Introduction

Corporate strategy functions must evolve to offload more work to the business while delivering value through insight and advisory expertise.

Value Drivers
- What outcomes does strategy bring to the business?
- What does strategy help the business do?

Strategy’s Role
- What is strategy’s role in the organization?
- What processes or tools does it apply to enhance business performance?

The Role of the Business
- What is the business’s relationship with strategy?
- What are the business’s accountabilities, roles and responsibilities?

Delivery Model
- What does the strategy function look like organizationally?

Functional Resources
- How is strategy using its allocated budget?
Value Drivers

Strategy Champion to Digital Navigator

Corporate strategy functions have historically helped the organization develop a growth-oriented strategic plan. Three trends are compelling corporate strategy teams to rethink this value proposition to the business:

- **Pervasive Digital Capabilities**
  Digital capabilities permeate all aspects of business and operating models.

- **Asset Lite**
  New products and services can be made, customized and launched instantly.

- **Winners Take All**
  The rise of platforms and network effects means companies that can create enough scale can secure most of the profits.

Together these trends demonstrate that the pace of digital disruption is quickly accelerating, and incumbents must make big, bold bets to stay ahead. Corporate strategy must take on the role of “digital navigator,” helping organizations sense digital disruption, re-envision themselves as truly digital companies and develop a pathway to get there.

This comes with several implications for strategy leaders:

- Strategy functions will shift from helping business leaders identify best-fit technology solutions for problems today toward focusing on identifying longer-term market shifts that drive a continually evolving digital portfolio. Technologies quickly become obsolete but market shifts are longer-lasting, and corporate strategy is uniquely positioned to understand the implications for the digital portfolio.

- Strategists will help executives develop a new vision of the organization as a truly digital business, involving changes to all aspects of the business model: value proposition, profit model, customer base and business capabilities.

- Rather than supporting small-scale digital pilots in isolated corners of the organization, strategy leaders and their teams will spearhead broader digital growth initiatives that cut across businesses and functions while finding smart ways to derisk these projects and accelerate learning.
Strategy’s Role

From Process Facilitation to Challenging Mindsets

Corporate strategy’s day to day has historically revolved around facilitating strategic planning, sensing and diagnosing emerging trends and helping business leaders prioritize growth opportunities. But strategy leaders are now rethinking their time spend in response to two emerging trends:

- **Eroding Process Ownership**
  Access to tools and data mean the business will do more for itself and expect value beyond current functional process stewardship.

- **Corporate Function Drag**
  Growth in functions’ overlapping process requirements outpaces their coordination and efficiency gains, creating more bureaucracy that drags on the business.

As a result, strategy conversations are becoming more continual and business unit-led. Even when business units do engage in the formal planning cycle facilitated by corporate strategy, they often view it as a bureaucratic waste of time.

Forward-thinking strategy leaders recognize that the secret to creating a growth-focused organization is not by further improving the planning calendar and templates but by challenging operational mindsets that keep the organization in short-term firefighting mode.
This focus on challenging mindsets will lead to a number of changes in strategy’s day-to-day activities:

- Corporate strategy will place less emphasis on choreographing every element of the annual planning cycle through a structured calendar and templates. Instead, strategy will work to create the conditions for a productive strategic dialogue by helping business leaders determine which topics are strategic (to be tackled during planning) and which are operational (to be addressed during operating or financial planning).

- When strategy does get involved in facilitating planning activities, the function will actively work to connect long-term strategy conversations to near-term operating realities, making the dialogue more relevant to business leaders.

- Finally, strategy leaders will recruit business leaders with a track record of strategic thinking to help promote long-term mindsets in the organization. In a globally diversified and dispersed organization, the task of encouraging long-term thinking is a difficult burden for strategy leaders to shoulder alone.

Figure 2: Drivers of Long-Term Growth

Percentage of Relative Impact

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addressing the Process</td>
<td>11%</td>
</tr>
<tr>
<td>Addressing Operational Mindsets</td>
<td>89%</td>
</tr>
</tbody>
</table>

n = 48.
Source: Gartner analysis.

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Role of the Business

From Strategy Executor to Growth Networker

The traditional division of responsibilities, with corporate strategy focusing on longterm thinking while business units focus on execution, will break down. Three trends are driving business units toward more ownership of identifying, prioritizing and piloting growth opportunities:

Winners Take All
The rise of platforms and network effects mean companies that can create enough scale can secure most of the profits. This means business units will need to source and launch more bold growth bets.

Corporate Function Drag
Growth in functions’ overlapping process requirements outpaces their coordination and efficiency gains, creating more bureaucracy that drags on the business.

Data Scrutiny
Customers, regulators, business leaders and employees expect companies to understand what data they have or could have, what can be done with it, what risks it poses and what plans are in place to manage it.

Corporate strategy will maintain a critical role in growth strategy development, but the role will shift from facilitation of individual opportunities to one more focused on network coordination. Strategy can identify growth opportunities that fall between silos, as well as opportunities for business units to collaborate on similar growth opportunities. This will involve strategy setting up mechanisms to create transparency throughout the organization, creating forums for businesses to collaborate and providing training to develop the hard and soft skills necessary for collaboration. Strategy will help the business identify low-value or lagging projects to shut down to free up resources for more transformational, cross-cutting growth opportunities.
Delivery Model

From Pure-Play Strategist to Internal Consultant

Corporate strategy departments are lean teams with an average of five full-time employees. For that reason, strategy’s organizational chart has never been overly complex. That said, three trends are driving strategy leaders to reorganize their departments into internal consulting teams:

**Pervasive Digital Capabilities**
Digital capabilities permeate all aspects of business and operating models. Strategists will increasingly be asked to help business leaders identify and act on the implications of digitalization.

**Asset Lite**
New products and services can be made, customized and launched instantly using resources such as online software, 3D printing and crowdfunding. This will take business units into more different types of new markets, pushing strategy to develop new capabilities in order to remain a trusted partner.

**War for Talent**
Stiff competition for scarce talent creates the need for skills-based roles and talent sharing across functions.

Cross Functional Responsibilities

Percentage of Strategy Teams Owning Each Responsibility

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Planning and Analysis</td>
<td>11%</td>
</tr>
<tr>
<td>Research and Intelligence</td>
<td>11%</td>
</tr>
<tr>
<td>Marketing</td>
<td>7%</td>
</tr>
<tr>
<td>Finance</td>
<td>3%</td>
</tr>
<tr>
<td>Research and Development</td>
<td>2%</td>
</tr>
<tr>
<td>Sales</td>
<td>2%</td>
</tr>
<tr>
<td>Operations</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
</tbody>
</table>

*Percent of corporate strategy teams that have ownership of responsibilities outside strategy’s traditional purview.*

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A Focus on Market Insight and Analytics

Head count represents the lion’s share of strategy group budgets, with market research and databases accounting as the second biggest line item. Three trends will continue to drive strategy leaders to allocate funds toward insight and data as well as talented staff to make sense of them:

**Asset Lite**
New products and services can be made, customized and launched instantly using resources such as online software, 3D printing and crowdfunding. Strategy will need to hire and cultivate new talent to help business leaders make sense of a greater variety of growth opportunities.

**Regulatory Fragmentation**
Global legal and regulatory frameworks will fragment as more countries assert their place in the global regulatory and economic environment and as enforcement activity is driven by populist and political agendas.

**Eroding Process Ownership**
Access to tools and data mean the business will do more for itself and expect value beyond current functional process stewardship.
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