Top Insights for the C-Suite

How to Excel at Both Strategy and Execution: A Human Resources Perspective
A Perspective From Mike Harris

Executive Vice President
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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.
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,
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 HR leaders should know

There are millions of people managers in the world today — diverse individuals working in different sectors and industries around the globe with one commonality: Each must drive outcomes with and through others.

Those who are managing people are trying hard to help develop their direct reports — often using the kind of continuous coaching and feedback that their organization advocates. But these efforts are failing; in fact, they can actually degrade employee performance and engagement. Gartner research shows that Connector managers, by contrast, can boost both employee and team performance by diagnosing employees’ real development needs and connecting them with the right coaching support.

Employees are themselves increasingly expecting a more productive experience at work. They want their experiences with tools and services at work to mirror those outside the workplace, and HR functions are investing heavily to meet those expectations. But this traditional investment approach isn’t doing enough to deliver experiences that engage and retain employees. Instead, HR must shape employees’ expectations, empower staff to personalize their own day-to-day experience and manage how employees perceive their experience at work.

Jaime Roca
Sr. Vice President
Gartner Research & Advisory
Human Resources

The Connector

manager

performance

advantage
A manager coaching crisis

The world’s 160 million managers have one thing in common: They must drive outcomes with and through others. To ensure their teams are able to deliver the right outcomes, managers are expected to provide coaching and feedback to develop their direct reports’ abilities.

But there’s a mismatch between HR’s expectations around managers’ involvement in employee development and the reality, with HR leaders expecting managers to spend far more time than they actually do on employee development.

For many organizations, the natural response is to encourage managers to provide more coaching and feedback. But between these heightened expectations, widening spans of control and an ever-changing work environment, managers are undergoing a crisis of confidence — unsure of their ability to help employees develop the skills they need today.

To make sure employees get the development support they need from their managers, many organizations are promoting continuous coaching and feedback initiatives. But how well do these initiatives work in practice?
Continuous coaching and feedback degrades performance

We surveyed over 7,000 employees and managers to find out what the best managers are doing to develop employees today. As we analyzed the data and identified four distinct manager approaches, the findings were surprising: The manager approach that most organizations were encouraging, based on continuous coaching and feedback, was failing.

Continuous coaching and feedback initiatives encourage managers to provide more frequent coaching and feedback to develop employees on a breadth of skills. We refer to this manager approach as the “Always-On” style.

Instead of helping their employees develop, Always-On managers can actually degrade employee performance. The approach can be disabling for employees, providing them with too much, or even irrelevant, feedback.

The reality is that more time spent coaching has no impact on employee performance. What’s important is spending that coaching time in the right way. So what’s the better management approach?

Bad managers can cost the average organization $35 million in lost retention costs alone.

Source: Gartner

Always-On managers degrade employee performance by up to 8%.

Source: Gartner
One coaching approach clearly wins: The Connector manager

Our research finds that one type of manager outperforms the others — the Connector manager. Importantly, Connector managers don’t spend more time coaching than other types — they just prioritize their coaching time differently.

When coaching employees, Connector managers make three connections that aid employees’ development:

1. **The employee connection** — Connector managers really get to know their employees to adapt their coaching to employees’ individual development needs.

2. **The team connection** — Connector managers make development a team sport and connect team members for skill sharing and peer development.

3. **The organization connection** — Connector managers refer employees to the right development coaches at the right time.

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**Connector managers:**

- **Triple the likelihood that their employees are high performers**
- **Can improve employee engagement by 40%**

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Source: Gartner
One of our clients had a growing number of leaders in the organization with little coaching experience. They were able to use our data and Connector insights to build the business case to their leadership team for adopting the Connector approach. Using the Connector manager framework, they had a C-level leader co-present the Connector insights with our advisor. The session was recorded and shared with over 2,500 associates.

Another client was tasked with putting together a three-year strategic roadmap for manager effectiveness. The company had recently reorganized to provide more support to employees and wanted managers to live out their values. The L&D leader and her team built out a manager academy using our three Connector manager connections to drive performance. We identified changes needed to current programs, specific skills to develop and which group of managers should pilot the program.

In one case, we were working with a client who had recently implemented a continuous feedback initiative at their organization. After learning about our Connector manager research, the client decided to change their approach and teach managers how to follow the Connector manager framework. The client was able to use our insights to build training for managers on avoiding the Always-On approach and instead using a Connector approach with their teams.

**Sari Wilde**
Managing Vice President
Human Resources

Increase the return on your employee experience strategy
Employees are broadly dissatisfied with experience

Employee experience continues to be a top priority for HR leaders, but few employees (13%) agree that their employee experience fully meets their expectations.

Employee experience touches employees in many ways, all related to how they internalize and interpret the interactions they have with and within their organization and the contexts that influence those interactions. Today’s digital world compounds the risk of getting employee experience wrong. Employees are now more willing to share negative workplace experiences with the public, and they increasingly expect the quality of their experience at work to match their ever-improving experiences as consumers.

As one CHRO recently shared: “We want to create an experience that reminds employees of their consumer experiences. We want it to be described as easy, personalized, seamless, consistent, empowering.”

Our research finds that if HR leaders don’t improve their employee experience, they won’t see the business and talent outcomes they want — and need.
Experience investments alone don’t work

Given how few employees are fully satisfied with their experiences, organizations are devoting significant time and financial investment to improvements. Many organizations are investing through the expansion of available programs, support and “consumer-grade” standard improvements. Most organizations have made moderate to very large changes to their HR initiatives as a part of their employee experience strategy, resulting in substantial investments per employee.

Despite marginal improvements in experience with this investment approach, the gains are not sustainable. In just two years, an organization would need to spend 82% more to achieve the same level of improvement in employee experience satisfaction that they achieve today.

On average, organizations spend $2,420 per employee per year on employee experience initiatives.

Source: Gartner

69% of HR leaders have made moderate to very large changes to HR initiatives as a part of their employee experience strategy.

Source: 2019 Gartner Modern Employee Experience HR Leader Survey
Shape how employees feel about the experience

Shaping how employees feel about their experience results in better outcomes than simply investing in the experience alone. Organizations that shape how employees feel about their experience do so by using psychological, motivational and social principles to influence and improve employees’ feelings about their overall experience.

HR leaders find shaping less costly over time than investing. Each year, organizations that use a shaping approach will have largely satisfied 32% more employees at a 32% lower cost relative to those using an investment approach.

Our research shows HR leaders can shape how employees feel about their experience in three ways:

1. **Shaping expectations** for the experience by calibrating employees’ expectations for their experience
2. **Shaping the day-to-day experience** by empowering employees to personalize their day-to-day experiences
3. **Shaping the memory of the experience** by managing the memory of the employee experience over time

At organizations that effectively apply the shaping approach, employees are:

- 38% more likely to report high intent to stay
- 33% more likely to report high discretionary effort
- 44% more likely to be high performers

Source: 2019 Gartner Modern Employee Experience Workforce Survey
With low unemployment rates and a highly competitive talent market, the labor market is red-hot. We’ve seen this increase the urgency for making the right investments in the employee experience. Yet HR executives can’t just buy their way into a solution. If HR executives aren’t dealing with how employees feel about their experience, these investments will never succeed.

One government organization implemented a shaping approach by sharing all of the experience improvements it had made to guide employees to recall how these improvements impacted them personally. Employees then shared their stories within their networks and throughout the broader organization so others could see the impact each experience had on their peers. This approach helped HR executives reinforce the positive experiences so they became lasting employee memories.

**Brian Kropp**
Distinguished VP
Moving From Insight to Action

Gartner for HR

Discover how Gartner supports chief HR officers

Gartner for HR is the definitive research and advisory resource for human resources decision makers. Gartner equips CHROs and their teams with insights, advice and tools to transform their function across a range of key areas, including HR function strategy and management, employee experience, and diversity & inclusion. We can help you:

• Diagnose current state and prioritize resources with objective assessments and benchmarks
• Make informed decisions and set plans with best-practice research, trends and expert advice
• Execute and drive change quickly with practical tools, templates and guides

Learn more

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Download 3 things Connector managers do to improve employee performance
While most organizations want their managers to be always on, this approach does more harm than good. Learn why.