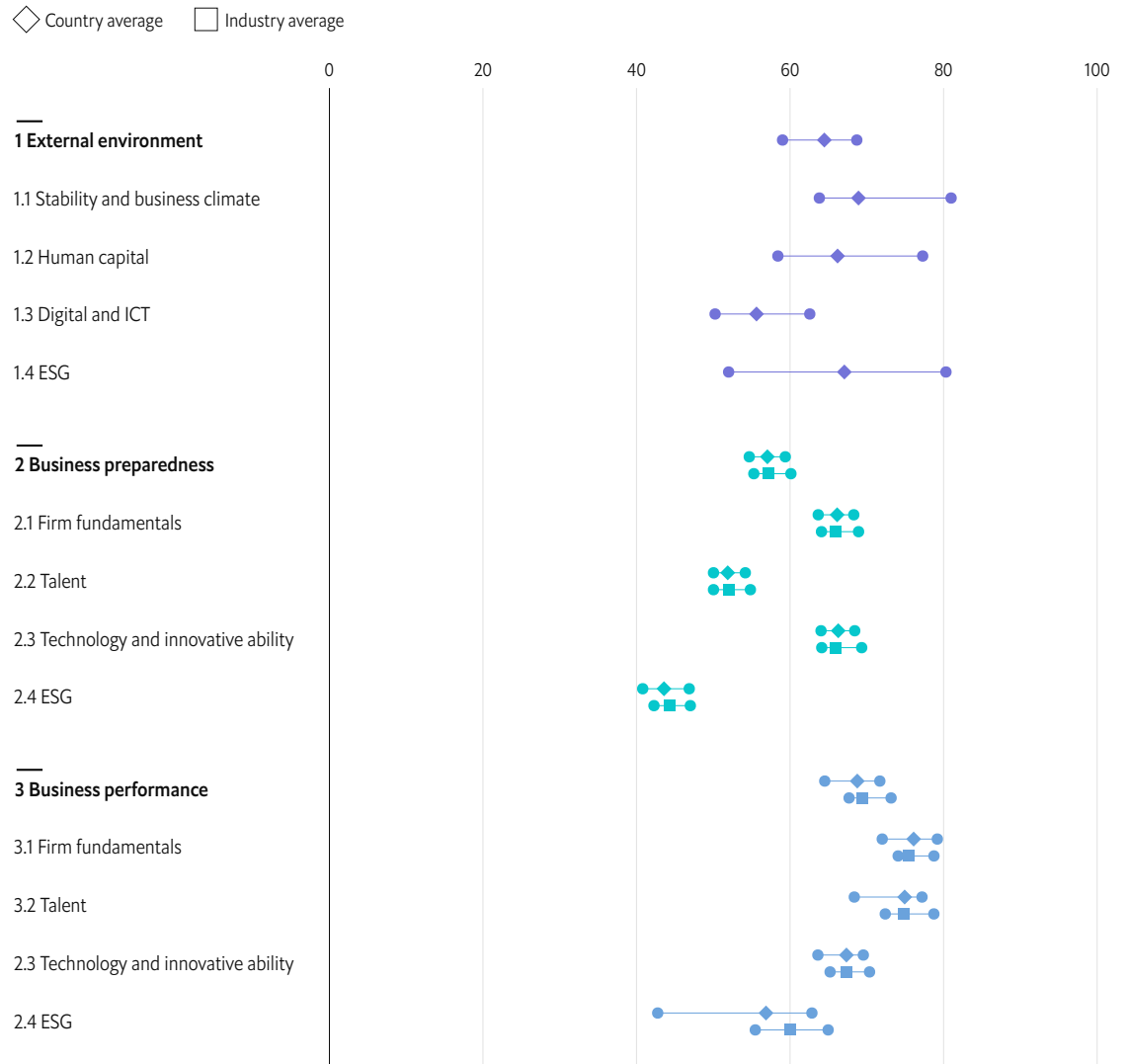
	Overall Scores	Pillar 1: External environment	Pillar 2: Business preparedness	Pillar 3: Business performance
Sweden	61.0	67.0	57.0	72.0
Norway	61.0	68.0	58.0	70.0
Netherlands	60.0	67.0	56.0	71.0
UK	60.0	65.0	58.0	70.0
Canada	60.0	59.0	59.0	70.0
US	59.0	61.0	59.0	69.0
Australia	59.0	64.0	56.0	68.0
France	59.0	60.0	56.0	69.0
Germany	58.0	69.0	55.0	65.0
Singapore	58.0	66.0	56.0	64.0
Insurance	67.0		60.0	74.0
Retail	64.0		58.0	70.0
Media	63.0		57.0	70.0
Utilities	63.0		56.0	70.0
Life sciences	63.0		58.0	69.0
Manufacturing	63.0		57.0	69.0
Banking	62.0		56.0	69.0
Healthcare	62.0		56.0	68.0

Source: Economist Impact (2022). Future-Ready Business Benchmark.



**Figure B: The range of country and industry scores**

Country and Industry scores on Benchmark pillars and categories (0-100)



Source: Economist Impact (2022). Future-Ready Business Benchmark.

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