Economic Pressures and Heightened Scrutiny Inspire New Approaches To Corporate Strategy

March 23, 2011

C-Suite Responds to No-Fail Expectations for Corporate Strategy to Ensure Success, According to the Second Annual FD/Forbes Insights Strategic Initiatives Survey of Corporate Executives

More than Three-Quarters (76%) of Respondents Say They Have Rethought Their Current Strategic Initiatives, a Major Jump Over Last Year's Survey

NEW YORK, March 23, 2011 /PRNewswire via COMTEX/ -- U.S. business leaders recognize the increased volatility associated with the post-crisis economy and are approaching their companies' most strategic initiatives with more caution than ever before. The new FD/Forbes Insights Strategic Initiatives survey of 180 C-level executives, senior strategists and communications professionals found that businesses are reluctant to increase investments and hiring today because of uncertainty in the regulatory environment (36%) and the tax environment (39%) over the next 12 months.

With that said, the Strategic Initiatives survey, conducted by FD, the Strategic Communications segment of FTI Consulting, Inc. (NYSE: FCN), in partnership with Forbes Insights, the Council of Public Relations Firms and the Association for Strategic Planning, also uncovered overall optimism that well-considered plans can still yield productive initiatives. Respondents believe there is room for growth, but they are being more selective and taking careful steps to be more informed and better prepared than in recent years.

"As the study suggests, this no margin-of-error environment hasn't curtailed managements' ambitions," said Betsy Neville, the study's co-author and head of FD's corporate communications practice. "Companies have maintained a commitment to growth investments and are moving ahead cautiously with certain key initiatives such as entering new markets and making acquisitions and divestitures."

At the same time, executives are taking careful steps to ensure implementation is successful, such as increasing stakeholder alignment; a critical insurance policy to ensure each and every strategic initiative is designed and executed properly. These more stringent expectations are being driven by several factors, including:

- **Less funding available** as new initiatives compete with a greater emphasis on preserving cash;
- **More pressure** from clients to produce greater results;
- **More scrutiny** from investors;
- **Uncertainty** in the regulatory and the tax environment.

Respondents agree that a strategic initiative has the ability to change a market, competitive position or business model. Also, when undertaking strategic initiatives, CEOs (37%) and senior strategists (38%) maintain the view that they should involve multi-year commitments of resources to new markets and new ventures. New market entry (44%), new product launch (35%), and repositioning or rebranding (31%) are the most common current initiatives reported.

"The emphasis on resourcefulness has ushered in a new way of doing things, and the implications can't be ignored," said Bruce Rogers, chief brand officer, Forbes. "There can be no question that strategy is aligned with external perceptions, and understanding and commitment is earned from all internal stakeholders."

This year's study offers comparative data to the first survey conducted in 2009, which found that communications is viewed as a critical component to carrying out corporate strategy but is often times overlooked during the planning stages and through some stages of execution. The 2009 survey further uncovered that companies do not have evolved collaborative partnerships between strategy and communications functions, which would better help the success of strategic initiatives.

Key findings include:

The top reasons why strategic initiatives fail to meet expectations is a **poor match between strategy and organizational capabilities** (20%), where the lack of alignment occurs with core competencies as opposed to hard assets like facilities and distribution networks, or intangible assets such as brands and patent portfolios.

Additionally, plans fail due to **unforeseeable circumstances** that make implementation unsuccessful (23%),and a **lack of understanding of strategy,** commitment and follow-through by the organization and key stakeholders (19%).

When reflecting on reasons for failed initiatives**,** nearly half (46%) of respondents say internal stakeholders **-- senior management, middle management/supervisory and front-line employees -- were not convinced** or required additional information.

In trying to improve the success of strategic initiatives, respondents most frequently are turning to **communications** with 41% reporting this shift.

Most companies plan to use increased communications to better **engage their workforces** (73%); the most significant shift in communications focus from 2009 is with **government outreach** (12% more).

A majority (68%) of respondent **say CEO thought leadership is decidedly more critical** today than it was two years ago.

Other common measures to improve success include instituting **formal change management efforts** (34%), adding dashboards or tracking mechanisms (30%), and bringing in consultants to support change efforts (28%).

About the FD/Forbes Insights 2010 Strategic Initiatives Study

FD and Forbes Insights conducted the online survey from August through October 2010. The survey sought the perspectives of C-level executives, senior strategists and communications professionals on a variety of issues relating to corporate strategy. In total, 180 CEOs, CFOs and COOs; 54 senior strategists; and 19 senior marketing and communications officers responded to the survey.

About Financial Dynamics

FD (Financial Dynamics), the strategic communications segment of FTI Consulting (NYSE: FCN), is one of the world's most highly regarded communications consultancies. With more than 20 years experience of advising clients in critical situations, FD supports clients in protection and enhancing their reputation in the capital markets, society and the political environment. FD's services include financial public relations, investor relations, public affairs, crisis and issues management, litigation PR, digital communications, strategy consulting, research as well as corporate and change communications. FD is an established market leader in M&A communications for many years.

About Forbes Insights

Forbes Insights is the strategic research practice of Forbes Media, publisher of Forbes magazine and Forbes.com. Taking advantage of a proprietary database of senior-level executives in the Forbes community, Forbes Insights' research covers a wide range of vital business issues, including talent management, corporate social responsibility, financial benchmarking, risk and regulation, and doing business in emerging markets. www.forbes.com/forbesinsights

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 3,600 employees located in most major business centers in the world, we work closely with clients every day to anticipate, illuminate, and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at http://www.fticonsulting.com/.

SOURCE FTI Consulting, Inc.