University of St.Gallen
Institute of Information Management

Campana Schott

FUTURE
ORGANIZATION
REPORT 2021

Contents.

Key statements.

The most important results at a glance.

Based on a survey of 522 managers and employees, as well as 22 qualitative interviews with top decision-makers from Germany, Austria and Switzerland, the key results of the Future Organization Report 2021 investigates the attributes of excellent organizations. The main results are as follows:

1 The way towards an excellent organization is a process of continuous and in particular **holistic further development:** The objectives comprise not only economic indicators but also include qualified and committed employees and efficient processes.

2 Customer satisfaction **continues to be the most important company value for 89.7 percent of employees and managers.** Most respondents view Customer Co-Creation as the right path forward.

3 Important attributes of a highly-effective workforce (People Excellence) are: **cross-functional collaboration,** an **agile mind-set** and **continuous skill development.**

4 Compared to the previous year, corporate agility increased from 40.9 to 46.3 percent. Rigid structures are increasingly replaced with **adaptive structures**, with an increased emphasis on scaling. Moreover, online labor markets are also making their way into the agile process organization.

5 Cross-functional collaboration, business process performance, IT performance and corporate agility are strongly correlated with the **company's performance.**

6 Almost half of all respondents say that a **strong IT performance** leads to more efficient processes (Process Excellence). Therefore it represents one of the main factors for the digitization of companies.

7 Of those surveyed, 68 percent view sustainability as a **strategic success factor,** which is also increasingly required by customers.

8 63.9 percent of those surveyed believe that a **higher-level purpose** should be taken into account for critical management decisions. Moreover, employees show higher levels of intrinsic motivation when they believe that their work has purpose.

9 **Diversity** contributes to productivity, innovation and performance: 87.2 percent of those surveyed say that they enjoy receiving feedback from people with different perspectives.

10 87.1 percent of employees have a very positive attitude to **self-organization and taking responsibility**. And 81.9 percent say that they are willing to bring up problems.

Introduction.

Organizational Excellence as a focus area of the
Future Organization Report 2021:

What are the attributes of successful organizations? This is the question addressed by the Future Organization Report 2021. It focuses on the idea of "Organizational Excellence" and what organizations can do to achieve this goal.

The Future Organization Report is a scientific study that emerged from the collaboration between management and technology consulting company Campana & Schott and the Institut für Wirtschaftsinformatik at Universität St.Gallen. While the first 2019 edition took a broad look at agile organizational development, the Future Organization Report 2020 examined the two key issues customer focus and employee focus in more detail.

This year's edition goes a step further and examines how the different variables interact, and how they affect the performance of organizations as a whole. On the basis of 22 in-depth interviews with top decision-makers and a survey of 522 managers and employees, the Future Organization Report 2021 elaborates on the factors that must be observed for the further development of an organization, what has worked for companies in the past and which obstacles they have encountered. The study identifies concrete success factors and also offers some ideas as to how they can be implemented in an organization. The Future Organization Report 2021 investigates how permanent developments such as digitization and automation are integrated and used, but also how companies can respond to new customer requirements and dynamic markets.

It is shown that a holistic approach is very useful on the way towards an excellent organization: Employee-related and procedural aspects are just as important as economic aspects. Together, they lead to customer satisfaction and sustained value creation in excellent organizations.

Important core issues that take center stage in the continuous development of organizations are: a purpose for the entire company, which motivates employees; a diverse workforce, which promotes innovation and agility; and sustainability, which plays an increasingly important role. All of these issues should be taken into account when companies want to optimize value chains and define targets for employees. In general, it is evident that rigid structures are increasingly replaced with adaptive structures.

The report demonstrates that People Excellence is the result of collaboration across functions and teams in combination with the right mindset and the right skills. In terms of processes, improved agility and the digitization of the value chain improve Organizational Excellence. Both pillars are discussed in separate sections of the report.

"Successful companies can focus their entire power on their strategic objectives. This can be done with an excellent, high-performance organization that is agile and that has adopted a holistic mindset. Conventional objectives such as financial success and customer focus are linked with relevant societal issues such as sustainability. In this environment, motivated and well-qualified employees become a key success factor for companies. In that context, Organizational Excellence is not a target status but rather represents a continuous development process – the Future Organization Report 2021 delivers exciting ideas for the individual path of each company."

Anna Adler | Director Corporate Development at Campana & Schott

"Excellent organizations cast a wide net. In addition to purely financial indicators, they increasingly focus on sustainability, diversity and purpose. To reach their goals, successful companies rely on a strong customer focus, but also on an engaged and enabled workforce. The introduction of online labor markets is an example of the benefits provided by the targeted use of IT. Such agile platforms can help to make sure that the right employees are assigned to the right project at the right time with the help of AI.

Prof. Dr. Jan Marco Leimeister | Director, Institut für Wirtschaftsinformatik at Universität St.Gallen
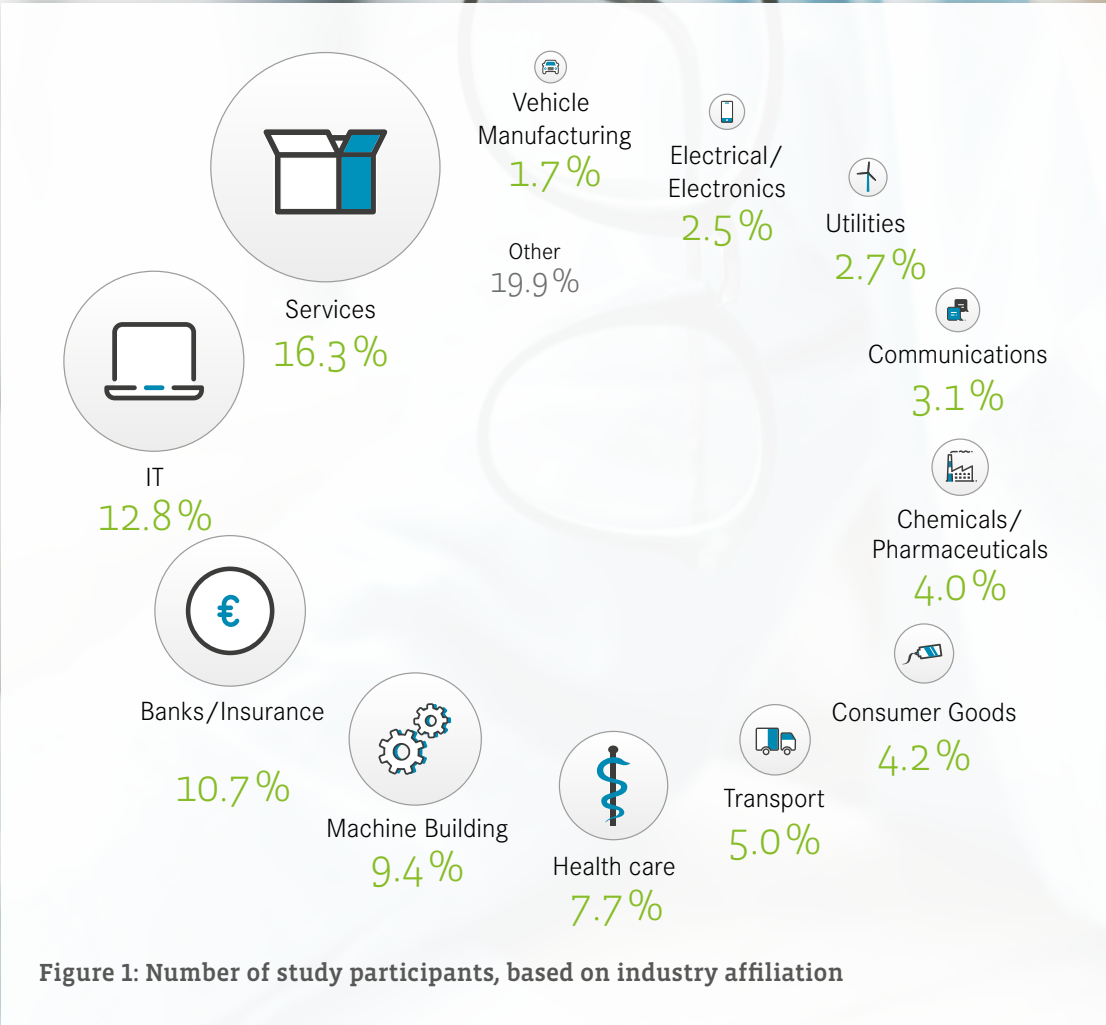
Methodology.

Data collection and participants.

The research design for the study follows a mixed-method approach and combines both qualitative and quantitative methods. On this basis, it manages to take into account the perspectives of top management as well as employees.

Between mid-February and mid-June 2021, 22 qualitative in-depth interviews were conducted with top decision-makers from ten industry sectors. Twelve of the companies already participated in 2019 and/or 2020. The individuals who were interviewed play a key and active role in the design and implementation of business objectives. In this way, the views of top management, as well as its strategic vision and the implementation in the company, can be studied across different industry sectors. The interviews were conducted with a partially-structured guide and analyzed with a qualitative content analysis.

In addition, data was collected from 522 managers and employees as part of a quantitative on-line survey. Of these individuals, 343 work in Germany, 79 in Austria, 92 in Switzerland and eight in other countries. This was followed by a descriptive analysis of all of the areas that were studied. Moreover, correlation analyses were prepared on the basis of theory-driven theses, which examine the strength and direction (positive/negative) of a correlation in order to define success factors. Almost all affirmation questions were gathered on a scale from 1 (= Totally disagree) to 7 (= Totally agree), and they reflect the perception of those surveyed. Those participants who selected either 6 (= Agree) or 7 (= Totally agree) were considered to be in the group that indicated a high level of agreement. Only those questions indicating agreement, which surveyed the importance of values for critical management decisions, were captured with a scale from 1 (= Not important) to 7 (= Very important). The year-to-year comparisons in the studies are based on samples from the population, which are not necessarily identical.

Vehicle Manufacturing 1.7%

Electrical/Electronics 2.5%

Other 19.9%

Utilities 2.7%

Services 16.3%

Communications 3.1%

IT 12.8%

Chemicals/Pharmaceuticals 4.0%

Banks/Insurance 10.7%

Consumer Goods 4.2%

Machine Building 9.4%

Transport 5.0%

Health care 7.7%

Figure 1: Number of study participants, based on industry affiliation

Areas of study

In the context of the study, company performance, IT performance, business process performance, corporate agility, employee agility, agile mindset, work satisfaction, cross-functional collaboration, work engagement, innovative work conduct and attitude towards customer co-creation were examined with

multi-item scales, which ensure that the study area is measured with multiple questions. This approach ensures better measurement accuracy. The numbers refer to the average value of all questions that fall under the study area. In the reporting, the applicable data sets are integrated, which can lead to fluctuating participant numbers in some statements.

5.2 % >100,000

6.3 %
20,001–100,000

9.6 %
5,001–20,000

17.2 %
1,001–5,000

9.8 %
501–1,000

13.4 %
1–10

7.7 %
11–50

7.9 %
51–100

12.1 %
101–250

10.9 %
251–500

Figure 2: Number of study participants, based on the size of the company

0.4 %
N/A

36.2 %
Non-managerial role

27.4 %
Both disciplinary and functional managerial responsibility

14.8 %
Disciplinary managerial responsibility

21.3 %
Functional managerial responsibility

Figure 3: Roles held by the participants in their companies

Attributes of excellent companies.

Organizational Excellence is not a fixed target status but rather describes a process of continuous development.

Organizational Excellence describes the systematic efforts by organizations to continually position themselves for optimum business success. However, many companies only examine some areas, such as purely financial indicators. Today's companies adopt a more comprehensive approach for achieving Organizational Excellence.

A general insight from the Future Organization Report 2021 is that an excellent organization is not so much a fixed target status but rather a process of continuous development. Management-related indicators as a reflection of financial success are important parameters, but Organizational Excellence is understood in a much wider context. It means adopting a holistic view with a focus on sustainable value creation for customers - by employees and efficient processes.

The online survey demonstrated that participants who believe that their companies are excellent performers also tend to note more pronounced process-related aspects (such as business process performance, corporate agility and IT performance), as well as aspects related to employees (e.g. cross-functional collaboration). Where such factors are not as pronounced, it is reflected in a generally lower company performance.

The Future Organization Report 2021 focuses on the areas People and Process - hence the interaction between employee-related aspects and processes - in order to achieve Organizational Excellence (see Figure 4). Customer focus is a theme that carries across all areas of the organization and therefore represents another important component of the key issues examined here.

Figure 4: Central dimensions of Organizational Excellence

Customer satisfaction as the most relevant Executive Value

It pays to look at the relevance that managers and employees assign to certain factors that play a part in important business decisions by top management (Executive Values). Customer satisfaction is considered the most important value for key management decisions. It comes before the impact on the company's profitability, which is in second place. Employee retention and career development are in third and fourth place.

Putting the customer at the center of business activities is not a new strategy. However, the customer focus of the organization must always be re-examined as customer needs change due to different factors, such as societal change or the availability of new technologies. The Future Organization Report 2020 identified "value creation networks", in which companies look not just at their end customers but all parties who are involved in the value creation process.

This year, a variety data points once again demonstrated that customer focus and satisfaction continue to be key issues for companies: 89.7 percent of employees and managers say that customer focus is an important factor that should be considered in critical management decisions.

The focus on the customer increases for the third year in a row: While in 2019 42.1 percent of those surveyed said that their company can quickly and easily respond to changes in overall consumer demand, that figure increased to 64.1 percent in 2020 – and to 68.2 percent this year. Similarly, 53 percent of those surveyed in 2019 said that their company was able to quickly and easily adjust products or services to a specific customer. In 2020, this figure increased to 69.2 percent of those surveyed, although this year it declined slightly to 68.7 percent.

> "Our main mission is to create values in a sustainable manner. This approach is also incorporated into practice using a holistic approach."
>
> Uwe Kolk | Jungheinrich AG

	Employees	Managers
Customer satisfaction	6.4	6.5
Impact on company's profitability	6.0	6.3
Aspects of employee retention (wellbeing, safety, working conditions)	6.2	6.3
Career development and development of employee retention	6.0	6.2
Cost controlling	5.7	6.2
Effect on sales volume	5.7	6.1
Effect on environment	5.7	5.8
Purpose (higher-level purpose/meaning)	5.6	5.8
The wellbeing of the local community	5.5	5.7
Diversity and gender equality	5.4	5.6
Contribution to the economic wellbeing of the nation	5.1	5.3

7 = Totally agree
1 = Totally disagree

Figure 5: Factors that should be considered in critical management decisions (Executive Values) – broken down by managers and employees

Excellent organizations pursue holistic objectives – purpose, diversity and sustainability

Besides focusing on the customer, companies also continue to focus on financial success (sales revenues, costs, profitability). This is agreed by 80.1 percent of those surveyed. At the same time, the extended target area also plays an increasingly important role. The key issues purpose (the purpose of the company), sustainability and diversity are important dimensions for long-term success. When organizations use these three areas as starting points, they increase the value creation of employees and processes.

The report also demonstrates that sustainability is more than just a slogan: 68 percent of employees and managers say that the impact on the environment should be considered in critical management decisions. In addition, sustainability is also required by more and more customers. Therefore it is becoming a strategic factor.

The study also confirms that employees are more motivated when they stand behind what they do and they feel that their work has purpose. 63.9 percent of those surveyed believe that a higher-level purpose is a very important factor for critical management decisions. This is covered under the term "Purpose". Employees become intrinsically motivated when they understand why they are performing tasks, and to what end. Communicating these aspects is the responsibility of the management.

The role of diversity is also becoming more evident: Diverse teams are much more productive, efficient and innovative. Top decision-makers have identified diversity as an important building block for organizational excellence – only 12 percent of managers and employees surveyed said that diversity should not be given a high priority in critical management decisions.

An excellent workforce is characterized highly-skilled individuals, a diversity of perspectives and experience, as well as a higher-level purpose. Because achieving the company's overarching objectives requires not just theoretical skills, but also motivation and a drive for implementation.

> "In my opinion, sustainable management is a must. And in this day and age, it has to be viewed as normal."

Martin Frechen | STEINEL Group

Figure 6: Holistic objective of Organizational Excellence

People Excellence

A highly-effective workforce collaborates across departments and functions, develops an agile mindset and solves problems in a trust-based environment.

In today's business world, the global pressure to compete is steadily increasing, driven by mega trends such as globalization. Markets are becoming increasingly dynamic, and customer requirements are constantly changing. Employees are a key success factor for maintaining performance in this volatile environment.

The Future Organization Report 2020 already highlighted the fact that employees are essential for agile transformations. The same applies to the company's success as a whole - for Organizational Excellence. The top decision-makers who were surveyed this year are aware that employees are not only involved in the development and manufacture of products or services. They also serve as the direct interface to the customer, and they play a key role in the perception of the product and the brand. That makes them a particularly relevant lever for the customer focus.

Deriving target agreements from a common vision

The qualitative survey showed that top management believes in the importance of providing employees with a common vision, so they are able to act in the spirit of the businesses. This vision serves as a guide for the additional definition of goals for the different levels, managers and employees.

In this context, a person's performance only accounts for a part of this target definition: On average, employees are measured not just by their own performance (individual targets: 35 percent) but also by the performance of the team (30 percent) and the company (34 percent). This promotes a culture that strengthens team orientation as opposed to an elbow mentality. There are even some companies that only focus on team objectives.

In addition, employees develop an awareness for their contribution to the company's overall success, because they clearly see the connection between the company's goals and their own performance assessment. They become independent thinkers and players in the company.

Self-organization and the ability to take responsibility are considered very important. While companies specifically look for employees who can think like an entrepreneur and who push ahead with new ideas, 87.1 percent of those surveyed expressed a very positive attitude to self-organization and taking responsibility. There is also evidence of a correlation with work engagement (r = .34). Nevertheless, top management notes that employees could potentially do more in terms of organizing themselves.

Even though employees are a key success factor, some companies are still not taking advantage of this opportunity. Of those surveyed, 25 percent do not have any specific targets at this time.

> "We want to develop our employees and offer them good opportunities for participation.
> Hence the opposite of "hire smart people and tell them what to do", and instead "hire smart people and give them the opportunity to contribute."

Dr. Marco Böhmer | Bayer AG

Three success factors require a highly-effective workforce

Three essential attributes of a highly-effective workforce can be identified in the context of the Future Organization Report: collaboration across functions and teams, an agile mindset and continuous skill development. The success factors identified by top decision-makers from their practice can definitely be assigned to these categories.

Highly-effective teams work towards the aforementioned common vision and the targets that have been derived from the same. This means that the vision and the target must not only be defined by top management, but must also be broken down to the departments and individual employees and communicated.

Cross-functionality as the basis for an excellent organization

A company's performance is strongly correlated with cross-functional collaboration (r = .45). This refers not just to cross-functionally composed project teams but also the cross-functional collaboration between teams, departments and even other companies or service providers.

42.5 percent of those surveyed already perceive pronounced cross-functional collaborations in their companies, which promote innovative work conduct. People who enjoy receiving feedback from other perspectives, or who feel comfortable in cross-functional teams, also exhibit innovative work conduct. The survey also shows that the work of employees becomes more inspired as the level of cross-functional collaboration increases.

"I know how well it works, and how much better it is to have a balanced team."

Wulf Bickenbach | Zeppelin Lab GmbH

Collaboration
Common vision and goals
Collaboration across functions and teams

Learning-oriented
Customer-oriented
Self-organization
Taking responsibility
Transparency
Motivation

Mindset

Skills
The required skills are available
Continuous further training

Outcomes
- Longer tenures and lower turnover rates
- Lower sick rates and better health rates
- Better performance and target achievement
- Increased work satisfaction
- More engagement
- Better innovative problem-solving

Figure 7:
Attributes of a highly-effective workforce

7 = Totally agree

1 = Totally disagree

Average inspiration with low cross-functional cooperation — 4.79
Average inspiration with high cross-functional cooperation — 6.12
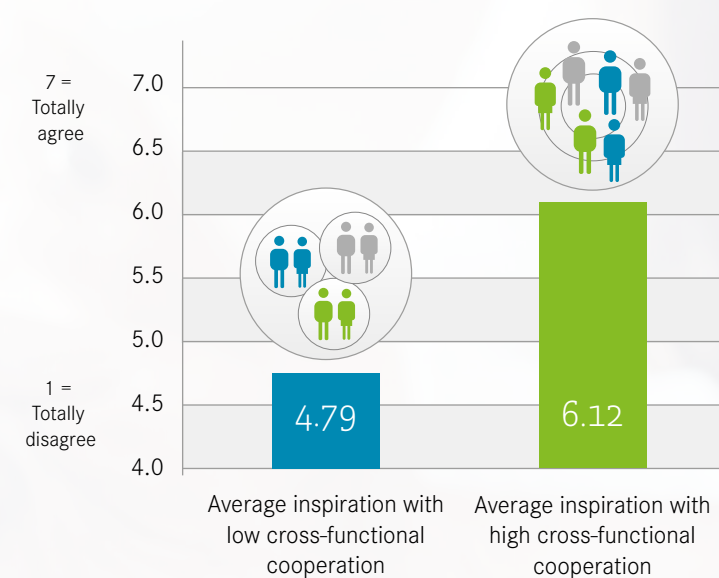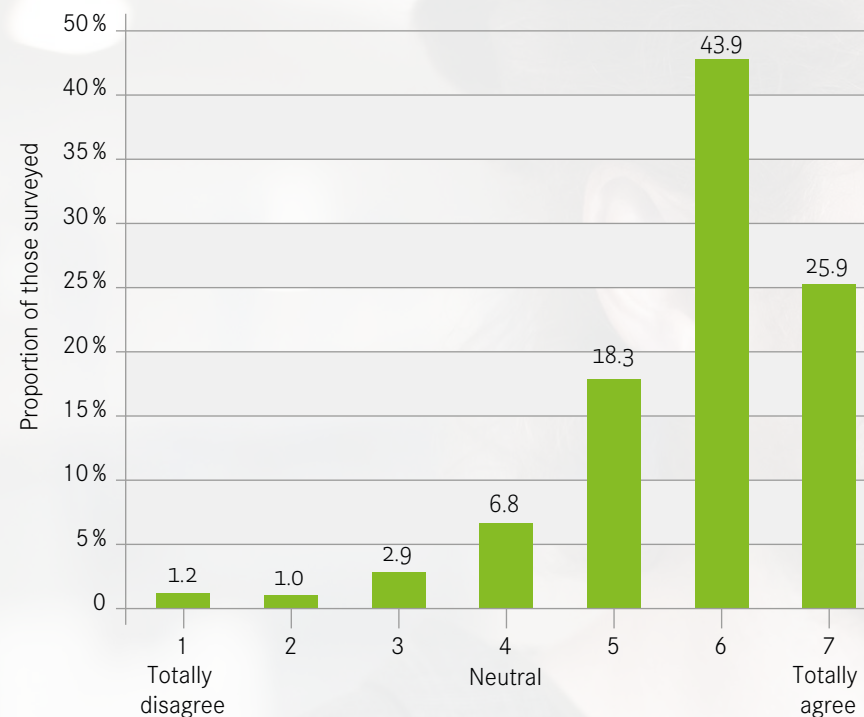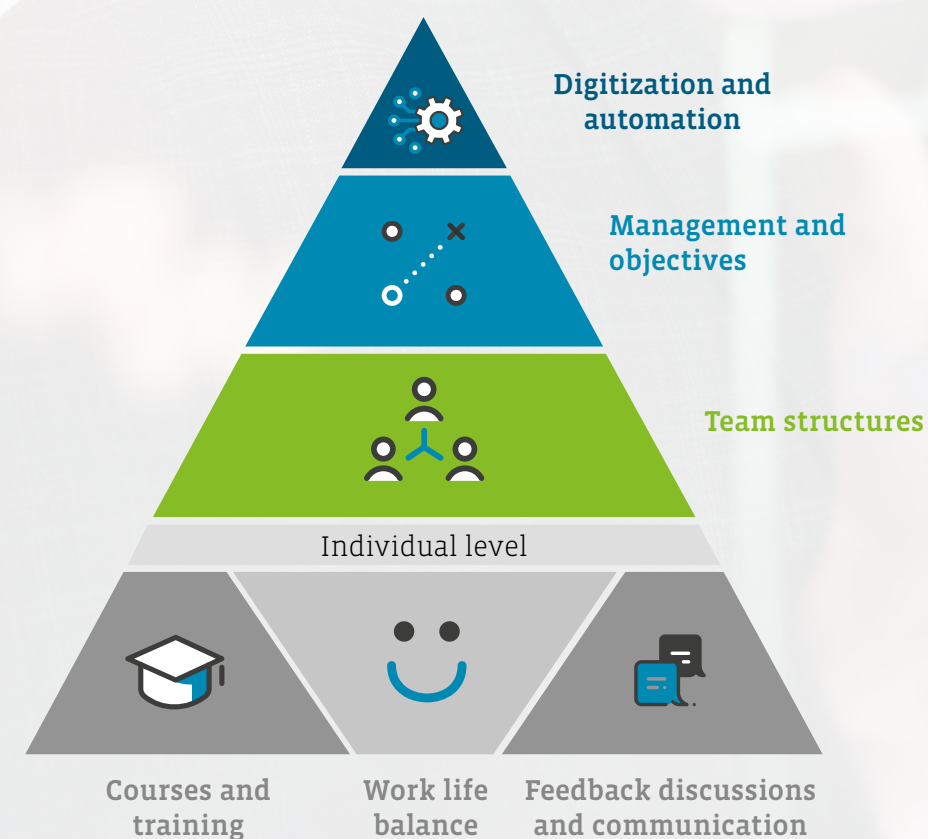
Figure 8: The inspiration of the participants correlates with their cross-functional cooperation

Figure 9:
Distribution of agreement on the characteristics of customer co-creation

Digitization and automation

Management and objectives

Team structures

Individual level

Courses and training

Work life balance

Feedback discussions and communication

Figure 10: Individual needs of an excellent workforce

The workforce develops an agile mindset

A highly-effective workforce acts with intrinsic motivation and an agile mindset. An agile mindset exists if individual employees exhibit a positive attitude and a flexible response in view of dynamic work methods. What individual employees assess as positive in this context:

1) continually looking for new insights in order to respond to changes,

2) sharing and discussing approaches and the results of their work in a transparent manner,

3) making their own decisions about how to proceed, and

4) being engaged in a co-creation process at work in a manner that is continuous, iterative and customer-oriented.

Mindset and diversity contribute to innovation: 87.2 percent of those surveyed say that they enjoy receiving feedback from other people with different perspectives. This positive attitude to feedback is positively correlated with innovative work conduct (r = .31).

The same applies to customer focus – from the perspective of top management and the workforce: 69.8 percent of those surveyed have a very positive attitude to Customer Co-Creation,

which is moderately to heavily correlated with innovative work conduct (r = .42). Customer Co-Creation refers to the close exchange with, and the integration of, customers during the development of new products and services.

Continuous skill development

An ever more dynamic and complex work environment also puts high demands on the skills of employees and their continuous further development. Top decision-makers report that the development of skills is often the responsibility of managers, and that individual development plans are usually designed for the long term. Approximately one third of companies systematically gather the skills of their employees, for example with a Skill Matrix. To ensure that employees continuously lean new skills on the job, companies use methods such as Pair Programming, Job Rotation, delegate more responsibility or strengthen cross-functional collaboration.

"To establish agile work methods, we need employees who act independently and who possess extensive process knowledge."

Andrea Achhammer | Allianz Suisse

"Continuous learning is a priority for Baloise. It also requires the effort of both employer and employees. We recommend that our employees dedicate some of their time to learning. A reference value of up to 10% of working hours is used as a guide in this context."

Michael Müller | Baloise Group

Problems are solved in a trust-based work environment

Top decision-makers believe that workforces that have established a trust-based but also demanding culture are the most successful. Therefore they believe that positive collaborations must be promoted. The quantitative results support this finding: 63.2 percent of those surveyed believe that their top management promotes communication and cooperation between Research & Development (R&D), marketing and production, and with regard to the procurement and use of marketing information. And 81.9 percent say that they are willing to bring up problems with others. That can only happen in a culture that promotes this type of communication - and a culture in which this communication is also practiced by the managers.

The ability to bring up problems is welcomed not just by 81.9 percent of those surveyed - statistically speaking, it also has a positive effect on the company's performance, engagement and work satisfaction. On average, those surveyed also strongly agreed with learning from mistakes (6.5 on a scale from 1 to 7).

Diversity is also identified as an important building block for Organizational Excellence in order to promote very active and supportive communication. In this way, teams and workforces can complement each other better and contribute more perspectives in an open exchange process.

How success is measured

The top decision-makers who were surveyed rely on holistic KPIs for the continuous further development of employees. This means that all success factors must be viewed in their entirety, since they partially overlap and interact, or because they are interdependent. This is how success on the way towards People Excellence can be measured.

Best Practice: How to achieve a highly-effective workforce

Managers can promote the development of People Excellence with a variety of measures:

- Work life balance
  - Managers actively seek out discussions about stress limits and more self-organization
- Feedback / Communication
  - Companies institutionalize the 360° feedback for employees and managers
- Training and professional development
  - Use training to identify and promote the strengths of employees

- Team structures and culture
  - Strengthen team cohesion with (agile) coaches
  - Matchmaking tools to bring employees together
- Management and objectives
  - Career and skill paths for individual and sustained employee development over 1–2 years
  - Continuously communicate the vision / guiding theme in many ways
  - Ambidextrous Leadership
- Support employee performance through digitization and automation
  - Identify and remove inefficiencies in existing technologies
  - Promote communication through platforms

1	**Personnel selection**	Time to Hire, employee recommendation, response time for applicants
2	**Personnel development**	Participation in professional development, skill matrix, measurement of skills
3	**Culture**	Query and implementation of company values, identification with company, satisfaction with management
4	**Health and wellbeing**	Sick rate, employee satisfaction / engagement / stress
5	**Demography and diversity**	Turnover rate, tenure, average age and salary, gender distribution

Figure 11: KPI examples for measuring People Excellence

Process Excellence.

Digitization, agility and flexible, self-organized employees optimize processes.

Excellent organizations strive to continuously improve their processes. The main objective is to optimize their value chains. An efficient performance, which also takes into account the process result and process efficiency, forms the basis in this regard. It benefits the customers and also makes the most out of the available resources in the organization.

Rigorous digitization and the automation of processes play a key role in the ability to respond more quickly to changes while also reducing the stress on employees. Digitization does not represent a default option in this context: Processes are analyzed and evaluated. Digital and automated solutions are only considered if a benefit can be identified. The implementation must be efficient. Moreover, the automation or digitization of processes always opens up an opportunity for scrutinizing and enhancing existing processes, and configuring them for tomorrow's success.

Scoring with a strong IT performance

IT performance represents an important factor for Process Excellence. 46.9 percent of respondents say that a strong IT performance helped them on the way to Process Excellence.

IT legacy systems are a big obstacle for optimizing IT performance. When it comes to such historically grown software applications, top management must be convinced of the benefits of an upgrade so the associated costs can be approved – even if the benefit cannot always be identified on the basis of clear numbers. An openness to – and an awareness of – the current technical options facilitate the optimization of processes, and areas of potential can be assessed more easily.

Figure 12:
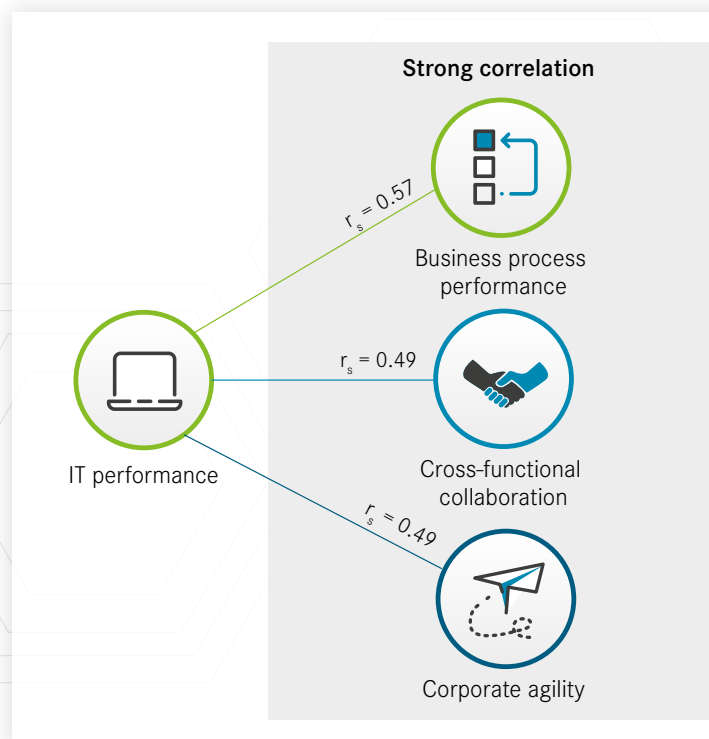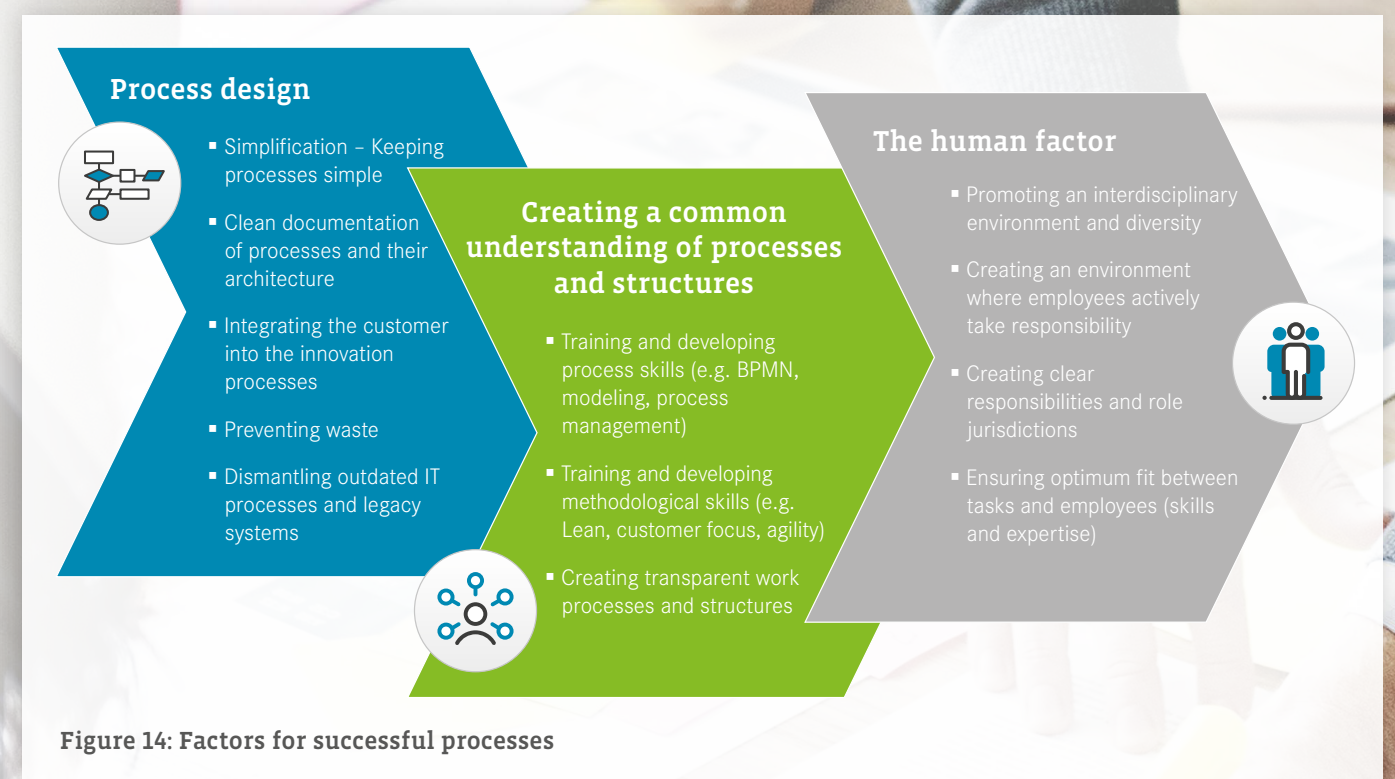**Distribution of agreement on the characteristics of IT performance**
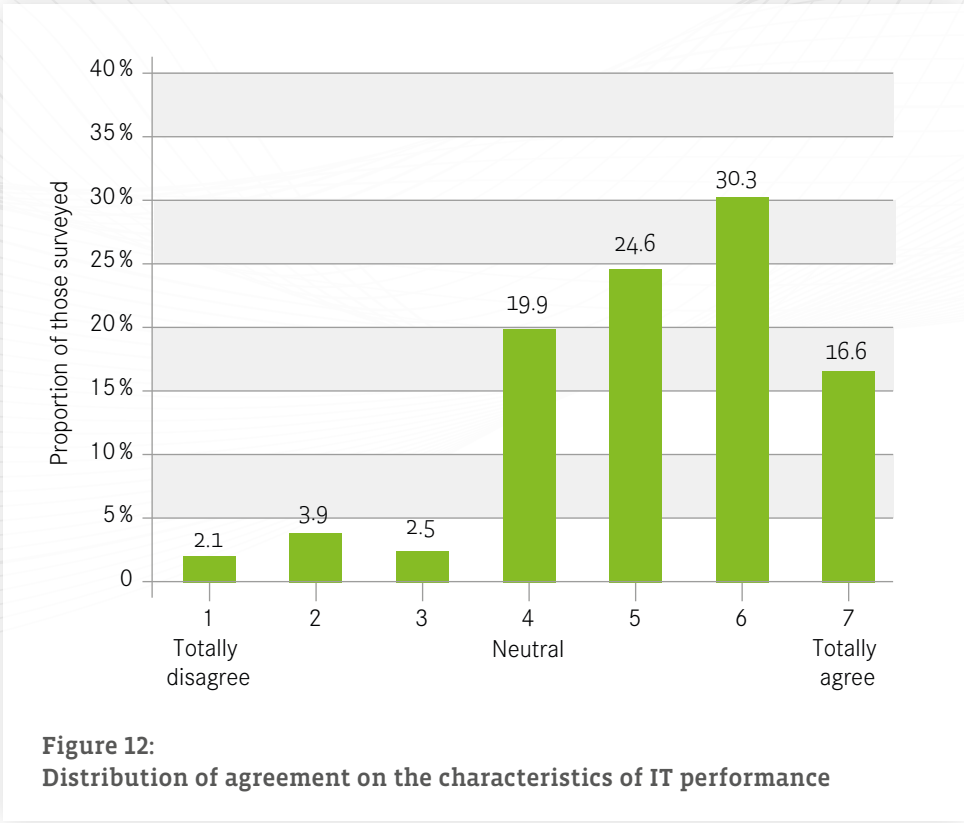
Companies that address the opportunities associated with new information technologies are rewarded: New IT improves the competitive position. This is agreed by 63 percent of those surveyed. Also, a majority of those surveyed note an increase in productivity (60.6 percent) and sales revenues (49.5 percent). In addition to business process performance (r = .57), IT performance is also strongly correlated with cross-functional collaboration (r = .49) and corporate agility (r = .49).

Understanding and designing processes, and the human factor

To ensure the optimum design of Process Excellence, from the perspective of Top-management, companies must take into account process design, a common understanding of processes and structures as well as the human factor from the perspective of top management. Because business process performance is strongly correlated with corporate agility (r = .55) andcross-functional collaboration (r = .51). Companies use methods such as Process Mining so they do not have to start with a blank slate when it comes to optimizing processes.
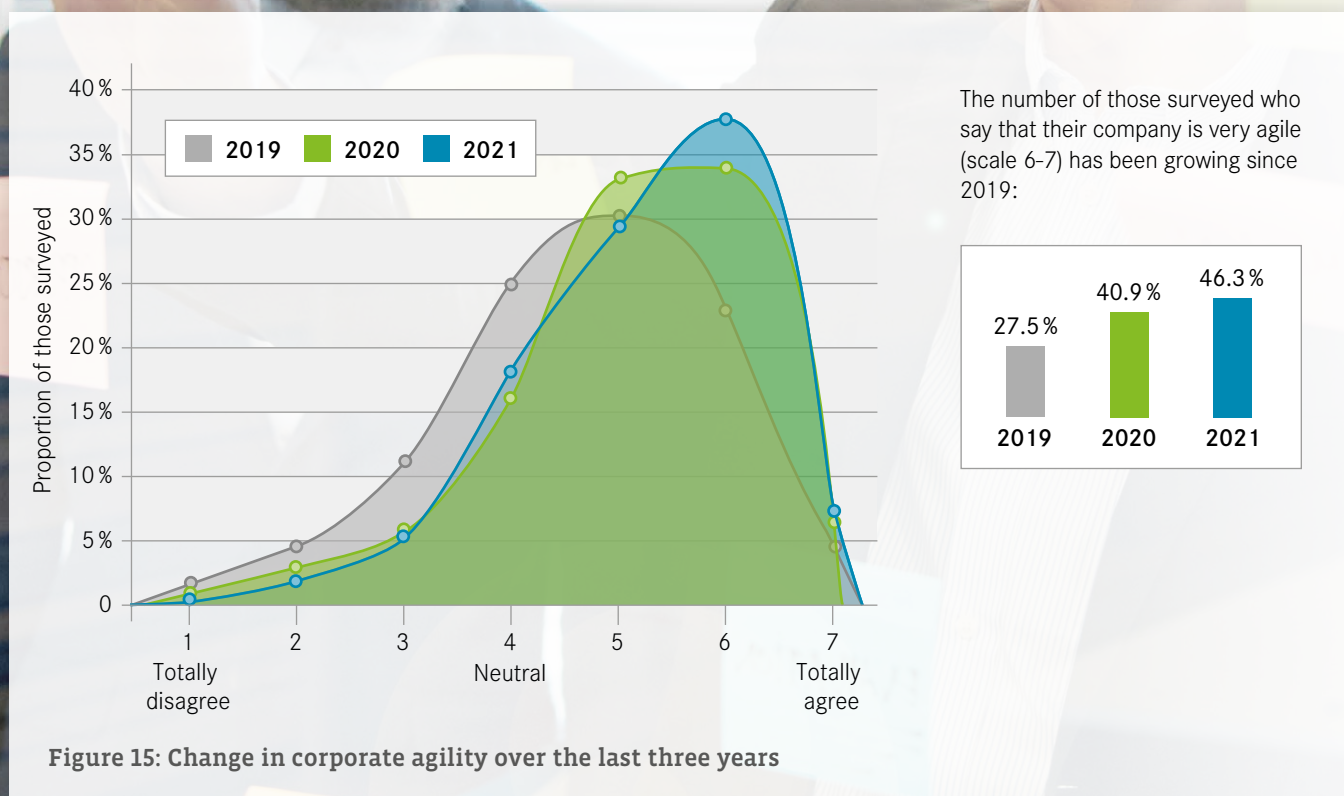
Strong correlation

Business process performance
$r_s = 0.57$

IT performance

Cross-functional collaboration
$r_s = 0.49$

Corporate agility
$r_s = 0.49$

Figure 13: Strong correlation with IT performance

Process design

- Simplification – Keeping processes simple
- Clean documentation of processes and their architecture
- Integrating the customer into the innovation processes
- Preventing waste
- Dismantling outdated IT processes and legacy systems

Creating a common understanding of processes and structures

- Training and developing process skills (e.g. BPMN, modeling, process management)
- Training and developing methodological skills (e.g. Lean, customer focus, agility)
- Creating transparent work processes and structures

The human factor

- Promoting an interdisciplinary environment and diversity
- Creating an environment where employees actively take responsibility
- Creating clear responsibilities and role jurisdictions
- Ensuring optimum fit between tasks and employees (skills and expertise)

Figure 14: Factors for successful processes

The number of those surveyed who say that their company is very agile (scale 6-7) has been growing since 2019:

27.5 % (2019)   40.9 % (2020)   46.3 % (2021)

Figure 15: Change in corporate agility over the last three years

Measures for customer focus and customer satisfaction

From the viewpoint of top decision-makers, the inclusion of customer focus and People Excellence plays an important role in the optimization of processes: This is about examining aspects such as the non-utilized potential of employees and time wasted with manual activities. It is also about evaluating which processes do not contribute towards increasing the value of the product or service.

Moreover, digitized processes are required by more and more customers. This opens up a multitude of opportunities for new services: from personalization and new channels for customer contacts to new pricing models.

Customer focus measures are reflected in agile forms of work organization, faster interactions with customers, omni-channel strategies, expanded digital access and the use of new technologies, among others. Customized offers (also AI-based) are becoming increasingly popular. As a result, co-creation approaches are becoming more widespread, and customers are included in innovation projects from the beginning.

One example of how customer focus is embedded in all aspects of Organizational Excellence is the analysis and optimization of the Customer Experience. The optimization of processes can have a direct effect on the customer experience: by reducing costs when it comes to customer inquiries, or with a more efficient exchange of information inside the company. In the opinion of top decision-makers, a Good Practice can be described as follows: Managers pitch identified challenges in processes with regard to the Customer Experience. Employees with different backgrounds participate in the optimization process and learn to improve their collaboration (sprint for sprint). Employees have an opportunity to voluntarily participate in the projects to work on the issues that interest and motivate them.

Agility and online labor markets as integral parts of the process organization

Two main trends can be observed in the context of Process Excellence: Agility is becoming more pronounced, and online labor markets - virtual tools for work planning and distribution inside companies - are becoming more popular. Top management also sees a lot of potential when it comes to self-organization.

Corporate agility continues to increase from 40.9 percent in the previous year to 46.3 percent and has become an integral part of the process organization. It continues to be expanded and scaled in the companies, e.g. on the basis of frameworks such as SAFe, LeSS etc.

The known agile methods are used extensively at this time. Now, companies focus on customizing and providing digital support for agile work methods, and also on establishing structures and processes that make the company more agile as a whole.

In addition, opening the company to the outside also plays an increasingly important role, and agility is envisioned beyond the company's boundaries. Moreover, the collaboration within and with networks is also becoming more relevant to the process organization.
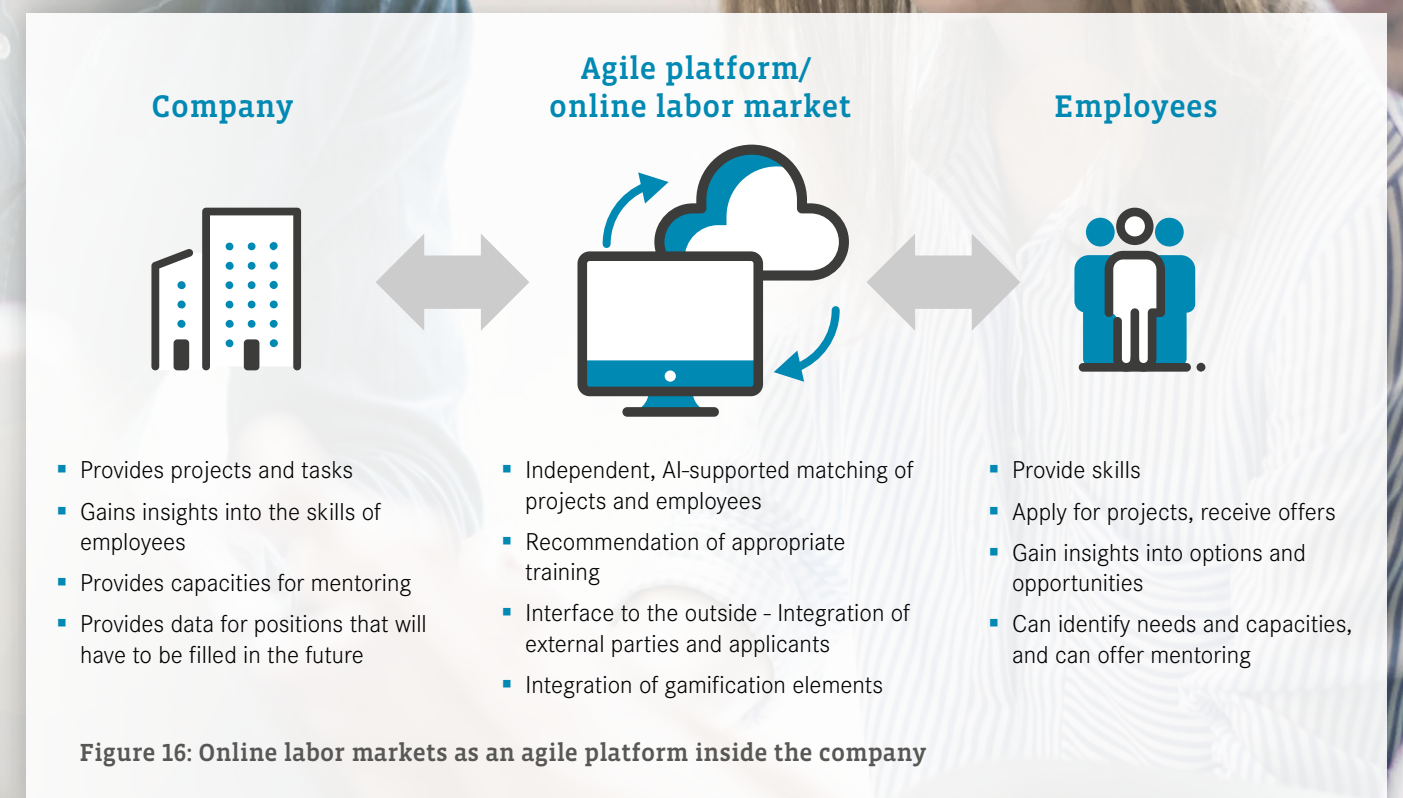
Using online labor markets, employees are in the right project at the right time

In the context of self-organization, top decision-makers increasingly rely on online labor markets. They enable the AI-supported matching of employees (Teams) and projects (Tasks) in accordance with skills, interests and expertise. An interface to the outside also includes external stakeholders. Employees can apply for projects or even initiate their own projects, and they gain insights into the options and opportunities in the company. It is a way for top decision-makers to respond to the challenge of ensuring that the right employees are assigned to the right project at the right time.

By using such platforms, companies can enjoy many other advantages: for example, an overview of the skill profiles of their employees, information about required further training, or an overview of capacity utilization.

Online labor markets also offer a lot of advantages to employees: In addition to the psychological empowerment created by such a platform, employees work in projects and on tasks that match their skill and expertise profile, they benefit from targeted further training, and they gain insights into the company's issues. This increases motivation and strengthens employee loyalty.

Company

- Provides projects and tasks
- Gains insights into the skills of employees
- Provides capacities for mentoring
- Provides data for positions that will have to be filled in the future

Agile platform/ online labor market

- Independent, AI-supported matching of projects and employees
- Recommendation of appropriate training
- Interface to the outside - Integration of external parties and applicants
- Integration of gamification elements

Employees

- Provide skills
- Apply for projects, receive offers
- Gain insights into options and opportunities
- Can identify needs and capacities, and can offer mentoring

**Figure 16: Online labor markets as an agile platform inside the company**

Collaboration structures change from rigid to adaptive

Process Excellence, driven by the process towards agility and digitization, increases the adaptability of companies by more than 26 percent. It means that they can respond to changes in demand more quickly and more easily. The ability to adapt to concrete customer requirements increased from 53 percent in 2019 to almost 69 percent this year. There has also been a significant increase in the ability to respond to new products of competitors.

In this context, the collaboration structures along the value chain move away from rigid and towards adaptive networks. In the end, the value creation processes in the company become much more agile and better at adapting to market demand and the market environment.

Figure 17: Collaboration in the value creation network
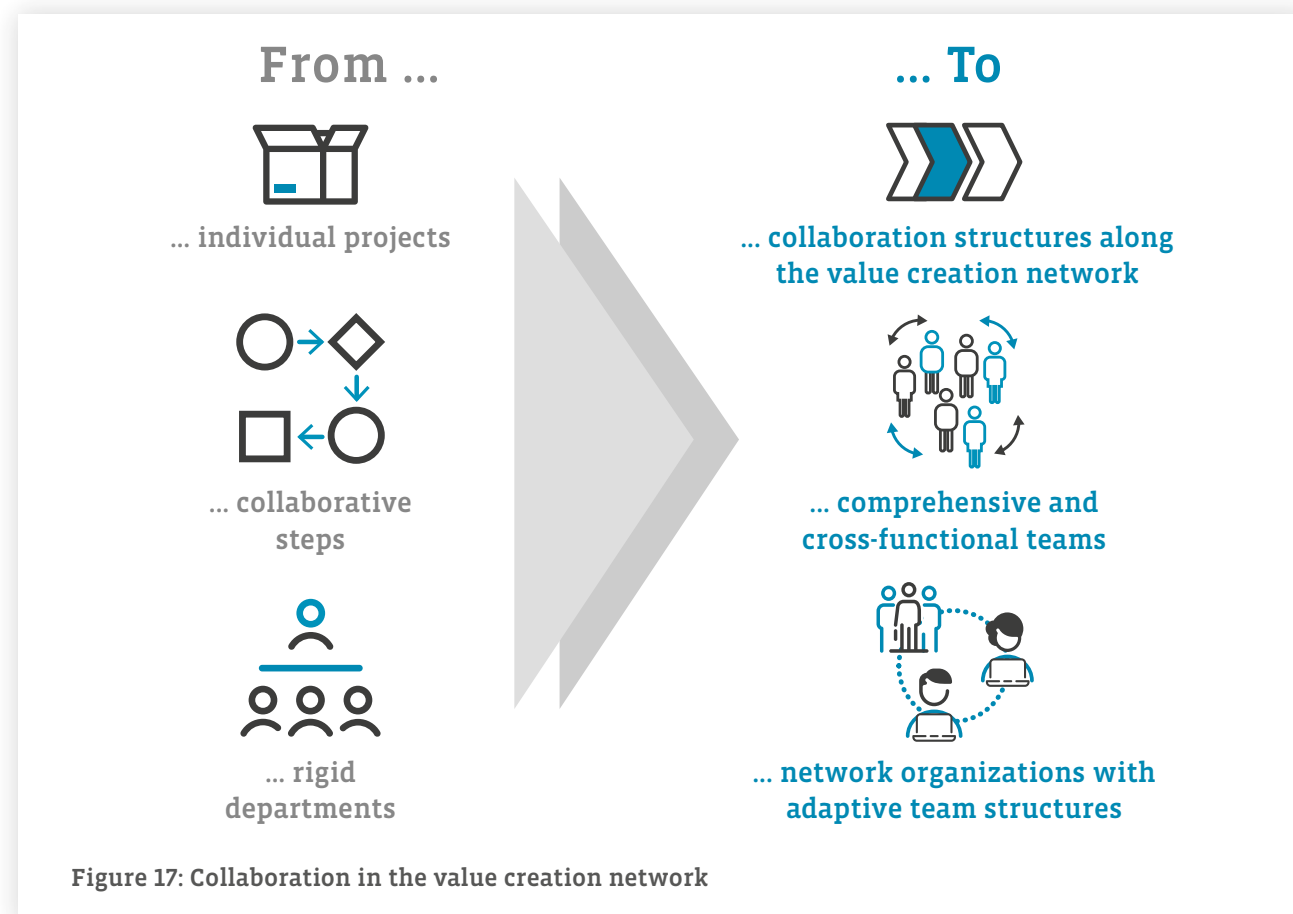
Conclusion and outlook.

The Future Organization Report 2021 shows that companies are increasingly setting holistic goals in order to optimize their organization and set it on a path towards sustained success. Of course, financial indicators are still relevant, but companies increasingly recognize that dimensions such as sustainability, diversity and purpose are important factors for long-term progress. People Excellence and Process Excellence - combined with a strong customer focus - are the two pillars that lead to an excellent organization.

Employees in particular play an important role in the company and in terms of strengthening Organizational Excellence. Therefore companies should examine the success factors identified in this report, and they should define how they can optimize the general environment for their employees. This process begins with a common vision that is broken down to the relevant goals. It also requires the creation of a framework for collaboration across functions and teams in order to increase overall efficiency and productivity.

The collaborative implementation of the company's objectives is greatly supported with an agile mindset. Using such a mindset, employees act in a solution-oriented manner and accept the challenges of today's dynamic work environment.

Regarding the second pillar, Process Excellence, it is noted that processes are becoming ever more agile and digital. This involves much more than simply digitizing existing processes. They must first be analyzed so that their purpose is better achieved with digital processes. Corporate agility continues to increase compared to last year and can now be viewed as an integral part of the process organization. This also includes an increasing sense of self-responsibility on the part of employees, which is reflected in e.g. online labor markets in which employees actively and

independently organize themselves into project teams, apply for projects that match their skills and interests, or initiate their own projects.

The report identifies numerous success factors, which should not be defined in a standardized manner however. Rather, they should be viewed as a frame of reference in light of the increasingly dynamic market situation, changing customer requirements and the different attributes of company-specific parameters. On this basis, management should continuously reflect on the situation of its company, value the input of employees and make decisions for its further development.

Because achieving Organizational Excellence with rigid specifications is not the objective in this case. Rather, it is about continuously balancing the company's situation to create an ideal and personalized work environment.

"We are not interested in the next quarter, but the next 15 years. The next generation that might come. This provides us with a different dimension in which we can act and accomplish things."

Dr. Johannes Stemmer | Beumer Group

Project and author team.

Christian Schmid
Project Executive and Co-Lead of the Business Area Future Organization at Campana & Schott

Prof. Dr. Christoph Peters
Assistant Professor and Co-Lead of the Competence Center Agile Transformation at the Institut für Wirtschaftsinformatik of Universität St.Gallen

Christoph Gudernatsch
Manager Project/Program/Portfolio Management and Co-Lead of the Business Area Future Organization at Campana & Schott

Karen Eilers
Associated Researcher in the Competence Center Agile Transformation at the Institut für Wirtschaftsinformatik of Universität St.Gallen

Rosana Pfaffe
Enterprise Coach and Agilist at Campana & Schott

Benedikt Simmert
Associated Researcher in the Competence Center Agile Transformation at the Institut für Wirtschaftsinformatik of Universität St.Gallen

Franziska Alhäuser
Managing Consultant and Co-Lead of the Core Topic Organization Design at Campana & Schott

Prof. Dr. Jan Marco Leimeister
Director, Institut für Wirtschaftsinformatik at Universität St.Gallen

René Kräling
Managing Consultant and Co-Lead of the Core Topic Enterprise Agility at Campana & Schott

Glossary and sources.

Term	Definition	Sources
Innovative work conduct	Describes the conduct needed by an individual to generate, adapt and implement ideas in a work context.	Scott, S. G., & Bruce, R. A. (1994). Determinants of innovative behavior: A path model of individual innovation in the workplace. Academy of management journal, 37(3), 580-607.
Cross-functional cooperation	Describes the extent of cooperation and coordination between different departments (e.g. R&D, Marketing, Production) within a company.	Roberts, N., & Grover, V. (2012). Leveraging information technology infrastructure to facilitate a firm's customer agility and competitive activity: An empirical investigation. Journal of Management Information Systems, 28(4), 231-270.
Business process performance	Describes the efficiency level of inter- and intra-organizational processes in a company.	Kim, G., Shin, B., & Grover, V. (2010). Research note: Investigating two contradictory views of formative measurement in information systems research. MIS quarterly, 345-365.
IT performance	Describes the perceived contribution of IT to the business result.	Kim, G., Shin, B., & Grover, V. (2010). Research note: Investigating two contradictory views of formative measurement in information systems research. MIS quarterly, 345-365.
Work engagement	Describes an affective-motivational status that is characterized by strength, dedication and absorption in a work topic.	Bledow, Ronald, Michael Frese, and Antje Schmitt (2011), "The Affective Shift Model of Work Engagement", Journal of Applied Psychology, 96, 1246–1257.
Employee agility	Describes the proactive, adaptive and resilient conduct of the workforce.	Muduli, A. (2017). Enterprise Agility Examining the role of organizational practices and psychological empowerment. Global Business and Organizational Excellence, 36(5), 46-56. Sherehiy, B., & Karwowski, W. (2014). The relationship between work organization and workforce agility insmall manufacturing enterprises. International Journal of Industrial Ergonomics, 44(3), 466–473.
Corporate agility	Describes the ability of companies to quickly and easily change their strategy with regard to customer proximity, business partnerships and operational processes.	Tallon, P. P., & Pinsonneault, A. (2011). Competing perspectives on the link between strategic information technology alignment and organizational agility: insights from a mediation model. Mis Quarterly, 463-486. Queiroz, M., Tallon, P. P., Sharma, R., & Coltman, T. (2018). The role of IT application orchestration capability in improving agility and performance. The Journal of Strategic Information Systems, 27(1), 4-21.
Company performance	Refers to the perception of individuals with regard to growing market share, profit and sales, and the company's profitability compared to its competitors.	Queiroz, M., Tallon, P. P., Sharma, R., & Coltman, T. (2018). The role of IT application orchestration capability in improving agility and performance. The Journal of Strategic Information Systems, 27(1), 4-21. Powell, T. C., & Dent-Micallef, A. (1997). Information technology as competitive advantage: The role of human, business, and technology resources. Strategic management journal, 18(5), 375-405.
Agile mindset	Describes the positive attitude of an individual towards relevant conduct within a dynamic work context. In this vein, the individual evaluates the following as positive: 1) continuously looking for new insights to respond to changes, 2) sharing and discussing approaches and results of the work in a transparent manner, 3) making independent decisions on the next steps, and 4) being engaged in a co-creation process at work in a manner that is always customer-oriented.	Eilers, K., Simmert, B., Peters, C., & Leimeister, J. M. (2021). Why the Agile Mindset Matters. Academy of Management Annual Meeting (AOM).

FUTURE
ORGANIZATION
REPORT 2021