Top Insights for the C-Suite

How to Excel at Both Strategy and Execution: A Communications Perspective
Top Insights for the C-Suite

How to Excel at Both Strategy and Execution: A Communications Perspective
A Perspective From Mike Harris
Executive Vice President
Research & Advisory, Gartner

Business leaders today face a very challenging business environment marked by significant change, competition, uncertainty — and opportunity.

Although many organizations find it hard to accelerate through the kinds of disruptions and mixed signals they face, Gartner research shows that there are ways to position your business to drive through disruption and come out ahead, but it takes concerted action and preparation.
If you’re like most business leaders, you’d probably prefer not to make big moves until the signals are clearer, or you may look for ways to weather uncertainty — perhaps first leveraging low-hanging tactics like cost-cutting to improve a few performance metrics.

But neither a “wait-and-see” approach nor defensive cost-cutting will power you through adversity — not least because today’s current state of uncertainty won’t magically disappear.

There’s little clarity on a range of economic, regulatory, geopolitical and trade issues, and digital disruption has made widespread and multidimensional uncertainty the new normal.

Turns of fortune may be sudden (e.g., enormous security breaches) and can blindside you unexpectedly (e.g., new competition from outside your industry). The g-forces in the turn may be extreme (a nontraditional competitor that doesn’t need to make a profit) and the time to impact short due to digital capabilities (viral anti-brand social media). Turns often coincide, increasing the need to react on different business vectors and requiring a high-performing executive team.

To survive any such turns, organizations must be able to flex as the environment changes. But some progressive business leaders, our research shows, do more than survive; they thrive — by embracing turns as a prime opportunity to seize and sustain a competitive edge.

But winning in the turns in this way requires you to prepare before the turn — whether you’re on the executive committee crafting enterprise strategy or leading your function to execute it.
A Perspective From Mike Harris continued

The risk of paralysis is very real, especially if your organization lacks institutional memory of operating outside of a growth cycle. Many of today’s leaders have, for example, only led strategy and operations during times of growth. Fewer than half of current CxOs were functional heads during the 2008-09 financial crisis, and less than 10% were heading the same function in their current company.

Lack of preparation creates business risk. In today’s business environment, being right is only half the battle. Companies also need to execute at speed — intensely pursuing strategy with confidence and discipline as the environment changes.

This e-book delivers insights from Gartner research in 2019, featuring data and findings from proprietary surveys and engagements. It highlights the actions that progressive functional leaders are taking to improve their execution and drive forward the organization’s objectives, especially through disruptive turns and uncertainty.

These practice-specific insights tackle the very real changes that functional leaders face in their own areas of the organization — from the lack of critical skills and capabilities to evaluating risks and speaking data as a second language — as well as their imperative to execute against the enterprise objectives.

Best regards,

Mike Harris
Uncertain Business Conditions Seen in Unprecedented Market Trends

Trend lines across major indexes

This is the first time since the Great Recession that these trends have converged at post-recovery highs.

- **Business Transformation**
  - Business model transformation
  - M&A transactions

- **Competition**
  - Entrepreneurship health index
  - Top-player dominance

- **Economic Uncertainty**
  - Economic policy uncertainty
  - Probability of recession

- **Employee Power in the Labor Market**
  - Employment rate
  - Employee disengagement index

- **Capital Inefficiency**
  - Corporate debt new issues
  - Corporate capital inefficiency

Scaled from 0% to 100%, and where 0% is the minimum while 100% is the maximum rolling three-year average reached since 2009. Trends are based on well-known indexes and reported benchmarks and both public and proprietary data.

Source: Gartner
What communications leaders should know

Faced with the changing expectations of their stakeholders, businesses are under increasing pressure to take a position on social and political issues. However, communications leaders can be reluctant to engage with controversial topics, fearing a negative backlash from their employees, customers and investors.

But by choosing the right issues and engaging in a way that’s authentic to their values, companies are far more likely to see a positive response to speaking out.

Elizabeth Barrett
Vice President, Team Manager
Gartner Research & Advisory
Communications

Engage productively on contentious social issues
Organizations are expected to speak up

Organizational stakeholders, including employees, customers and investors, increasingly expect organizations to take a stand on contentious social or political issues. Nearly half of these stakeholders also expect companies to take a public position on such issues regardless of their relevance to corporate objectives.

This pressure to comment isn’t just coming from activists or special interest groups, either. Gartner found that of those who responded to a company’s public position, over one-third were taking action for the first time. These “first-timers” aren’t the same as the activists who many companies have been dealing with for years. They represent a shift in stakeholder mindsets.

New audiences taking action further indicate that social pressure to comment is very likely to continue to rise in the years ahead, with responses coming from younger stakeholders.

Millennials, now the largest demographic group on the globe, are entering “the most important age range for economic activity,” making it harder for companies to continue ignoring calls to engage with societal issues.

However, in an increasingly polarized world, many companies steer clear of controversial issues. Although this trend is beginning to change, exemplified by Iceland Foods’ palm oil stance or the Nike campaign supporting Colin Kaepernick against social inequality, the fear of damaging brand reputation and audiences bombarding an organization with negative comments is shared by many communicators.

87% of employees expect companies to take a public position on social issues relevant to their business.

Source: 2018 Gartner Optimizing Communications for Changing Stakeholder Expectations Survey

82% of millennials who saw a company engage with a contentious issue responded in some manner.

Source: 2018 Gartner Optimizing Communications for Changing Stakeholder Expectations Survey
A lose-lose proposition

Deciding whether to take a stand on a societal issue requires a new calculus. The circumstances differ from both traditional issue management and crisis management. Societal issues are numerous, often emotional and hard to anticipate. Many people within the organization want a say, and decision rights are unclear. Internal and external “noise” doesn’t accurately reflect the degree or intensity of opinion.

Ultimately, taking a stand on a polarizing issue can appear like a lose-lose proposition in terms of the impact on organizational reputation. Communications executives struggle to make decisions when it’s likely that speaking up will provoke both supporters and detractors of the response, but staying silent could also be interpreted as tacit agreement with either side. All these factors make it difficult for communications teams to make decisions about when and how to take a stand on an issue.

57% of communicators feel that “protecting their reputation in the face of polarizing issues” is of the utmost urgency.

Source: 2019 Gartner Communications Agenda Poll

26% of communicators report confidence in their ability to manage contentious issues that impact their organization.

Source: 2019 Gartner Communications Agenda Poll
Capture the upside through informed decision making

Gartner research indicates that stakeholder response to organizational involvement in societal issues is overwhelmingly positive.

The positive nature of audience responses suggests that organizations should be making decisions based on an upside pursuit, choosing when to get involved based on an understanding of when potential positive responses outweigh negative ones. Given this, the ability of organizations to understand the likely nature of response is crucial. Communications leaders should adopt a systematic approach to guiding their organization's involvement in societal issues, and incorporate the following into their decision making:

• Predetermined engagement criteria that help decision makers reach consensus and defend decisions

• A “north star” that guides organizational involvement to align with a higher intent

• Audience knowledge that helps the organization make informed trade-offs

67% of stakeholders who recalled seeing a company action or statement did something in response. Those responses — new behaviors prompted by the company statement or action — ranged from customer purchases to employment decisions.

Source: 2018 Gartner Optimizing Communications for Changing Stakeholder Expectations Survey

Positive responses, such as applying for jobs or increasing spend with a company, outweighed negative ones by a factor of three.

Source: 2018 Gartner Optimizing Communications for Changing Stakeholder Expectations Survey
"Stakeholders are increasingly expecting companies to get involved in societal issues. In response, more and more are voicing their opinions on controversial topics and through multiple channels — from press releases and CEO tweets to advertisements and government lobbying — all of which are undertaken both proactively and in reaction to events."

Patryck Allen
Director, Advisory

"Communications leaders are understandably cautious about taking a stand on contentious issues. However, staying silent on an issue can also risk alienating those who believe a ‘no comment’ position is tacit approval of the societal issue in question, whereas speaking out is more likely to have a positive impact on things such as employee engagement and buying decisions."

Dean Vitté
Director, Advisory

"The most surprising discovery in this research is the disproportionately positive response from audiences when they see a company taking a stand. The data shows that improved opinions of the company outnumber negative reactions by roughly 6 to 1. Potentially even more impressive than the attitudinal improvement is the positive impact on behavior in crucial areas like customers buying more and employees recommending the company."

Karl Schmidt
Practice Vice President
Moving From Insight to Action

Gartner Communications Leadership Council

Discover how Gartner supports heads of communications

Gartner’s Communications Leadership Council is the definitive research and advisory resource for communications decision makers. Gartner equips senior communications leaders and their teams to transform their function across a range of key areas, including message and channel management, corporate communications function and talent management, and external communications.

In addition, Gartner’s unique blend of insights, advice and tools support the success of communications leaders by improving:

- Strategic communications planning
- Employee and executive communications
- Brand and reputation management
- Change communications

Learn more

Exercise: Find Your North Star

Connect with Gartner today

Gartner equips communications executives to make the right decisions and stay ahead of change.

Learn more about how Gartner can support your success.

Visit:  gartner.com/go/communications
Email:  topinsights@gartner.com
Call:  +44 (0) 3331 309 998 (U.K.)
       1 855 649 4966 (U.S.)