

## **IBM Study: C-suite Leaders Look to Customers to Steer Business Strategy**

**Customers become the "new" business advisors to the C-suite; 90 percent of senior leaders expect extensive collaboration with customers within the next five years**

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ARMONK, N.Y., Oct. 7, 2013 /PRNewswire/ -- Despite expressing an unprecedented commitment to direct customer influence on their business decisions and operations, one-third of CEOs worry that the rest of the C-suite is out of touch with customers, according to a new IBM (NYSE: [IBM](#)) study.

The study, entitled "[The Customer-activated Enterprise](#)," is based on findings from face-to-face conversations with more than 4,000 [CEOs](#), [CMOs](#), [CFOs](#), [CIOs](#) and other C-suite leaders from 70 countries and 20 industries worldwide. The study, conducted by IBM's Institute for Business Value, reveals 60 percent of CEOs plan to directly engage their customers and proactively apply what they learn to set their business agendas in the next three to five years -- up from 43 percent of CEO's who now include customers in the development of business strategies.

"Our research with C-suite leaders over the past decade has shown that organizations have steadily shifted to embrace more open, collaborative and reciprocal models," said Bridget van Kralingen, senior vice president, IBM Global Business Services. "Today, CEO's recognize that they can't do it all alone. They're opening up their organizations, breaking down barriers and actively engaging customers -- providing customers a seat at the table to help shape their business model and strategy."

A new era of connectivity, massively available user-generated information and the mandate for open, ongoing communication is demanding new levels of transparency across an organization. Business leaders are breaking down internal and external barriers to open up new paths of collaboration, innovation and growth. Last year, IBM's research showed that 44 percent of CEOs expected to open up their organizations to empower individuals. In 2013, 56 percent expect to do so -- a 27 percent increase in just one year.

Definitively illustrating the depth of this new openness, a growing number of CEOs believe that customer influence should extend beyond traditional activities such as developing new products. Senior leaders are relinquishing tight control over internal affairs to acquire valuable customer input in such critical domains as business strategy development, pricing structure and social and environmental policies.

The IBM report uncovers a key correlation between the companies that succeed and their levels of external collaboration. Outperforming companies are 54 percent more likely to collaborate extensively with customers.

### **CEOs Share Control**

Outperforming companies are inventing new ways to gather customer input to understand critical market shifts, solve challenges and uncover emerging opportunities.

"Taking an outside-in approach to innovation, we prioritize input from customers to stay aligned with their values and needs," said David Johnson, CIO at Jones Lang Lasalle. "Through collaboration, we aim to deliver

more relevant services that help us develop satisfied, lifelong customers."

More businesses are turning to customer advisory boards to set strategic direction, share best practices, better understand market segments and fine tune business models. Increasingly, these boards serve as an instrumental vehicle to provide direct input across the customer lifecycle -- from defining the customer opportunity to influencing go-to-market plans.

Another way that companies are activating their customers is by pioneering new digital-physical innovations. By blending their digital and physical strategies, companies can deliver an integrated approach to meeting the needs of their technology-empowered customers. Both CMOs and CIOs overwhelmingly indicate that they intend to make great strides to overhaul and reinvent the way they work with their customers.

### **Closing the Customer Intimacy Gap**

Being a customer-activated enterprise requires a deep understanding and focus on the customer as an individual, rather than as a category or a market segment. As the business landscape changes, 54 percent of C-suite executives want to target customers as individuals within the next three to five years. To close the customer intimacy gap, many businesses are relying on digital technologies to boost engagement, create a one-to-one dialogue and provide a superior experience.

IBM's research finds that C-suite leaders are quickly embracing the use of digital channels to drive customer interactions. Last year, 57 percent of CEOs expected digital channels to become one of their company's key means of interacting with customers within the next five years. In 2013, 52 percent of C-suite leaders say that they are already there, marking a rapid increase in adoption.

### **About the IBM 2013 Global C-Suite Study**

IBM conducted its in-person analysis with more than 4,000 C-suite leaders by using a global team of business strategists, consultants, data scientists and statisticians. Also for the first time, IBM Watson -- IBM's groundbreaking, cognitive system -- was used to draw additional inferences from the study data.

For more information about the IBM Institute for Business Value (IBV):

[Access to the full study findings and case studies](#)

Download the IBM IBV app on your [Android](#) or [iOS](#) tablet.

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Video with caption: "Bridget van Kralingen, senior vice president, IBM Global Business Services shares highlights from IBM's new C-suite study: The Customer-activated Enterprise. In this video, she talks about an emerging trend around how CEOs are looking to customers to drive business strategy and better understand critical market shifts." Video available at: <http://youtu.be/Umc4jf2M90U>

Image with caption: "Highlights from IBM's C-suite Study." Image available at: <http://photos.prnewswire.com/prnh/20131007/NY92656-INFO>

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